

UNITED STATES PATENT AND TRADEMARK OFFICE

TRADEMARK PUBLIC ADVISORY COMMITTEE (TPAC)
PUBLIC HEARING ON THE
PROPOSED TRADEMARK FEE SCHEDULE

Alexandria, Virginia

Monday, September 23, 2019

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P R O C E E D I N G S

(2:01 p.m.)

MR. BARBER: Okay. Good afternoon, everyone. And welcome to the TPAC Public Hearing on the recent trademark fee proposal from the United States Patent and Trademark Office.

My name is Bill Barber. I'm Chair of TPAC. And on behalf of my fellow TPAC members, we are very pleased to be here today to host this meeting, to help represent the trademark user community in this fee-setting process.

I want to begin the meeting by thanking everyone who is participating here in person and online, for your interest and feedback on this very important topic. This is the first of a number of opportunities that members of the public will have to hear about the proposal to adjust trademark fees, and to provide comments about the proposals.

And we value everyone's insight, and appreciate your feedback on how best to set or adjust trademark fees to ensure the fiscal stability of the USPTO, and enable the Office to continue to deliver high quality trademark

services that protect trademark rights and benefit users.

So, I'm going to first turn the meeting over to our Director, who would like to make some initial comments. And then I'll go through the rest of the agenda for today.

So, our first speaker really needs no introduction, but I'm going to introduce him for the record here. Andrei Iancu is the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office. Director Iancu, the floor is yours.

MR. IANCU: Thank you very much. Thank you, Bill. And good afternoon everybody, thank you, all of you who are here present in the room, and also those watching and following us online. Joining us today, it's really important that you're all here for this special public meeting conducted by the TPAC, on the Agency's proposal to adjust trademark user fees.

This is a very important topic, obviously, in planning for the future of the USPTO, and ensuring that we are in the best

possible position to enhance the country's innovation and entrepreneurship ecosystems, by providing reliable, predictable, and high quality intellectual property rights.

As I've said many times before, and I truly believe that the U.S. intellectual property system is a crown jewel of the nation's economy, culture and history. Protecting IP is vital to maintaining the incentives for investment, creating jobs, driving our economic prosperity, and providing incredible benefits to society as a whole.

The USPTO's ability to issue timely and reliable patents and trademarks both today and into the future is a critical part of that. As you are aware, the Leahy-Smith America Invents Act grants the USPTO authority to set its own patent and trademark fees by rulemaking to recover the aggregate estimated costs of operation, for patents and trademarks respectively.

Congress granted us this authority because it recognized that the USPTO, in collaboration with the larger IP community, is

uniquely positioned to determine the most appropriate fees that will support our missions.

To that end, it's essential that we gather input from our stakeholders as part of the fee adjustment process.

Today's public hearing is a required part of this process as specified by the legislation of the AIA, and it highlights that the opportunities to interface with our stakeholders are crucial in ensuring that we set and adjust fees in such a way that serves those who use and benefit from a strong intellectual property system.

The more viewpoints we hear, the better information we have to continuously improve the IP ecosystem for everyone. This is why I've enjoyed working closely with the TPAC since joining the USPTO in February of last year, and why I look forward to reading the TPAC Report about our proposals to set and adjust trademark fees.

As you know, today's meeting is the first step in engaging the public as we work towards changes that are planned to take effect

in fiscal year 2021. Indeed, the AIA's fee-setting authority requires the TPAC hold a public hearing within 30 days of receiving the USPTO's proposal, and that is the purpose of today's meeting.

Under the authority provided to the USPTO by the AIA, this is the third time a trademark fee proposal has been considered. The first was implemented in January 2015, and the second in 2017.

This afternoon the fee proposals that we'll be discussing meet three critical agency objectives: better alignment of fees with costs, ensuring the integrity of the register, and promoting the efficiency of Agency processes in the face of some changes in filing behavior.

Further, the proposal considers the possibility of future funding constraints, and long-term investments, and is designed to mitigate the impact of these challenges. By adjusting trademark fees, we also need to ensure the financial resources necessary to improve trademark and TTAB operations, and the Agency's operations that support them, to invest in

optimal IT services for our users, and to enhance stakeholder and public outreach.

As we continue this process it's important to remember that the AIA mandates that trademark fees recover the prospective aggregate costs of trademark operations and related support.

Consequently, fees must be set at levels projected to cover the cost of future budgetary requirements, while also considering fee-generating filings. We must also -- we must now choose how to best balance those fees to encourage the most robust and effective engagement by potential and existing participants in our intellectual property system.

Our fee-setting authority includes flexibility to set individual fees in a way that advances key policy considerations. At the same time, we've taken into account the possibility of future changes in filing behaviors and the cost of providing services as we work to ensure a strong intellectual property system.

Additional information as well as the

proposed adjusted fee amounts are available through USPTO.gov for your consideration and feedback. So, we now want to hear from you about what you think works, and what you think we could do to improve or change.

Following today's meeting and the submission of any additional written comments, TPAC will issue a public report considering all comments with their recommendations. As part of this process the USPTO will consider the report in the rule-making process, which provides more opportunities for public comment and feedback.

In my public remarks in the past, I've noted that when IP owners and the public have confidence in the rights we issue or register, businesses are created and encouraged to expand, investments are made, companies grow, jobs are created and the economy grows to the benefit of our entire society. Setting the right fee structure helps us issue and register just such reliable and predictable rights.

So, thank you, Chairman Barber. Thank you, members of the Committee, and all those interested in our trademark operations, for your

thoughtful consideration of this proposal.

Thank you.

MR. BARBER: Thank you very much, Director Iancu, for attending today. And before I introduce our other speakers from the USPTO, as we've got a couple of different phases of this meeting, we'll have a couple of speakers from the USPTO present the proposal and the rationale of the various fees that are being proposed, and then we will have the speakers from the public to give us their feedback.

So, I want to just briefly describe, the purpose and process of this hearing, as well as explain the timeline going forward. So, as we've heard, the USPTO is exercising its fee-setting authority to set and adjust trademark fees to recover the aggregate estimated cost of the trademark operation, and that's important, it's the aggregate estimated cost, including the TTAB, as well as IP Policy and USPTO Agency administrative services that support the trademark and TTAB operations.

The USPTO needs to increase fees at this point in part to support critical IT projects

necessary to solve challenges facing the Office, and to address the impacts of increases in filings, and costs necessary to support trademark operations and the TTAB.

This public hearing is an opportunity for the USPTO to present for TPAC and to the public, and for TPAC to receive comments on the fee proposal that was recently published.

There will also be an additional opportunity for the public to provide comments on this proposal through the formal rule-making process.

As Director Iancu explained, the USPTO's fee-setting authority is authorized by Section 10 of the AIA. And so here is the timeline. So, this is a biennial fee review, so the USPTO has been studying this, this year since January, and does that every two years. So, this process started in January, they've been doing this fee review to assess the fee schedule, estimated revenues, and future budgetary requirements, including aggregate revenue to recover the aggregate cost.

The USPTO published its initial

proposal to TPAC on August 29th of this year, and TPAC has a statutory responsibility, under Section 10 of AIA, to conduct a public hearing within 30 days after that notification. And that's why we're here today.

Following this hearing, TPAC's statutory obligation is to deliver a written report to the Director that will be made available to the public, setting forth our comments, advice, and recommendations.

