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June 12, 2023

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

Submitted via: https://www.regulations.gov (Docket Number PTO-T-2023-0016) and fee.setting@uspto.gov

Re: Comments Regarding USPTO Proposed Trademark Fee Schedule

Dear Director Vidal:

Intellectual Property Owners Association (IPO) appreciates the opportunity to provide comments and suggestions in response to the USPTO's *Federal Register* Notice titled "Trademark Public Advisory Committee Public Hearing on the Proposed Trademark Fee Schedule" published at 88 Fed. Reg. 25623 (Apr. 27, 2023). These written comments supplement the informal comments presented on behalf of IPO at the June 5, 2023, TPAC hearing.

IPO is an international trade association representing a "big tent" of diverse companies, law firms, service providers and individuals in all industries and fields of technology that own, or are interested in, intellectual property (IP) rights. IPO membership includes over 125 companies and spans over 30 countries. IPO advocates for effective and affordable IP ownership rights and offers a wide array of services, including supporting member interests relating to legislative and international issues; analyzing current IP issues; providing information and educational services; supporting and advocating for diversity, equity, and inclusion in IP and innovation; and disseminating information to the public on the importance of IP rights.

IPO's vision is the global acceleration of innovation, creativity, and investment necessary to improve lives. The Board of Directors has adopted a strategic objective to foster diverse engagement in the innovation ecosystem and to integrate diversity, equity, and inclusion in all its work to complement IPO's mission of promoting high quality and enforceable IP rights and predictable legal systems for all industries and technologies.

IPO supports the USPTO's goal of adjusting trademark fees to finance the aggregate costs necessary to register and maintain an accurate and reliable trademark system. We also support the strategic goals of setting fees so the Office can promote efficient operations, align fees with the costs of services provided, provide resources to reduce application pendency, and finance ongoing and planned strategic initiatives. We appreciate the

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opportunity to share the collective experience of our members and to participate in an ongoing dialog with the Office on the relationship between fees and applicant behavior.
Our comments below address many of key fee issues for trademark applicants, particularly where a nexus does not appear to exist between a proposed fee increase and actual unit costs or the policy goals set forth by the USPTO. We believe certain fees should not be increased disproportionately such that they impose an undue burden on certain categories of trademark owners or in a way that is not generally linked to the unit cost of the activity.

IPO encourages the USPTO to carefully consider whether the proposed fee adjustments might have any adverse or unintended consequences such as discouraging public participation in assuring the accuracy of the trademark registry or imposing burdens on innovation especially in new or regulated industries. Changes in behavior due to new application forms to be introduced by the Office later this year might also provide the Office with useful information on applicant behavior.

We recognize the challenges inherent in any attempt at forecasting demand and workload, especially during periods of higher risk. We hope that if circumstances change and risks are lowered, the Office will consider reducing fees or refraining from future increases accordingly.

We express no comments on proposed fee increases related to basic applications, per class; statements of use (SOU), per class; §9 registration renewal applications, per class; and §15 declarations, per class. Specific comments on other proposed fee adjustments are below:

1. Proposed new fee codes for new applications

IPO recognizes new applications comprise a significant part of revenues for the Office. However, we are concerned proposed new fee codes may impose undue hardship or burden on applicants seeking to register trademarks in connection with entirely new types of goods or services. In addition, if these new fee codes are adopted, the application process may become more complex and difficult to budget as brand owners decide whether to deviate from inadequate or incomplete descriptions in the ID Manual or to include all goods and services on which an applied-for mark is used or intended to be used.

Before imposing new types of fees that could influence applicant behavior and the scope of trademark rights, we welcome the opportunity to collaborate to explore whether other options may address overly long descriptions of goods/services or other issues that hinder examination efficiency. Should these new fees be adopted, IPO requests that the Office study the impact of the fees on applicant behavior to determine if there have been unexpected adverse impacts on brand owners and the Office.

a. Fee for use of goods/services identifications not contained in ID Manual

The USPTO proposes to charge trademark applicants $100 for custom descriptions of goods or services. This proposed fee would unfairly burden certain brand owners, in particular: (i) innovators and providers of entirely new products or services that have not yet been included in the ID Manual or (ii) manufacturers of existing products that for whatever reason are not included in the ID Manual.

