

**From:** [William Slate](#)  
**To:** [Fee Setting](#)  
**Subject:** Comments of W. B. Slate and G. A. Coury on Docket No. PTO-P-2018-0031  
**Date:** Sunday, September 29, 2019 9:33:19 PM

---

The Honorable Andre Iancu  
Under Secretary of Commerce for Intellectual Property and  
Director of U.S. Patent and Trademark Office  
U.S. Patent and Trademark Office  
600 Dulany Street  
Alexandria, VA 22314

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

Re: Comments on Docket No. PTO-P-2018-0031 (RIN 0651-AD3) “Setting and Adjusting Patent Fees During Fiscal Year 2020; Proposed Rule”

Dear Under Secretary Iancu:

We thank the USPTO for the opportunity to submit comments in response to Docket No. PTO-P-2018-0031 (RIN 0651-AD3) “Setting and Adjusting Patent Fees During Fiscal Year 2020; Proposed Rule”. Written comments were requested in a Federal Register Notice dated July 31, 2019, 84 Fed. Reg. 37398.

This is supplementary to our September 13, 2018 comments (“our prior comments”) in response to Docket No. PTO-P-2018-0046 entitled “Patent Public Advisory Committee Public Hearing on the Proposed Patent Fee Schedule”. As those comments were largely ignored, they are largely repeated and extended below.

In this notice and the prior notice, the USPTO proposed to adjust various patent-related fees and impose several new fees.

Additional references are made below to the:

September 6, 2018 PPAC Fee Setting Hearing

<https://livestream.com/accounts/4828334/events/8347855/videos/179904665> (“the PPAC hearing”)

August 8, 2018 letter to the PPAC

[https://www.uspto.gov/sites/default/files/documents/Letter\\_from\\_the\\_Director\\_to\\_PPAC.pdf](https://www.uspto.gov/sites/default/files/documents/Letter_from_the_Director_to_PPAC.pdf) (“the letter”)

PowerPoint presentation “Patent Fee Proposal Detailed Appendix” August 2018

[https://www.uspto.gov/sites/default/files/documents/PPAC\\_Detailed\\_Appendix.pptx](https://www.uspto.gov/sites/default/files/documents/PPAC_Detailed_Appendix.pptx) (“the detailed appendix”)

These comments express the views of the undersigned but these views should not be imputed to the employer or individual clients of the undersigned.

By way of further background, the undersigned have practiced long enough to recall the fiasco of ePAVE:

<https://www.uspto.gov/about-us/news-updates/department-commerce-introduces-new-e-commerce-initiative>

<https://www.uspto.gov/web/offices/com/sol/og/2006/week43/patreti.htm>

The undersigned have practiced long enough to recall the fiasco of the USPTO's greatest administrative attempt to change the way patent law was practiced in the infamous "Claims and Continuations" rule packages:

<https://www.uspto.gov/about-us/news-updates/uspto-proposes-new-measure-improve-patent-quality-and-reduce-pendency>

These experiences help frame our comments below on specific fees. Comments below on select fees do not mean we agree with other proposed new or adjusted fees. We believe comments from other groups are likely to capture our particular disagreements regarding such other fees.

### 37 CFR 1.16(a) basic filing fee and the new 1.16(u) surcharge for non-DOCX filing

The 1.16(a) basic filing fee (increase from \$300 to \$320) and the new 1.16(u) \$400 surcharge for non-DOCX filing must be considered together and reflect an absurdity.

The undiscounted effective filing fee (not including search and examination fees) for non-DOCX filing is raised from \$300 to \$720. That is clearly a punitive measure not related to costs. The USPTO's justification at page 1 of the letter for DOCX filings is cost savings:

"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."

Although the nominal filing fee is 6.7% higher than the existing fee, the effective fee is 140% higher than the existing non-DOCX fee.

As further evidence, the 1.492(a) fee (which does not reflect DOCX efficiencies for the USPTO) also only changes from \$300 to \$320. Thus, there is no rational cost-based rationale apparent.

More fundamentally regarding the DOCX format, slide 61 of the detailed appendix says "Applications filed using DOCX will be more accessible in future searches of publication materials." What does this mean? Is this merely the improvement relative to OCR?

@ 40:09 of the PPAC hearing, Brendan Hourigan, Director, Office of Planning and Budget, stated: "It will also apply to filings that are submitted non-electronically in addition to the existing paper filing surcharge [under 1.16(t)]." We oppose this substantial increase in penalty. By definition, these paper filed applications are filed by applicants who have reasons to do so. What unreleased data does the USPTO have regarding paper filings?

@ 21:19 of the PPAC hearing, Tony Scardino, Acting Deputy Under Secretary of Commerce for Intellectual Property and Acting Deputy Director of the United States Patent and Trademark Office, stated: "Fees for search and examination are set below cost..." How does this apply to the effective .pdf penalty and paper filing penalty?

@ 41:18 of the PPAC hearing, Hourigan stated: "EFS-Web registered e-filers have been able to file specification, abstract, and claims in DOCX for utility nonprovisional filings since August, 2017." Conspicuously absent is reference to any data the USPTO has on use of DOCX. Almost no patent attorneys we queried report having tried DOCX filing. The two who did reported going back to .pdf.

@ 42:15 of the PPAC hearing, Hourigan stated: "Users will also see increased efficiencies since they will no longer have to convert their structured text into .pdf for filing and won't have to worry about conversion errors." We find this highly doubtful. Presently, a single .pdf file may be generated using a .pdf print driver. What does the USPTO expect of applicants using DOCX? Consider issues of metadata removal (whether by applicants or by the USPTO). Also consider effects of breaking up sections of a single source document (as is presently required of applicants who DOCX file but which we understand the USPTO will do in the future when it allows a single

specification/claims/abstract file to be uploaded).