The plan going forward after that report is submitted to the Director, so in March 2020, March of next year, the plan would be for the Office to publish a Notice of Proposed Rule-making, and of course that starts another opportunity for the public to submit written comments in response to the NPRM, that time period for written comments will likely extend sometime into April of next year.

And then, the plan would be around July of next year, the Office would publish a final rule in the Federal Register following its analysis, consideration, and deliberation on all of the public feedback that we get today, and

through the formal rule-making process. And then, the hope is that by August of next year, the new fees would be implemented.

So, to ensure that we have the opportunity to understand the PTO's objectives and options considered in making this proposal, we're going to hear presentations from both the Commissioner's Office, and the TTAB.

So, first up is the Deputy Commissioner for Trademark Administration, Greg Dodson, who will present the objectives of the fee proposal from the Trademark Office side, and give us an overview of the proposed changes for trademark application, petition and post-registration fees. Colonel Dodson?

MR. DODSON: Thank you, sir. Good afternoon, and welcome. As Chairman Barber noted, my name is Greg Dodson, and I'm the Deputy Commissioner for Trademark Administration. I'm here today representing Mary Boney Denison, the Commissioner for Trademarks at the United States Patent and Trademark Office.

The Commissioner sends her regards and has asked me to pass her sincere regrets for being

unable to attend.

This afternoon my responsibility is to present the rationale and objectives for the trademark process fees included in the trademark fee proposal. I am pleased to be here with you today, with our distinguished executives and the esteemed members of the Trademark Public Advisory Committee.

And, as the Under Secretary noted, the USPTO is a fully fee-funded Agency with authority from Congress to appropriate and/or spend fees we collect. We derive all our funding from user fees. We are fortunate to have the ability to set those user fees under authority provided by the America Invents Act.

We propose those fees with full transparency with regard to public input to recover the cost of operations. There are two distinct sources of fee revenues, those that fund patent operations and related activities, and those that fund trademark operations and related activities.

The trademark fee proposal is intended to generate additional revenue beginning in

August 2020. This will provide the USPTO with sufficient resources to ensure adequate financial stability for sustaining trademark related activities and information technology investments.

The actual amount of the fee increase and the fees selected for increase will be determined based on public feedback. Also included will be future budgetary requirements, and fee-related filings.

The current estimate is based on the most recent forecast of fee-related filings and budgetary requirements. These estimates will be updated again before final fee adjustments are made.

The USPTO is seeking public comment and feedback on its proposal to adjust trademark process fees. Revenues from trademark fees are set to recover, in the aggregate, the cost of trademark examination and operations of the Trademark Trial and Appeal Board, as the Chairman noted.

Trademark information technology and services support trademark activities within the

USPTO, are also funded with these fees. The USPTO also, as many of you know, maintains an operating reserve used to provide financial stability in the event of short-term lapses in appropriation authority, any changes in filings or economic uncertainty that may lower fee collections or increase expenses, and for long-term events.

We are proposing fees to address the following trademark process changes. Applications for registration, petitions with fees for letters of protest and requests for reconsideration, post-registration maintenance, new fees for deletion of goods and services following an audit or adverse decision; and finally, Trademark Trial and Appeal Board fees which Chief Judge Rogers will address.

Please direct your attention to the slides. Trademark fee proposal considerations: We, the USPTO, seek feedback in considering for the following three objectives in this proposal -- I know there are four bullets up there and we'll talk about that in just a second.

Improve the accuracy and integrity of

the register as the Under Secretary noted. To promote efficiency of Agency processes in the face of changes in filing behavior, and better alignment or balance between the costs of providing services with the fees charged.

And finally, and again, Chief Judge Rogers will address the cost of recovering the TTAB trials and procedures.

The impact of maintaining the current fee schedule: We must address some identified behaviors which, if left alone, will continue to affect quality and timeliness and unfairly burden all filers. As noted, an inaccurate register directly affects the quality and timeliness of our examination and registration process.

Filings and costs associated with trademarks and TTAB operations are projected to increase. Funds needed for investments and information technology, intellectual property policy and USPTO programs are expected to exceed available revenues, and operating reserve funds post-FY 2020.

Finally, the USPTO and trademarks specifically, would be in jeopardy of being

unable to respond to emergency situations should we be without an adequate operating reserve.

This slide shows the proposed fee changes. Changes in fees for registration, petitions and post-registration are shown, as well as new fees for letters of protest, requests for reconsideration, and then finally, fees for deletion of goods and services following an audit.

This is a little bit of a different view of the slide you just saw before. This specifically talks to application for registration fees. You will note on this slide that the TEAS Plus increase is proposed to be \$25, TEAS RF an increase of \$75; the Madrid component of TEAS, an increase of \$100. And finally, an application filed on paper, an increase of \$150. We are proposing some new fees that don't currently exist.

This slide shows a specific fee -- specific fees being proposed for petitions and new fees for letters of protest and requests for reconsideration: first, filing a protest is an increase of \$150; the fee for filing a letter

of protest, \$100 if electronically accomplished, \$200 if filed on paper; and finally, a fee for filing a request for consideration, \$400 if done electronically, and \$500 if filed on paper.

Post-registration fees: for filing a Section 8, the increase will be \$100, for filing a Section 71, also an increase of \$100, for a filing a section 15, an increase of \$25. Judge Rogers will address the TTAB.

Lastly, we are proposing a fee for post-registration audit. Were you to delete goods or services that fee would be \$100 post-registration audit.

And that concludes my portion of the briefing. Thank you, sir.

MR. BARBER: Okay. Thank you, Greg. So, next we have the Chief Judge of the Trademark Trial and Appeal Board, Gerard Rogers, who'll present the objectives of the fee proposal from the TTAB side, and give us an overview of the proposed changes for TTAB fees. Judge Rogers?

JUDGE ROGERS: Thank you, Bill. As we've heard before, twice today, or perhaps more than twice today, the fee proposals are intended

to allow recovery of the aggregate cost of operation for trademarks, and the Trademark Trial and Appeal Board.

I assure you that the TTAB will not be making significant profit, we will not be making any profit whatsoever off of these fee proposals. We are just trying to keep ourselves running. And we also want to more closely align some of the fees with activities that occur in some of our proceedings that increase our cost.

So, the proposed fee changes for the TTAB include increases in initial filing fees, new fees for a request for reconsideration filed with a Notice of Appeal, or a later filed request for remand. This is to be differentiated from the trademark fee, which would be for a request for reconsideration filed prior to the filing of a Notice of Appeal.

So, you can see the request for reconsideration is proposed to have a fee regardless of when you file it, but it's on the trademark fee schedule if you file it before you become involved with the TTAB, it's on the TTAB fee schedule if you file a request for

reconsideration concurrently with your Notice of Appeal.

Also in the appeal context there's a proposal for a fee for certain extensions of time to file an appeal brief. We will also, in the trial context, we are proposing new fees for a motion for summary judgment in trial cases. And as was alluded to earlier by Deputy Commissioner Dodson, the possibility of a fee for deletion of goods or services which are found in the context of an *inter partes* proceeding no longer to be in use for the registered mark.

So, again, there's a fee that's on the trademark fee schedule and on the TTAB fee schedule for deletion of goods or services from a registration, in the trademark context, in the context of the random audit finding, in the TTAB context, in the context of an adverse finding, in a cancellation proceeding involving a nonuse or abandonment claim.

And the final new proposal is a fee for a request for an oral hearing. So the proposed TTAB fees -- actually, let's see. Here we go. I went ahead too fast.