The Trademark Manual of Examining Procedure (TMEP) acknowledges that the ID Manual is not complete. TMEP § 1402.04. (“No listing could include all possible identifications for the multitude of products and services for which marks may be registered.”) Brand owners that manufacture or provide entirely new types of goods or services will be penalized under this proposed new fee because entirely new goods or services will not already be included in the ID Manual at the time of filing an application and will thus require the use of the free-form text box.

Not only is new technology absent from the ID Manual, many products and services related to existing technology are also missing. Examples of older technologies recently added to the ID Manual include:

ID Manual Description	**Effective Date**
Electrical irons for ironing clothes	February 23, 2023
Brake fluids	April 20, 2023
Artificial sweeteners for the food industry	January 1, 2023
Anti-slip paints	February 23, 2023
Eye liners	April 20, 2023
Air-conditioning ducts of metal	March 16, 2023
Metal anchor bolts or anchor bolts of metal	March 16, 2023
Pistons for machines	April 27, 2023
Baby nail clippers	February 23, 2023
Hubcaps	April 20, 2023
Key chains of metal	February 23, 2023
Cardboard packaging tubes	May 18, 2023

Imposing a fee on brand owners for failing to use an admittedly incomplete and inconsistent Manual is unfair and arbitrary.

The TMEP also confirms that one of the primary functions of the ID Manual is to serve as a model or guide for goods or services not included in the ID Manual. “[A] primary use of the ID Manual’s listings . . . is to indicate by analogy and example the kinds of identifications that will be acceptable for products and services not covered by the existing listings.” TMEP § 1402.04. Using the listings in the ID Manual as a model requires use of the free-form text box, even for a change so small as to alter an approved singular term (such as “coffee”) to the plural form (i.e., “coffees”).

Penalizing inventors, companies, and other entities seeking to register a brand for the “multitude of products and services” omitted from the ID Manual is antithetical to the USPTO’s strategic plan of advancing U.S. innovation, creativity, and entrepreneurship and fostering an innovation mindset in more Americans. Trademark applicants should continue to be permitted to craft new identifications by analogy and example to the identifications in the ID Manual without an additional fee.

b. Fee for each 1,000 characters per class above the first 1,000 characters per class

The USPTO states that applications with "descriptions of goods or services that are excessively long, with thousands of characters, require additional work during examination" (USPTO Trademark fee proposal Executive Summary June 2023, slide 9) and proposes a new surcharge for each 1,000 characters per class above the first 1,000 characters. But it appears that the proposed 1,000-character fee tiers will unfairly penalize good faith brand owners and are arbitrary limits. If these proposed fees go into effect, some brand owners might limit trademark protection for goods/services to reduce costs.
The Executive Summary estimates that 9% of applications have over 1,000 characters, approximately 11 lines of text. The register is replete with examples of legitimate, good faith brand owners who have filed applications containing goods or services descriptions of more than 1,000 characters. For example, companies seeking to register their company name, which often will be displayed with all goods and services provided by the company, regularly include more than 1,000 characters in goods or services identification.

In addition, identifications of more than 1,000 characters may be necessitated by the USPTO's own rules. The ID Manual contains approved identifications of more than 300 or even 400 characters. In addition, the Office's requirements for specificity (such as, for example, for manufacturers of clothing or pharmaceuticals) require additional detail and length in the identification of goods or services. Further, in the examples of clothing or pharmaceuticals, examining attorneys can easily review such wording and ascertain if it is acceptable, regardless of length. As a result, there is no clear correlation between the length of the listing and the complexity of an application. The Office should not penalize a good faith brand owner filing a lengthy identification merely to comply with the Office's rules.