Although the USPTO mentions scrubbing of “metadata”, what about other data? For example, supposedly post-scrubbing form and font information in XML Office actions on PAIR provides information on how they were written.

What investigation had the USPTO made of any MSWord (let alone other word processor) functionalities that practitioners would no longer be able to use in preparing a DOCX filing? What are the results?

Although the USPTO touts unspecified benefits to practitioners, this is clearly belied by the lack of acceptance of DOCX filing. What efforts has the USPTO made to investigate and explain this clear contradiction? In response to Freedom of Information Act (FOIA) Request No. F-19-00241, on September 26, 2019, the USPTO informed the undersigned merely that 861 DOCX applications were filed in 2017 (still partially pilot August 2016 to September 2017 <https://www.uspto.gov/patent/docx> ), 1608 in 2018, and 910 in 2019. If the 2019 numbers covered through August, that would be an apparent continuous decline.

### 37 CFR 1.20(h) surcharge within 6 months

@ 43:35 of the PPAC meeting, Hourigan stated: “...over ninety-five percent of patent renewals are paid before the due date.”

@ 43:45 Hourigan then stated: “The goal of increasing this surcharge is to encourage those patent holders who are making late payments to instead renew prior to the due date. Encouraging more on-time renewals will benefit the public by increasing the understanding of which patents are still in-force and which patent rights have been allowed to lapse.”

These are incongruous. The asserted rationale might apply if there was a 50 percent grace period usage, not a 5 percent. What findings has the USPTO made about use of that grace period? What are the consequences? Consider the impact on the attorney-client relationship. Greater conflict possibilities are created by the higher fees. Confronted with the new punitive surcharge, clients will choose to blame their attorneys for not following up more. To avoid this, attorneys may yet spend further time sending further reminders.

@ 44:18 he then stated: “...brings the USPTO more in line with late payment penalties charged by other IP offices.” This is a red flag. We can recall similar clearly erroneous justifications made during the Continuations and Claims fiasco when the USPTO conveniently ignored the no-fee availability of multiple dependent claims abroad in imposing claim count limits. What are the other IP offices? What are their existing maintenance/annuity schedules?

Many foreign countries often have yearly annuities which present a very different situation than do our maintenance fees. This the “in line” assertion is clear error and without support.

In the proposed rule, the Office doubles down, asserting:

“While still below what other IP offices charge, increasing this surcharge brings the USPTO more in line with its global counterparts. The goal of increasing this surcharge is to encourage patent holders to renew prior to the due date. Encouraging on-time renewals will benefit the public by increasing the understanding of which patents remain in force and which patent rights have been allowed to lapse.”

84 FR 37410.

Again no identification of the other IP offices or explanation of any particular analogy.

For example, in an EP validation, annuity payment is due the last date of the month that the patent

otherwise would expire in (which is based on EP filing date not grant). If my EP filing anniversary date is January 2, I can pay the annuity for January 2, 2019 to January 1, 2020 on January 31, 2019. There is then a surcharge period. Thus, with EP, the “due dates” are later and not analogous to US due dates.

Let’s consult the United Kingdom:

“You must renew your patent on the fourth anniversary of when you filed for it. You then need to renew every year near the ‘due date’ - the last day of the month in which you first filed.  
Renew up to 3 months before, or within 1 month after, the due date to avoid late payment fees.  
You can renew up to 6 months after the due date but you’ll have to pay £24 [(\$31 at September 10, 2018 exchange rates or \$30 at September 25, 2019 exchange rates)] on top of the renewal fee for each extra month.”

<https://www.gov.uk/renew-patent> *emphasis added*.

To bring practice in line, the USPTO would push back the maintenance fee deadline by six months plus the remainder of any partial month plus another month and thereafter charge only a small per month surcharge. This is the exact opposite of what the USPTO proposes. To recap, for emphasis, the UK due date is a fraction of a month after nominal expiration and the surcharge date is one month thereafter. The US due date and surcharge date is six months before the nominal expiration date.

Under current practice, the asserted “which patents remain in force and which patent rights have been allowed to lapse” is also clear error. Look at the verb tense erroneously used! Current grace period payments are made during the life of the patent. With payments being electronic, their payment is instantly available (or if not, that is the willful decision of the USPTO). Thus, the public already is able to determine which patents remain in force and which patent rights have been allowed to lapse.

#### 37 CFR 1.21 (a)(8)(1&ii) Annual Active Patent Practitioner Fee

We oppose this fee generally.

The analogy to state bars is misdirected.

First, the USPTO is imposing a fee in addition to state bar fees already paid by patent attorneys.

Additionally, the USPTO does not and need not engage in many of the kinds of activities state bars engage in either because there is no analogue or because it is redundant (e.g., state bar substance abuse and other programs).

Additionally, this also begs the question of whether a practitioner fee is the proper venue for financing matters beyond practitioner discipline. These areas include the “outreach” noted in the outreach efforts/programs cited at 84 FR 37414 and unauthorized practice of law (UPL) activity.

Additionally, only partially in jest, this CLE differential begs the question of whether the USPTO should impose surcharges for *pro se* applicants. What data does the USPTO have on the relative costs of examining *pro se* applications?

/William B. Slate, #37238/  
/George A. Coury, #34309/

Bachman & LaPointe, P.C.

900 Chapel Street, Suite 1201  
New Haven, Connecticut 06510-2802