I would like to remind everybody that the work of the TTAB impacts a relatively small subset of trademark filers, of those -- in other words, those filing applications for registrations and post-registration maintenance documents, and the cost of the TTAB's operations is pretty heavily subsidized by all trademark filers.

Adjusting our filing fees and adding fees for some services currently provided without a fee would reduce the amount of the subsidy we require from the trademark operations, and improve alignment between our costs and our fees.

We've only increased *ex parte* appeal fees once in the last 27 years, and trial fees once in the last 17 years. So this is not something we do lightly, or regularly, but we feel it is important.

The specific fees that we're proposing for TTAB, we will increase by \$200 per class, electronic filing fees for appeals, oppositions and cancelations. There will also be a \$200 increase for paper-filed requests which are miniscule at TTAB since we deployed electronic

filing in 2017. They really are quite minimal, but these increases will continue, the difference to deter paper filings whenever possible.

The request for reconsideration or remand fees: here a little bit of TTAB guidance, a request for reconsideration can be filed once, it's either prior to your Notice of Appeal, from an examiner's refusal, or concurrently with your Notice of Appeal. If you file a request to suspend an appeal and have the application go back to the examining attorney later in the appeal process, that would be considered a remand.

Either action, whether it's a request for reconsideration filed with a Notice of Appeal, or a request for suspension and remand later on, interrupts the flow of the appeal, increases pendency, and also requires extra services from the TTAB.

And, for example, in terms of trying to align fees more closely with our cost, one of the significant places that we continually have to make IT enhancements to is the interaction between the Trademark IT system, and the TTAB IT system, to handle the movement of application

files that are subject to appeal back and forth between the trademark examining operating and the TTAB.

And so the request for reconsideration fees and remand fees address and align some of those costs with those services.

The extension of time to file an appeal brief, these are very limited in number. There were only about 220 second or subsequent requests for extension of time to file an appeal brief. So, this would not affect most appellants who are filing their appeals either within the time prescribed by the rules after they file a Notice of Appeal, or with no more than one extension. And there would be a no-cost extension that would be available.

It is the second, third, fourth, fifth, sixth, or as I saw last week, seventh extension of time to file an appeal brief, which stretches the appeal out for another whole year which would incur the fees.

And so the proposal is \$100 per request for -- and so this would be per request, not per class in the application which is subject to

appeal, so per extension request, \$200 if it was filed on paper.

Motions for summary judgments, switching from appeals to trial cases: motions for summary judgment often involve very large records, require significant work by the TTAB, work by an interlocutory attorney working with the panel of judges. They often have records that are the size of cases that have gone through full trial.

So, they involve a lot more work than many other motions that are filed at the Trademark Trial and Appeal Board. In fact, under our ACR process, it's not unusual for parties who have been unsuccessful in obtaining summary judgment to then stipulate that the summary judgment record be considered the trial record, and allow the Board to decide the case based on the summary judgment record.

So you can see that summary judgment records are often quite large, and take up a lot of staff time. They are some of the most time-consuming motions for our interlocutory attorneys. The proposal is a \$500 fee for a

motion for summary judgment.

We've already referenced, I've referenced earlier, the deletion of goods or services from a registration where the mark is found not to have been in use for particular goods or services as the result of a cancellation proceeding. The fee is the same as it would be for the same finding in the random audit process in Trademarks: \$100 per good or service for initial filing, when the initial filing of the cancellation action was made by electronic means; \$200 per good or service if the initial filing of the petition for cancellation was by paper filing. And, of course, no TTAB fee will be charged if changes were made prior to filing a pleading stating reliance on the registration that would end up being restricted or of a counterclaim attacking one.

Finally, the last fee request for a proposal for the TTAB is for a request for an oral hearing. Again, this is going to affect very few people, but it will affect those who request oral hearings and more closely align the fees with the costs. We receive on average about 100 requests

for oral hearing a year: 60 to 75 or so will be in ex parte appeals from examiner refusals; 25 to 35, depending on the year, in trial cases. These are often requested and often then cancelled because there's no charge for them. And yet, they cost time and money for the TTAB to have people preparing and the examining operation to the extent, of course, that examining attorneys are going to be there to defend the final refusal.

And so often these oral hearings are scheduled because there's no cost, but then they are cancelled and rescheduled, and so there are costs associated with preparation for oral hearings that no longer occur. And obviously, if they do occur, then that's an extra service that those appellants, opposers, or cancellation petitioners are getting from the TTAB that those who rely on submissions on brief are not obtaining the TTAB.

So that's it for the TTAB proposals and I'll turn it back to Bill.

MR. BARBER: Okay, thanks very much, Judge Rogers. And I want to thank the USPTO, Director Iancu, Deputy Commissioner Dodson,

Chief Judge Rogers for your excellent presentations today. I really do think they're helpful for understanding everything that has to be considered in setting fees and fully funding the operations of the agency and, at the same time, serving the interests and providing benefits to the trademark community.

So the Office has provided this conclusion slide for us with some bullet points about its objectives for this proposal, so let me just run through that briefly. The proposed fee adjustments are intended to be an incentive for broader adoption of the cost-effective electronic filing, communication, and processing; a better and fairer cost recovery system, more closely aligning fees with costs; a balance between subsidizing costs for a few items; promoting a strong incentive for electronic filing; and ensuring an accurate Federal Register as a reliable indicator of marks in use, as we've heard several times today; a solution to changes in certain filing behaviors; a solution to the need for more IT solutions to solve the challenges of the Office; and finally,

to provide a stable financial foundation to fulfill the PTO's mission and maintain its performance with its disciplined cost-effectiveness.

So we are now getting close to the most important part of the meeting, and that's to hear from the public. I want to -- well, first of all, the PTO has provided an enormous amount of information and details regarding these proposals. So the written materials are posted on the PTO website. The address for the materials is on this slide. You can go to the PTO website and search for "trademark fee setting and adjusting proposal to TPAC" and it'll take you to that page.

And if you have questions following this meeting that you feel were not answered today, I would really encourage you to take a look at the materials on the website. They're very informative.

Also, this is not your last opportunity to comment. You can send in written comments to the email address that's on this slide, tmfrnotices@uspto.gov. And if you submit your

written comments by September 30th, they will be considered by TPAC and we'll have an opportunity to consider those in connection with the written report that we're providing to the Director. So I would encourage you to submit any comments you have by September 30th.

If you don't get them in by September 30th, that's okay. You can continue sending them in and the PTO will consider them as part of their process of preparing their Notice of Proposed Rulemaking. But if you want them to be considered by TPAC in connection with our report to the Director, please get them in by September 30th.

Also, as I mentioned before, there will be a formal Notice of Proposed Rulemaking and then another comment period for the public to make comments in response to the Notice of Proposed Rulemaking. So there's lots of opportunities for the public to comment and I encourage everyone to do so because it really does help inform the USPTO to have as much feedback as possible.

Okay. So I'm going to turn to our speakers from the public. We've had a number of

speakers that preregistered to speak at this hearing today, and we thank you for doing that. If we have time after that we'll open it up to others in the audience to provide comments, if you would like to.

You know, setting fees is a lengthy process for the PTO and it begins with acknowledging and soliciting feedback from the public. I want to emphasize that today's hearing is not a session for answering questions and it's not a session for debate. It's an opportunity for the public to provide comments. So our role today is to listen. We're here to listen to you and that's what we're planning to do.