Although the USPTO notes that "[a]bout 9% of all trademark applications currently exceed 1,000 characters per class" (Executive summary, slide 13), it provides no additional information that these applications were filed inappropriately or in bad faith. IPO recommends that the USPTO study the identifications it considers to be "excessively long" to better understand when they are inappropriate, then set character limitations and fees accordingly. At a minimum, an applicant should be permitted a significantly higher number than 1,000 characters prior to the imposition of any surcharge.

If this fee is adopted, the Office should provide more information about how it will be implemented, such as whether spaces or punctuation are included in the character count, and how this fee will be imposed on requests for protection under the Madrid Protocol.

c. Fee for "Insufficient Information"

The Office has proposed a new fee of $100 per class for applications filed with "insufficient information" but has provided no guidance on what constitutes "insufficient information." In support of this proposed fee, the USPTO says, “When applicants do not provide all the necessary information upon filing, examiners are required to perform additional work that increases application processing time.” USPTO Trademark Fee Proposal Executive Summary June 2023, slide 9. This fee proposal is vague. It is difficult to anticipate all information examining attorneys might request during examination and would be challenging for applicants to satisfy a subjective and unpredictable request for information in advance. Further, the Executive Summary does not provide details about the types of missing information that increase processing times.

The Lanham Act (15 U.S.C. § 1151; 37 CFR § 2.21) requires only that a trademark application include the applicant’s domicile and citizenship, the goods or services in connection with which the mark is used, a drawing of the mark and, for marks already in use, the dates of the applicant’s first use of the mark and first use of the mark in commerce. Applications that are incomplete and do not contain the statutorily required information are denied a filing date, which is a significant penalty. Currently, applicants under the Madrid Protocol are also only required to provide certain limited information.

The proposed new surcharge does not apply to applications that lack statutorily required information, but instead to applications “other than [those] denied a filing date for failure to satisfy the requirements under 37 CFR § 2.21.” Executive Summary, Slide 10. If applicants are forced to guess what constitutes “insufficient information” that will result in the imposition of a fee, that fee does not promote efficient application filing behaviors nor enhance the quality of incoming applications. We seek information about whether this fee proposal would require changes in the Lanham Act or by regulation.

In addition, the public cannot comment fully on this fee without more information as to what the Office considers to be “insufficient information.” Before imposing such a fee, the USPTO should clarify what information will be required to allow stakeholders to provide specific substantive feedback.

2. Increased fees for demonstrating use

a. Tiered SOU fee structure

The Office proposes a new tiered fee structure for extensions of time to file a statement of use (SOU), imposing a higher fee for fourth and subsequent extension requests. The Office states that the tiered fee structure “encourages timely ITU decisions” by applicants. However, use decisions may be outside an applicant’s control. For example, a pharmaceutical company can face delays in demonstrating use while waiting for marketing approval by the Food and Drug Administration before it begins shipping or selling a product in interstate commerce. Or the recent COVID-19 pandemic changed the marketing plans for many businesses impacted by locally required shutdowns. The proposed tiered structure will make trademark prosecution more complicated and cumbersome, particularly for unsophisticated brand owners.

The proposed tiered structure also complicates the budgeting process for brand owners. The system provided for in 15 U.S.C. § 1051(b) discusses and treats the second through fifth extensions equally. Imposing higher fees on brand owners exercising rights granted under the Lanham Act penalizes those brand owners.

The Office's explanation appears to be that applicants extending use decisions into the third year "impact prior pending applications and those trying to clear new marks." There does not appear to be any cost to the Office that warrants treating applicants exercising lawful rights differently. Obtaining a federal trademark registration provides a sufficient incentive to applicants to demonstrate use as soon as possible rather than incur further fees associated with extensions.

The proposed tiered fee structure could also result in unintended consequences. Some brand owners may seek to avoid higher extension fees by simply filing a new application for the same mark, which would continue to serve as a potential block to new marks. In any event, we are unaware of a statutory policy preference for use to be demonstrated soon after issuance of a Notice of Allowance.

