



May 28, 2024

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

Submitted via:

Re: Comments Regarding "Setting and Adjusting Trademark Fees During Fiscal Year 2025"

Dear Director Vidal:

Intellectual Property Owners Association (IPO) appreciates the opportunity to provide comments and suggestions to the United States Patent and Trademark Office (the "Office") in response to the Federal Register Notice titled "Setting and Adjusting Trademark Fees During Fiscal Year 2025" published at 89 Fed. Reg. 20,897 (Mar. 26, 2024).

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 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 thanks the Office for its ongoing financial responsibility and fiscal conscientiousness which allows it to operate as a self-sufficient, fee-funded agency without disruption to its stakeholders, particularly at times when other governmental agencies may be impacted by unforeseen budget constraints or economic volatility. IPO supports the Office's goal of adjusting trademark fees to finance the aggregate costs necessary to operate a reliable and accurate trademark registration system, as well as to promote efficient operations, account for higher operating costs, combat fraudulent activities, provide reliable IT infrastructure, reduce application pendency, and finance ongoing and planned strategic initiatives.

IPO appreciates the Office's willingness to engage in a dialogue with its stakeholders during the fee adjustment process. The current fee adjustment proposal incorporates many of the concerns raised by the public regarding the Office's proposed trademark fee schedule, including several of

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those addressed in IPO's June 2023 comments. IPO supports the Office's revised proposed fee adjustments that allow the same fees for all extensions of time to file a Statement of Use, a smaller proposed fee increase for filing a Letter of Protest, and identical fees for filing Amendments to Allege Use and Statements of Use. The Trademark Manual of Examining Procedure ("TMEP") recognizes Letters of Protest as an "aid in examination" and public participation through Letters of Protest helps achieve the Office's goal of issuing quality registrations and providing a reliable IP system. TMEP § 1715. As such, the proposed smaller fee increase for Letters of Protest reflects the Office welcoming the public's support of and enthusiasm for the Office and its work.

IPO values this opportunity to share the collective experience of our members and comment on the relationship between the Office's fees and applicant behavior. Our comments below are focused on a few key concerns for trademark applicants, particularly when raising certain fees appears antithetical to the Office's goal of balancing overall revenue loss and where proposed fees could disproportionately impact and impose an undue burden on certain categories of trademark owners.

**1. The proposed increase in trademark maintenance fees is disproportionate to other increases, arbitrarily burdens trademark owners, and may incentivize behaviors that disrupt an efficient trademark system.**

Although IPO recognizes that fee adjustments are necessary to support the financial health of the Office, the proposed increase in maintenance fees is disproportionate and could unintentionally impact the behavior of trademark owners in a way that would discourage the Office's delivery of reliable IP rights to existing trademark owners.

The combined proposed costs for filing a section 9 renewal application and a section 8 declaration in paper or electronic form are respectively \$900 and \$600, substantially more than the cost of filing a new application. In its proposal, the Office acknowledges that trademark filers respond to economic incentives and states that increased fees are likely to impact the behavior of trademark filers, noting that the proposed application surcharge is "to incentivize more complete and timely filings[,] improve prosecution," and "enhance the quality of incoming applications." 89 Fed. Reg. at 20,904-05. Some trademark registrants might choose to file new applications rather than maintain existing registrations.

The Office states that it has set renewal fees above unit cost because it believes these fees are "less likely to impact entrepreneurship." 89 Fed. Reg. at 20,904. The Office has provided no data supporting this assertion. But while some entrepreneurs see immediate success, many do not, and trademark maintenance decisions are made by both groups.

Further, there would be a risk of unpredictability for registrants who forego maintaining a registration due to costs and instead rely on common law rights. A trademark owner's reliance on common law trademark rights makes the register a less reliable source in identifying prior rights and for new applicants who may incur application fees and later encounter a serious impediment to registration. Although lower fees for new applications may be beneficial, the proposed gap in filing and maintenance fees may disrupt the current system.

We encourage the Office to carefully consider whether the proposed fee increases for trademark maintenance actions will have unintended consequences, adversely impacting entrepreneurs, the current behavior of trademark owners, and the efficient delivery of reliable IP rights.

**2. The proposed application surcharge is inappropriate and may have unintended consequences when based on an examiner's discretion or when the Office has not provided sufficient information for compliance by applicants.**

In addition to the base filing fee, the Office proposes to impose a \$100 fee surcharge, per class, on applications that fail to include certain information at the time of filing. The rationale seems to be that by imposing a surcharge on applicants, applicants will be induced to submit complete applications and the burden on examining attorneys will decrease.

IPO supports the creation of a more efficient application processing system and agrees that *basic* application details that are clearly set forth in the TMEP and statutorily required under the Lanham Act should be included in a trademark application at filing. *See* 15 U.S.C. § 1151; 37 C.F.R. § 2.21. Those basic items include clear-cut information such as the name and domicile address of the applicant, the citizenship of the applicant, the bases for filing, a verified statement that meets the requirements of 37 C.F.R. § 2.33, whether the mark is in standard characters or special form, and more.

Indeed, the USPTO can assist in ensuring that the applicant includes these basic details by, to the extent possible, having the electronic application form assist applicants in filing complete and acceptable applications. The incorporation of digitized features, such as “drop down” menus from which an applicant can choose each item and the inability for an applicant to move forward until the item is entered, will aid in ensuring applications are complete.