So we're very excited. We have a very distinguished panel of speakers today and I will call you up one by one to give your comments. After I call you up to the podium, if you will introduce yourself and tell us if you are speaking on behalf of an organization and, if so, what that organization is and what your position or role in that organization, that would be great. So we will turn to our public speakers now.

So our first speaker today is Eric

Pelton. Mr. Pelton?

MR. PELTON: I appreciate the opportunity to speak with you today. I'm speaking on behalf of our firm, Erik M. Pelton & Associates, which is boutique trademark firm in Falls Church, Virginia. Since 1999, our firm has registered more than 3,000 U.S. trademarks for clients who are overwhelmingly small businesses. We have also represented parties in many TTAB proceedings. Our attorneys are actively involved in INTA and the ABA's IP Law Section, as well as other organizations. The firm also owns numerous trademark registrations of its own.

First, I would like to discuss the proposals through the lens of small businesses. Small businesses make up a large portion of the American economy. Over 99 percent of employers are small businesses. And in recent decades, small businesses have created more than 60 percent of new jobs. According to a 2013 report from WIPO, small- and medium-sized enterprises relied on trademarks much more than patents.

Small businesses in general don't have an association or a stable of lawyers to work on

comments to proposals like these, yet they will be the most impacted. For small businesses the investment in trademark clearance and registration is even more important and more valuable to guard them against the risks and expenses of trademark disputes and litigation. The cost of a trademark dispute, even ones with the facts and law on their side, can and frequently do crush small businesses. It would thus be prudent to ensure that the fee structure of the USPTO provides an incentive for small businesses to protect their trademarks.

As to the process for the fee proposal thus far, although we understand there will be additional opportunities to comment, there were few, if any, discussions with stakeholders or in public TPAC meetings prior to the proposal's release. The proposed changes were announced less than a month ago. As a result, the feedback at this stage is not as extensive as it would be with more time.

Regarding the justification cited in the materials for the fee changes we certainly support the goal of a more accurate Register, as

well as one that is more robust, capturing a higher percentage of marks that are in use. More information regarding the justification of additional revenues to recover costs would be useful.

According to the most recent annual TPAC report, the Trademark operation collected \$329 million in FY 2018 and spent \$316 million and the Trademark operation reserve grew to \$135 million. The TPAC report also noted that in FY 2018, "The USPTO considered its five-year financial outlook and determined that additional fee adjustments are not warranted at this time."

What has changed? One plausible explanation is the continued IT delays and growing IT costs. According to that TPAC report, "The total TMNG costs for inception through August 2018 had been \$178.8 million."

Many IT enhancements are important and will benefit USPTO employees and users. For example, users would benefit tremendously from more upgrades to the TTAB's online docketing and filing systems, enhancements to TESS, image searching, more user-friendly interfaces, and

much more. Completion of the desktop tools to be used by hundreds of examiners has been repeatedly delayed.

Of course there have been numerous useful IT improvements. For example, the ID Manual, APIs, TSER, electronic gazette, and many more behind the scenes. While upgrading and modernizing the systems is no doubt difficult and costly, the delays to date have been significant and the expenditures have repeatedly surpassed budget.

As the USPTO asks users for more money, we urge it to share greater details and transparency about past and future IT expenses.

Finally, I would like to comment about a few of the proposed increases. Note that there's not a single decrease featured in the proposals. The proposed fees for new applications would enlarge the difference between TEAS RF and TEAS PLUS from \$50 to \$100. We do not support such a gap.

It is our experience that a majority of those who do not use TEAS PLUS choose not to because of the limitations of the ID Manual and/or

the accounting and reporting difficulties that may occur if TEAS PLUS status is lost.

Furthermore, increased application filing fees will be felt disproportionately by smaller businesses, those who benefit the most from the USPTO registration. I also note that any increase in filing fees might decrease the number of new applications, especially from small businesses, which would mean a less robust Register.

The proposed fee for filing a Request for Reconsideration is greater than the entire application fee and will result in fewer requests for reconsideration. There are many good reasons to file a Request for Reconsideration and many that avoid an appeal from being filed or from being fully briefed and decided.

I'm aware that in recent years there's been a large increase in letters of protest, in part from a Facebook group. Although many letters of protest may not result in USPTO action, those that are approved aid in examination, saving the USPTO time and money. Many avoid the need for a later opposition that is far more

expensive both to the parties and to the USPTO. We encourage exploration of other ways to address the increase in these filings, including more public education about the circumstances when letters of protest are appropriate.

Regarding renewal and maintenance fees, the proposed increases will likely decrease renewal filings, especially among small businesses. We believe the audit program is working to eliminate a fair amount of dead wood. More time and more education could continue to increase that effect.

Regarding the TTAB fees proposed, we oppose the fees for extensions of time for filing an appeal brief after the first extension. The internal cost of such extensions should be small. Extensions may result in less work for the TTAB by resolving the case and the fees may discourage settlement negotiations with prior registrants, which could in turn lead to more cancellation proceedings. For many of the same reasons we oppose the proposed increase for extensions of time to opposed.

Regarding the fees proposed for oral

hearings and motions for summary judgment, as a matter of equity and justice we do not believe these are fair. Discouraging oral hearings is a disservice to the bar and to the parties and to fair determinations of trademark cases that are inherently complex and lengthy.

Furthermore, the fee proposed for each event is greater than the current fee for an entire proceeding or appeal. Again, it is clear that small businesses would be much more dramatically impacted by such fees.

We also have a few other general thoughts on Trademark fees. We wonder whether there was discussion about raising fees that would incentivize better behavior, additional fees. For example, why not charge significant more for renewals filed during the grace period or for petitions to revive? Was a separate fee for receiving an optional paper registration certificate considered? How about reduced fees for smaller entities, like on the Patent side? Or an across-the-board increase to all fees of 10 percent or some other amount?

For ex parte appeals, perhaps separate

fees for filing the notice of appeal to commence the process versus filing an appeal brief. Many appeals are resolved or dropped before briefing, and thus save the USPTO the ultimate costs.

To conclude, we believe that while some fee adjustments are appropriate, the process, justifications, and selection of which fees to adjust and how much to adjust them ought to be reexamined and restarted. While we firmly support the need for IT improvements, we would like to see more transparency.

We want to reiterate that small businesses will unquestionably be burdened by increased and new fees. A Fortune 500 company with in-house counsel and a budget for IP protection will not be terribly impacted by a \$100 fee or a \$400 increase there. But the local restaurant a few blocks away on King Street, the software company started by college students last summer, or the snack company that recently began selling in the market down the street will certainly be impacted. A loss of protection for them is a loss for the entire trademark system and diminishes the accuracy and completeness of the

Register.

If small businesses don't register their marks at the same or greater rates than today, and if they can't afford to litigate disputes, the harm will extend far beyond the USPTO. It will impact the small business engine of the U.S. Economy.

The slides indicate that we are near the beginning of this process, but there are already substantial recommendations on the table. We suggest it would be prudent to take a step back, hold several public forums with stakeholders and in TPAC meetings to discuss the justifications, proposals, and alternatives, and then put forth a revised proposal. Reaching out to small business groups to explore the impact on them would also be tremendously valuable.

Thank you for the opportunity to speak today. The USPTO's openness to users is much appreciated. There is no doubt that ensuring quality examination and maintaining a Register with millions of records and hundreds of millions of documents and data points is a tremendous undertaking, but one with incredible value to the

public and to trademark owners.