Considering extension requests do not have extensive examination burdens and are already an income source for the Office, the current fees are sufficient and should not be tiered. All SOUs have the same unit costs to the Office and the same fees should be required for all SOUs.

b. Increased AAU fee

Fees for amendments to allege use (AAU) and SOUs have historically been set at the same amount. The Office's proposal recommends raising the AAU fee per class to $300, while raising the SOU per class fee to $250. Discouraging the filing of an AAU earlier in prosecution of an intent-to-use application through a higher fee seems contrary to the Office's policy to move applications to registration more quickly.

Also, an AAU may become necessary so that the application may move forward to registration on the Supplemental Register. It seems unreasonable to impose a financial penalty on an applicant based on the USPTO's assessment of the distinctiveness of an applicant's mark. Treating AAUs and SOUs differently also complicates the process and creates budgeting uncertainty for brand owners.

The fees for AAUs and SOUs should be set at the same level. If there is a differentiation between the two amounts, an AAU fee should be lower than an SOU fee.

c. Proposed Section 8 fee increase

Section 8 fees were recently increased in 2020, and the proposed new fees for electronic section 8 declarations are at least ten times the actual cost of these filings. IPO is opposed to these fee increases.

Moreover, the rationale for the proposed significant section 8 fee increase is unclear. The information provided by the Office reveals that the percentage of registrants who choose to maintain their registrations is declining and suggests that the Office wishes to maintain a certain percentage of income from maintenance fees. The Office provides no explanation as to why maintaining that percentage is desirable. Assuming the Office would like more registrants to maintain their registrations to provide certainty for brand owners, the Executive Summary and Background do not provide support for the idea that raising fees would encourage registrants to do so.

The proposed fee increase also appears to bear no relationship to unit cost or to promoting any change in behavior by registrants. IPO suggests that the Office conduct research among trademark registrants to reveal their reasons for failing to file maintenance documents, including whether fees play any role in registrants' maintenance decisions. This may reveal whether and how the number of small pro se trademark owners who maintain their registrations may be impacted due to the proposed increased fee.

3. Increased Letter of Protest/Petition to Director Fees

a. Increased Letter of Protest fee

Under the Letter of Protest process, codified at 15 U.S.C. § 1051(f), the public assists the USPTO in maintaining an accurate and reliable trademark registry by submitting relevant evidence. The Letter of Protest procedure "is intended to aid in examination" and permits third parties to "submit, for consideration and entry in the record of a trademark application, objective evidence bearing on the registrability of a mark." TMEP § 1715. 37 C.F.R. §2.149(a).

The existing Letter of Protest fee was set recently, after the enactment of the Trademark Modernization Act, and the proposed 400% fee increase could discourage parties from participating in a process that assists the USPTO in issuing accurate and reliable trademark registrations and making the examination process more efficient. IPO opposes this fee increase.

Further, the TMA requires a study by the Comptroller General, with participation by the Director, related to the efficacy of Letters of Protest and other proceedings on applicant behavior and improper filings. We suggest the Office wait for the results of the study, and allow for review and comment, before further modifying relevant fees and procedures.

b. Increased petition to director fee

IPO opposes the proposed increase in fees for petitions to the Director. Many petitions are filed to correct errors made by the Office, and it would be unfair to raise fees for parties who have already been adversely impacted by Office errors. Other times petitions are filed when trademark owners seek to speed the registration process to adequately attack instances of counterfeits or infringement, an issue important to the USPTO. Director's Blog: the latest from USPTO leadership, https://www.uspto.gov/blog/director/entry/go-for-real-an-innovative (Sep. 19, 2022).

It would be unfair to burden trademark owners bringing these kinds of petitions. IPO opposes the proposed increase in the fee for a petition to the director.

c. Increased Petition to Revive fees.

IPO opposes the proposed increase in fees for petitions to revive. The standard for granting a petition to revive is that the underlying error or omission was inadvertent. Thus, an increase in the fee logically would not cause any change in behavior, the stated justification for the increase. In addition, the increase in this fee is disproportionate compared to its unit cost.

Conclusion

Thank you for considering these comments. IPO welcomes further dialogue with the Office or opportunity to provide additional information to assist fee adjustment efforts.

Best regards,

Karen Cochran
President