However, IPO does not support the imposition of a surcharge for items where guidance is not clearly specified, is subjective in nature, or is left to the discretion of the examining attorney as it would unfairly subject applicants to additional costs penalizing the very customers that the USPTO wishes to serve and wreak havoc on the budgeting process for small and large filers alike. Specific areas of concern are detailed as follows:

**a. Goods and services**

IPO seeks clarity on if an applicant uses identifications from the Trademark Identification Manual (“ID Manual”) that require free text entry (i.e., Class 5 for pharmaceutical preparations and Class 9 for software), whether entering the additional free text required to comply with the ID Manual will subject the applicant to the 1,000-character limit surcharge.

IPO supports the Office's efforts to incentivize innovators and emerging technologies. In that regard, IPO believes applicants should not be assessed a surcharge for newly developed categories of goods and services that do not yet appear in the ID Manual. There are significant gaps and anomalies in the ID Manual and forcing applicants to use inaccurate wording is antithetical to the Office's goal of maintaining a reliable and accurate register. The current practice of adhering to the ID Manual could make the register less accurate if an innovative product is not perfectly described in the ID Manual. IPO therefore recommends that there be a section in the application form whereby an applicant can use free text for “emerging technology not expressly listed or adequately covered under existing language in the ID Manual.”

### **b. Color claim**

IPO appreciates that there may be instances when imposing a fee for the lack of a color claim may be appropriate, for instance, if the applicant does not include a color claim when the mark was submitted in color. However, IPO believes a surcharge should not be imposed when an applicant fails to state a shade of color. TMEP § 807.07(a)(ii) states that “[i]t is usually not necessary to indicate shades of a color, but the examining attorney has the discretion to require that the applicant indicate shades of a color.” No further guidance is provided, and an applicant should not be assessed a surcharge when its color claim complies with what the TMEP says is “usually not necessary.” Before imposing a surcharge regarding color claims, the TMEP should contain more precise information about the generic color names it expects applicants to use and a list of all acceptable color names with an option for “other” should be provided. IPO does not support imposing a surcharge with respect to a color claim when an examiner is simply exercising discretion.

### **c. Description of mark**

The TMEP states that a description of a mark should describe all significant aspects of the mark and that insignificant aspects need not be included. *See* TMEP § 808.02. It goes on to state that not all features of a mark are necessarily significant. *Id.* Making this guidance even more confusing are several examples in the TMEP illustrating how one *might* describe a mark. Trying to parse through what may be deemed significant and insignificant is arguably difficult for an applicant and this task becomes increasingly harder if the mark includes some complexity in the form of graphic elements. Given the highly subjective nature of describing a mark and the failure for the TMEP to provide straightforward guidance, IPO does not support levying a surcharge with respect to the description of the mark.

### **d. Identification of form of applicant**

For foreign applicants, the TMEP acknowledges that it does not maintain a complete list of all entity forms available around the world. Appendix D of the TMEP contains a list of common foreign designations, but there may be cases when a designation does not appear in Appendix D. *See* TMEP § 803.03(i). Given that the TMEP may not include all accurate entity forms, IPO does not support levying a surcharge on an applicant which lists its correct entity form in the application yet receives an inquiry from the examining attorney.

### **e. Translation of mark**

The TMEP should clarify its guidance concerning applications that do not include an accurate foreign language translation. An applicant may have a good faith belief that its mark has no meaning in a foreign language and be surprised by the examining attorney requiring a translation. If the Office intends to impose a requirement that an applicant affirmatively investigate potential translations of its mark, the scope and extent of the investigation should be made clear in the TMEP. In addition, examining attorneys sometimes suggest adding a translation of “x or y” for applications which already contain an accurate translation. If the Office intends to impose a surcharge in such a case, the TMEP should clearly state that the application must include all potential translations of the wording in a mark.

In addition, the Office should be clear whether it intends to impose a surcharge if an application contains a translation which is later amended. Currently, no additional fee will be imposed on a TEAS Plus application which contains a translation and is later amended through TEAS or by examiner's amendment. TMEP § 819.01(m).

The TMEP currently states it is "generally not necessary to translate words from dead or obscure languages" but "the determination of whether a language is 'dead' must be made on a case by case basis." TMEP 809.01(b)(iii). Any question assessed on a "case by case" basis can result in inconsistent outcomes and is therefore inappropriate for a surcharge.

**f. Unintended consequences of surcharge**

Finally, the Office has provided no evidence of behavior changes that may be caused by the proposed fee increases and surcharges. For example, the proposed surcharges may inadvertently incentivize the filing of fewer applications, contrary to the Office's anticipated unchanged total number of applications per year. 89 Fed. Reg. at 20904-05.

The Office "anticipate[s] that a larger share of applicants will take measures to avoid the proposed surcharges." 89 Fed. Reg. at 20,905. One of those measures may be to withhold or delay filing multiclass applications or multiple one-class applications for the same mark to avoid per class surcharges related to items common in all applications, for example, color claims or the description of the mark.

IPO encourages the Office to consider whether the anticipated impact from these surcharges includes the decrease in the number of classes filed and whether this change in behavior serves the Office's objective of promoting the efficient delivery of reliable IP rights. If the Office finds this is an unintended consequence of the proposed surcharges, we suggest considering alternative actions that may better achieve the goal of maintaining the same number of applications, such as an imposition of the deficiency surcharge for these types of issues on a per application or per applicant basis. Before imposing surcharges for subjective aspects of the examination process, the adoption of a surcharge only for clear-cut informalities might help assess changes in applicant behavior and improvements in examination efficiency due to the surcharge. More clarity may be needed regarding how the fee structure will be implemented for those using the Madrid System; IPO suggests that the USPTO provide further information about this topic to guide users.

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

Sincerely,



Krish Gupta  
President