The Trademark operation has accomplished much in recent years, such as growing the examiner corps, providing useful APIs, educating the public via videos and the Trademark Expo, engaging with stakeholders on many issues, and combating online cyber attacks and fraudulent filings. We believe there is consensus that incentivizing accuracy on the Register is a worthy goal and that the IT challenges are considerable and costly. But before moving forward with these significant fees, deeper engagement and discussion is warranted, including a review of the impact on small businesses. Thank you.

MR. BARBER: Thank you very much, Mr. Pelton. Our next speaker is Jennifer Fraser. Jennifer?

MS. FRASER: Good afternoon. My name is Jennifer Fraser. I'm a member in Dykema Gossett's Washington, D.C., office. And I am the chair of the International Trademark Association Subcommittee for Trademark Office Practice. INTA will submit written comments in addition to

my testimony today.

INTA appreciates the opportunity to participate in this hearing and commends the PTO's efforts to ensure adequate funding of its operations as well as its reserves. As a preliminary matter, for the increases with paper filings we understand the goal of encouraging electronic filing and INTA appreciates the role fees can play in guiding behavior. INTA wants to encourage the Office to keep TEAS forums current to reduce the need for paper filings.

INTA also has some general comments as well as specific comments for the proposed fees. First, in general, we would like to better understand the impetus and support for the dramatic increases in some areas as well as for many of the new fees that are proposed.

INTA would also like to understand the basis and underlying support for the proposed fees or the cost data that was listed in the charts as "NA." And we welcome disclosure of information that the PTO considered or might use in forecasting.

Additionally, INTA would like to

understand the justification in those instances where the PTO is specifically trying to change behavior. If the PTO is trying to shape behavior, INTA would like the opportunity to comment on the likely efficacy of using fee changes to accomplish any of those goals.

INTA would also like to know specifically which IT systems will be improved with the increase in fees and why there are dramatic increases and new fees where the Office had a surplus in the latest fiscal year. Related to that, INTA would also like to better understand the financial situation at the PTO. Many of the proposed fees are significant and some are new, and the 2018 TPAC annual report indicated the PTO had sufficient reserves and operated at a surplus in Fiscal Year 2018. The annual report referenced a five-year outlook and it was reported that additional fee increases were not warranted at the time, and we were wondering if circumstances at the PTO have changed.

Having this data and understanding will help INTA members explain the fees to trademark owners, foreign associates, and others. Many

fees also affect our practices, budget, and prior advice. And practitioners would appreciate time to explain the changes and educate stakeholders before fees are implemented. Additional information will also assist INTA in providing comments during proposed rulemaking and will also enable this committee in helping to address issues that come up at the Office, especially with respect to improper filing behaviors.

It is also suggested that the PTO allow time to gauge the effects of its many recent rule changes before imposing new fees as a means of trying to change behavior, especially where the fee change is more akin to a practice change.

For the application fees, INTA appreciates the need for periodic and reasonable increases in application fees and does not have any comments on the proposed application filing fees. In the trademark processing fee section, two of the fees are particularly striking and could pose a hardship for some trademark owners.

First, the increase in the fee for Petitions to the Director filed through TEAS from \$100 to \$250. Oftentimes, these petitions are

necessary in order to correct a PTO error. And even when the fee is refunded to the petitioner, this 150 percent increase seems significantly beyond that which is appropriate for periodic increases. Given the unit cost of \$108, the increase to \$250 is not well understood and seems disproportionately high compared to other increases.

Second, we wanted to comment on the new fee for a Request for Reconsideration which is proposed at \$400. This is a significant fee, especially when you factor in that it frequently accompanies a Notice of Appeal and, in the majority of cases, the Notice of Appeal is simply filed to preserve rights and is not pursued. And the Notice of Appeal fee is proposed to double from \$200 to \$400 per class.

Another area where we wanted to provide comments is the post-registration fee section. An increase of 80 percent in the Section 8 and Section 71 declaration dramatic, from \$125 to \$225 per class. The increases in the Section 8 and 71 declarations and the Section 15 declaration do not seem related to the unit cost

of processing these filings, which is \$30. This is especially true for the Section 15 declaration because the Office merely acknowledges the filing and no examination occurs.

Another area where INTA wanted a better understanding is the post-registration audit fee of \$100 per each good or service deleted. It appears to be a costly exercise for both the Office and trademark owners with no directly correlating benefit. We understand the stated rationale is decluttering the Register, but we are not sure if a per-item charge will achieve that goal. For example, if an owner submits specimens for 10 clothing items in Class 25, but cannot produce a specimen that the Office will accept for an 11th item, the registration will still cover 10 clothing items and will still block another entity from registering a similar mark on another items of clothing. We also question whether people would give up on the registration rather than incur additional audit fees.

If the Office wants to achieve decluttering that will have meaning to brand owners, a more palatable option could be to charge

the fee on a per-class basis instead because that is more likely to clear the Register in a way that removes blocking citations.

We understand that we are focusing on fees today, but the fees for audit deletions raises related issues with the audit. INTA has concerns about the implementation of the audit and the overly strict technical requirements related to specimens of use. Many INTA members report that deletions occur for numerous reasons not related to fraud and this is an ongoing concern.

There is also a concern because it seems the bad actors are driving some policy changes. We also believe it would be more appropriate to target suspicious-looking applications and registrations.

INTA also wants to make sure that the Office does not consider the audit as a means of collecting revenue or to be encouraged to expand or continue the audit because of a possible financial benefit. INTA does not want examiners to feel, either directly or indirectly, even if misplaced, that strict audit requirements and

refusals will be viewed positively in the performance reviews or as a fee-generating opportunity for the Office.

Last but not least, we have comments to share on the proposed TTAB fees. We would first like to point out that there were significant fee increases at the Board three years ago, and the proposed fee increases at the Board are dramatic, all ranging from 50 to 100 percent increases. The increase to \$600 per class to file a cancellation or opposition is steep and will be a hardship to smaller companies or individuals who want to protect their rights. The price could deter some plaintiffs, especially in a multiclass application or registration.

With the influx of improper filings, these fees might prevent plaintiffs from taking action to challenge those filings and many of these suspicious applications or registrations are abandoned or cancelled after default. It seems the Office might want third parties policing and decluttering the Register in that manner, and raising these fees is likely to result in people not raising challenges.

The \$400 fee to request an extension of time to oppose is a relatively new fee and is a significant increase that seems disproportionate to the effort on the Office. Doubling the fee so soon after its introduction seems difficult to justify. We also worry about a deterrent effect because potential opposers often use that time to pursue settlement.

Finally, we want to comment on the new summary judgment fee of \$500. Summary judgment is one of the mechanisms allowed for under the Federal Rules of Civil Procedure and the TTAB rules. And it is a useful tool to bring to a close what could otherwise be a lengthy and costly proceeding. Courts do not charge for parties to utilize such a motion. Even when it is not granted, it can often lead to ACR. INTA is concerned about the effect of discouraging this type of motion.

In conclusion, INTA would like to understand the rationale behind some of the fee proposals to enable it to provide effective and useful comments during the proposed rulemaking and to enable it to educate its members and brand

owners. INTA looks forward to continuing its discussion of these issues with the PTO. Thank you.

MR. BARBER: Thank you very much, Ms. Fraser. Our next speaker is Allison Strickland Ricketts.

MS. RICKETTS: Thank you, Chairman Barber. My name is Allison Strickland Ricketts. I am a partner at Fross Zelnick Lehrman & Zissu, and I'm presenting comments on behalf of the firm.

For 50 years, Fross Zelnick's lawyers have practiced exclusively in the areas of trademark, copyright, design patent, and related matters. We have extensive experience in search and clearance adoption and protection of trademarks in the U.S. and around the world. We advise many of the world's best known brands on trademark strategies, enforcement, and transactions. And we are consistently ranked at the top of our professional by legal publications.

But more relevant to this hearing, our attorneys have handled more than 38,000 trademark applications and registrations before the USPTO.

All the unit costs and proposed fees I will reference are for electronic filing via TEAS.

As far as applications go, we support the proposed fee increases for newly filed applications. On the intent to use, the notice does not propose any changes for ITU filings. The unit cost for processing an extension of time to file a Statement of Use is \$13, but the fee is \$125 per class. That is \$112 of profit on every one class ITU extension filing. I think it is probable that ITU applicants are disproportionately U.S. citizens since such applicants are not eligible to use Section 44 or 66.

We would like to see the fee for obtaining a six-month extension of time to file the Statement of Use reduced to no more than \$100 per class. This would reduce the disproportionate burden of these fees on U.S. citizens, who are the biggest users of the ITU filing basis.

On the other hand, the unit cost for processing a Statement of Use is \$108, but the fee is \$100. We would support an increase of that fee

to \$125 per class. These changes would better align the fees with the unit cost.

At post-registration we do not understand why the unit cost of a Section 8 is \$30, but the unit cost of a Section 71 is \$13 since they are the same thing. We would not object to increasing the fee for a Section 8 or 71, but not by as much as \$100. Three years ago, this fee, which had been \$100 a class, was increased by \$25. We think another \$25 increase would be acceptable.

We do not support an increase in the fee for filing a Section 15. The fee is \$200 a class, but the unit cost is \$30. The fee is high enough and whatever the Office does in the course of acknowledging these filings seems to be fully recouped with the existing fee.

Fees for deleting goods and services. First, an observation. The proposal to impose a new fee for deleting goods or services following a post-registration audit will succeed in its goal to promote voluntary decluttering only if registrants, number one, know about the new fee before they file the Section 8 or 71; and number

two, know about the existence of the post-registration audit program and consider that they have a risk of being selected in the random audit.

Many people are not aware of the existence of the post-registration audit, including attorneys who do not practice trademark law as a major part of their practice. Adding more warnings to the TEAS form in all caps and red text to education trademark owners about these issues is not a strategy for success. The forms need to be substantially redesigned.

Bottom line, I do not think the proposed new fee would be very effective at promoting voluntary decluttering, but this new fee would raise money to achieve other goals, so we support it for that reason. However, we do not support the proposed fee of \$100 per item deleted. This would be more punitive in some industries than others. Compare the specific listing of clothing required in Class 25 to the really broad term "alcoholic beverages except beer," which is acceptable in Class 33.

It also would unfairly penalize people

who provided more specificity about their goods than what is required. I looked at the file of a registrant selected for the audit whose registration specified "surgical instruments and apparatus," which is acceptable on its own and covers all types of surgery. But then the registrant had gone on to identify 22 specific types of surgery in which the instruments were used. Thus, under this proposal, this registrant, if it was not able to prove use for those goods, would have to be \$2,300 total to delete all of those items, whereas another registrant who had just used the single broad term and not specified 22 different types of surgery would only have to pay \$100 to delete that single item. This seems an arbitrary and capricious outcome as between these two similarly situated registrants.

Practically speaking, how would this be calculated? It may not be perfectly clear what a single item is. In the example above, all of the types of surgery were listed within a single clause ending in a semicolon. So I might have thought that an item was the text that appeared

between semicolons in the ID, but the post-registration audit office action separated each item into a separate line item by the type of surgery, resulting in 22 separate items.

The same issue for software. These IDs must identify the functionality. Is "computer software for the collection, editing, organizing, modifying, bookmarking, transmission, storage, and sharing of data and information" actually eight items because each function is considered separable? Or is it 16 items because each function is applied to data and each function is applied to information? And think how this would expand exponentially if the field of use of the software was included.

If the fee will be large, more than, say, \$3,000, and the registrant I mentioned above was up to 77 items for which it had to provide proof of use, it seems like this might encourage the registrant to abandon the post-registration filing and start over with a new, equally cluttered application.

For the above reasons we think a per-item charge for deletion is ill-conceived and

we do not support that. However, we would support a per-class fee when goods and services are deleted in a class in response to a post-registration audit.

As far as collecting this fee and TTAB proceedings, we don't know what "adverse finding" is meant to encompass. Is this different from an adverse decision? Does it include default judgments? Does it include a judgment against one class of a multiclass registration when only one class had a counterclaim against it? And if so, how would the TTAB go about collecting this fee? Would the registrant be assessed a fee, but lose the entire registration if they didn't pay the fee for deleting the goods?

Due to the practical problems of implementing this at the TTAB, we do not support imposing such a fee in connection with TTAB proceedings.

Turning to Request for Reconsideration, no reason was given to justify a new fee of \$400 for filing a Request for Reconsideration. We oppose any fee for this filing because a Request for Reconsideration is

any response to a final refusal. This includes to enter a disclaimer after arguments against it and your first response didn't succeed; to submit a coexistence agreement to overcome a 2D refusal when arguments didn't succeed in response to the first refusal; to notify the examining attorney that a cancellation action has been filed against a blocking registration and to request suspension; to request suspension of the application because a blocking registration has moved into the six-month grade period for maintenance; to submit a new drawing; to submit substitute specimens; to further amend an ID; to delete in order to overcome a 2D refusal.

In any event, we oppose any fee for filing a Request for Reconsideration as that's just a usual part of prosecution.

On TTAB fees, we oppose the increase in fees for seeking extensions of time to oppose. Parties use this time to try to work things out and avoid the expense of a proceeding. In our view, this should be encouraged, not discouraged, with a higher fee. We also do not understand why the unit cost is so high since the processing of

these extensions seems to be almost entirely automated.

We oppose an increase in the fees for filing a Notice of Opposition or a petition for cancellation. As Commissioner Denison pointed out in her congressional testimony this summer, the Office does not have the power to reopen examination and cancel a registration once issued, even in cases of fraud. It must rely on private parties to institute such proceedings. Making it even more expensive to do so is at odds with the goal of reducing cluttering. It also produces a disproportionately larger hardship for individuals and small entities.

And we do not support imposing fee to file a motion for summary judgment. Thank you for this opportunity to testify.

MR. BARBER: Thank you, Ms. Ricketts. Our next speaker is Jenny Greisman.

MS. GREISMAN: Good afternoon, Chairman Barber, and members of the Trademark Public Advisory Committee. Thank you very much for the opportunity to testify today on the proposed trademark fee schedule. My name is

Jenny Greisman and I am an intellectual property attorney for IBM's Copyright and Trademark Legal Department.

During my career I have had professional experience with a wide variety of trademark-related issues in the context of client counseling, trademark prosecution, litigation, brand protection, transactional and policy matters. I currently serve as the chair of the U.S. Trademark Office Practice Committee of the Intellectual Property Owners Association. I am testifying today on behalf of IPO, which is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights.

IPO's membership includes around 200 companies and nearly 12,000 individuals who are involved in the association either through their companies or as inventor, author, law firm, or attorney members. IPO appreciates the opportunity to testify at this TPAC public hearing on the proposed trademark fee schedule.

First and foremost, IPO supports the

United States Patent and Trademark Office's three fundamental objectives that the fee proposals are intended to support, namely to better align fees with costs, ensure the integrity of the Register, and promote the efficiency of agency processes in the face of some changes in filing behavior. IPO supports all three objectives and understand that achieving these objectives may require some adjustment to the current trademark fee structure.

A more accurate and efficient Register would be of benefit to all. And it is IPO's hope that our suggestions can help the USPTO better achieve this result without discouraging legitimate trademark activity. It is IPO's position that the proposed fee adjustment should be clearly tied to the objectives outlined and be implemented such that they do not have a chilling effect on the trademark registration process or worse result in the very inefficient outcomes that the fees are intended to avoid.

First, IPO is concerned that the proposed new Request for Reconsideration fee represents a steep increase that could have a

chilling effect on trademark registration, particularly on those applicants who have legitimate issues to raise. Filing a Request for Reconsideration was previously free, but as proposed a fee of \$400 for electronic filing or \$500 for paper filing would be imposed.

Requests for reconsideration are an important tool with distinct usefulness and advantages when compared to an appeal. There are numerous legitimate reasons that an applicant would file a Request for Reconsideration, which can be efficiently and effectively considered and decided by the examining attorney.

To name a few, reconsideration is warranted to notify the examining attorney that a cancellation action has been filed against a blocking registration and to request that action on the application be suspended pending disposition of the action. Reconsideration is also the appropriate next step to request suspension of the application because a blocking registration has entered the six-month grace period for maintenance.

To increase the fee to file a Request

for Reconsideration from free to \$400 or \$500 represents a significant change. It may result in trademark applicants opting to skip the reconsideration process and, instead, choosing the longer, more resource-heavy appeal process, which would create inefficiencies. The USPTO, therefore, should ensure that the fee is reasonable, so that it will not create a chilling effect and discourage applicants from using this tool when it is appropriate.

In this regard, we request that additional information be provided by the USPTO as to how the proposed fee was calculated to ensure it is closely aligned with the cost, and whether the calculation of this fee took into consideration the potential chilling effect.

Second, the proposed new fee of \$500 for motions of summary judgment also has the potential to unduly chill the trademark process. Motions for summary judgment exist to avoid unnecessary litigation and to expedite decision-making processes where a decision might be made as a matter of law. Implementing a high fee as a barrier to initiating this process would

discourage applicants from choosing this efficient option.

IPO, however, recognizes that there are costs associated with evaluating a motion for summary judgment. In order to ensure the proposed new fee closely aligns with costs, IPO would again appreciate if the USPTO could provide additional cost information for public comment.

Third, based on the information currently provided, IPO is concerned about why the proposed post-registration maintenance fees so greatly exceed unit cost. According to the Fiscal Year 2018 unit cost figure provided in the table of trademark fees, current, proposed, and unit cost, the unit cost of an electronic Section 8 renewal filing is \$30. But the current fee is \$125 per class and the proposed fee is \$225 per class. The increase of \$100 per class represents an 80 percent increase in the cost of filing.

In consideration that the unit cost is already greatly lower than the current fee, it is unclear to IPO why a significant increase of the fee is necessary. As this cost structure is not intuitive, we would like more information as to

how this cost structure will further the objectives outlined by the USPTO.

While IPO is in support of the USPTO's goal to encourage early decluttering so as to improve the accuracy and integrity of the Register, a balance must be struck to ensure that the fee in question will not have a chilling effect on good faith registrants from legitimately maintaining their trademark rights.

After all, a fee of \$225 per class can be a huge financial burden to U.S. trademark owners with large trademark portfolios, which essentially boosts the U.S. economy through active and healthy brand activities.

Fourth, IPO would also like additional clarification from the USPTO on the proposed new fee for deleting goods or services as part of a post-registration audit or Trademark Trial and Appeal Board case. Will the new fee be charged per good or service that is deleted or per class?

According to the table of trademark fees, if the deletion is as a result of a post-registration audit, the new fee is charged per good or service deleted. But if the deletion

is as a result of a adverse finding in a TTAB case, the fee is charged per class. The difference can be significant. IPO will be happy to provide further comment once more clarification is provided.

Fifth and finally, IPO is concerned with the potential impact of attaching a new fee to letters of protest. Recent USPTO statistics show that the percentage of letters of protest that were granted pre-publication was about 75.3 percent. And the average percentage of letters of protest granted pre-publication in which an examining attorney issued an office action was about 44.9 percent. This shows that letters of protest submitted to the USPTO have a significant positive impact on the trademark examination process.

Therefore, the USPTO should be encouraging the public to more actively participate and contribute via letters of protest, which directly improve the accuracy and integrity of the Register. This also helps the USPTO meet its efficiency goal. After all, if with the assistance of the letters of protest the

examining attorney can arrive at the right conclusion in the first place, it would be much more cost-effective than going through expensive opposition and/or post-registration processes.

As such, we request the USPTO to provide more comprehensive cost information with respect to processing letters of protest to ensure that the new fee conforms with the associated cost. And, at the same time, takes into consideration the potential effect it would have on discouraging useful and effective information from being submitted.

In conclusion, IPO supports trademark fees being set to recover the USPTO's costs and achieve a more accurate and efficient trademark Register. It is IPO's hope that reconsideration of the fee increases based on our suggestions and additional information from the USPTO can help the goals be met in a fair and reasonable manner. Thank you for your time and consideration.

MR. BARBER: Thank you very much, Ms. Greisman. Our last speaker among the preregistered public speakers is Sheldon Klein. Mr. Klein?

MR. KLEIN: Thank you, Mr. Chairman.
I'm Sheldon Klein. I am a partner in the
Washington, D.C., office of Gray Plant Mooty and
I'm here today as president of the American
Intellectual Property Law Association.

AIPLA thanks TPAC for conducting this
hearing on the proposed trademark fee schedule
and for the opportunity to express our views.
Our comments today are preliminary. Our final
written comments will take into account today's
discussions and may contain additional thoughts.

AIPLA generally supports the
assessment of fees that, in the aggregate,
enables 100 percent recovery of the USPTO's
costs. And they also support a reasonable
operating reserve fund. We note that in Fiscal
Year 2018 the Office considered its five-year
financial outlook and determined that,
"Additional fee adjustments are not warranted at
this time." We, therefore, look forward to
additional explanation from the Office on the
need for a fee increase in general as well as more
detailed justifications for each proposed fee
increase.

For example, one of the stated reasons for some of the proposed fee increases is to improve the accuracy of the Register so it reflects marks in use and does not contain registrations that never should have been granted or maintained in the first place, for example, due to fake specimens or other fraud. While the decluttering is a laudable goal, it seems premature to achieve it with fee increases in general.

The USPTO has not yet had an opportunity to accurately measure the impact of rules and procedures implemented only recently or not yet implemented at all, such as the U.S. Counsel rule, the requirement for filers to log in with USPTO with myuspto.gov, and the TTAB's expedited cancellation program. Further, additional rules and perhaps statutory changes are being considered.

Another reason provided by the Office for fee increases seems to reflect a concern about an anticipated reduced percentage of maintenance filings from marks that will not have been used by the Section 8 or 71 declaration of use

deadline. AIPLA would like to have a better understanding of the statistical nature of this budgetary concern and whether it anticipates a successful outcome for the decluttering measures.

We observe that revenue for maintenance fees as well as from application fees has increased in each of the last three fiscal years. Some of the proposed increases in fees are for filings that incurred a fee increase less than three years ago, as has been noted. Significant increases in these fees in such a short period of time are concerning. If these fees are to pay for new or improved services, AIPLA would like to know more about the nature of those services.

The magnitude of the proposed increase in a number of the existing fees and the imposition of new fees is significant, ranging from 80 to 150 percent and \$100 to \$500. Many users of the trademark system have a fixed budget for trademarks. Many of the proposed fee changes are so significant that they could result in a decrease in the number of brand owners who can afford to obtain and retain the protections

provided by federal trademark registration.

This concerns us.

For today's purposes, my comments will focus mostly on areas where there are concerns. And generally, we encourage reconsideration of a number of the proposed increases to filing and TTAB fees and certain of the proposed new fees. We have comments today regarding three proposed prosecution and maintenance filing fees.

There is a proposed increase in the Section 15 fee of \$25 per class to \$225. Although this increase may appear to be relatively small compared to most of the proposed increases, we question the justification for this higher fee when Section 15 declarations are not examined, but instead are merely acknowledged at a USPTO estimated cost of \$30 each.

Next, the Office proposes a new fee of \$100 for each good or service deleted from the registration following a random audit or following an adverse ruling by the TTAB. While AIPLA supports the Office's goal of discouraging post-registration filers from including goods in a Section 8 or 71 filing for which the mark is not

used, \$100 per good or service deleted is not appropriate because it penalizes the many legitimate brand owners who act in good faith.

Further, it disproportionately affects some industries more than others. For example, as Ms. Ricketts noted, one can register and maintain alcoholic beverages except beer in Class 33 without listing the varieties of beverages. However, automotive parts, even those falling within a single class, need to be delineated.

There are also questions about how the proposed fee will be assessed and collected and the consequences of nonpayment. AIPLA suggests that a fee per class in which goods or services have been deleted, regardless of the number of deletions in the class, may be more appropriate and enforceable and should be considered.

Third, the draft schedule contains a new \$400 fee for filing a Request for Reconsideration of a refusal of an application prior to or concurrent with a Notice of Appeal. This substantial new fee would likely discourage these filings. However, a Request for Reconsideration often resolves the outstanding

issues so that the application can proceed. This should be the preferred outcome rather than having to proceed with an appeal to the Board. The Office should reevaluate this fee.

Shifting gears a bit, I wish to address the new \$100 fee for letters of protest. As has been noted, filers of letters of protest often provide a valuable public service to the USPTO free of charge. For example, filers bring fake specimens to the attention of the Office or alert the Office about the meaning of marks in specific industries that might otherwise not be known. Charging a \$100 fee will deter these filers from providing this service to the Office. The Office should reevaluate this fee.

A number of TTAB fee increases and new fees are proposed. The USPTO would like to increase fees for filing a Notice of Opposition or a petition for cancellation by 50 percent. These fees just increased in January 2017 from \$200 to \$400 per class. What justification is there for a further increase at this time to \$600 per class?

As the Office has recognized, currently

a common way to challenge an application or registration that is based on an erroneous or fraudulent claim of use is for a third party to file an opposition or cancellation. So this proposed increase runs counter to the decluttering goal. Additionally, the increase would be burdensome for small entity filers.

Finally, many oppositions and cancellations are resolved by default and most never go to trial, so the USPTO does not incur the budgetary costs attributed to each proceeding. The Office should reevaluate this fee.

Next, there is the proposed increase in fees for filing a Request for Extension to File a Notice of Opposition. This is another example of a fee that was increased in January 2017, and now is being increased again by 100 percent. These extensions very often give parties time to resolve their dispute without filing a Notice of Opposition. Extensions should be encouraged rather than discouraged by increased fees. The Office should reevaluate this fee.

There is a new \$500 fee for filing a motion for summary judgment. This significant

new fee seems inappropriate for a filing that is a classic motion in the judicial system. If parties wish to avail themselves of a summary judgment motion despite the low probability of success at the TTAB, they should not be penalized with a \$500 fee. The Office should reevaluate this fee.

The Office also proposes a new \$500 fee for an oral hearing. While this fee is substantial, we understand that significant Board resources are involved for three members to make themselves available for a hearing. Accordingly, a fee may be justified. However, AIPLA would like further explanation of the proposed amount.

Finally as to Board fees, there is a proposed increase of the fee for an ex parte appeal of \$200 per class to \$400. This would be a 100 percent increase. There's also a new \$500 fee for filing a Request for Suspension and Remand. More information justifying these fees is requested.

We note, for example, that filing a Notice of Appeal along with a Request for

Reconsideration in response to a final refusal of an application is a common and often recommended practice. This would now cost an applicant \$800 per class, an increase of \$600. Because these increases are so significant, the office should issue a further report explaining the justification for them.

The draft schedule also contains a 150 percent increase in fees from \$100 to \$250 for Petitions to the Director. We would like more information about this proposed fee in order to properly assess it.

Finally, AIPLA has some questions and requests more information about the operating reserve fund. The USPTO has indicated that it is committed to maintaining a minimal trademark operating reserve of \$75 million. The Office indicated that the operating reserve at the beginning of Fiscal Year 2019 was \$135.3 million. And the Office recently projected, as of June 30th, a \$116.348 operation reserve at the end of Fiscal Year 2019. AIPLA would like to better understand how much of the proposed trademark fee increase is projected to go into the operating

reserve fund over the next few years.

Thank you again for the opportunity to convey these preliminary comments today. AIPLA looks forward to submitting our written and more detailed comments.

MR. BARBER: Okay. Thank you very much, Mr. Klein. That completes the slate of preregistered speakers.

I would like to thank all of the speakers today. It's obvious you put a lot of time, you and your organizations put a lot of time into studying the proposal and presenting thoughtful feedback. And that's exactly what this process is for, so we very much appreciate you coming here today and providing your comments. And we would look forward to seeing any written comments that you'd like to submit. And I assure you that the TPAC will consider them and try to address them the best we can in our report to the Director. And I have every confidence that the USPTO will also fully consider the comments from the public in the process of preparing their Notice of Proposed Rulemaking.

So thanks again to all of the public

speakers for coming today and your organizations, as well. I know there's a lot of work behind the scenes in preparing comments like that, so it's a team effort.

Okay, we have a little bit of time. If there are any other people from the public that would like to speak, this is your opportunity. So if you would like to do so, please make your way to the podium and introduce yourself.

Okay. Well, hearing no further comments, we will adjourn for today. Just another reminder, please feel free to submit written comments to the PTO email address that has been provided, preferably by September 30th. And if you will look for the TPAC report that we will be providing to the Director, that will also be made available to the public, and we will go from there.

Thank you again.

(Whereupon, at 3:32 p.m., the
HEARING was adjourned.)

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CERTIFICATE OF NOTARY PUBLIC

COMMONWEALTH OF VIRGINIA

I, Steven K. Garland, notary public in and for the Commonwealth of Virginia, do hereby certify that the forgoing PROCEEDING was duly recorded and thereafter reduced to print under my direction; that the witnesses were sworn to tell the truth under penalty of perjury; that said transcript is a true record of the testimony given by witnesses; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this proceeding was called; and, furthermore, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

(Signature and Seal on File)

**Notary Public, in and for the Commonwealth of
Virginia**

My Commission Expires: July 31, 2023

Notary Public Number 258192