



American Intellectual Property Law Association

May 28, 2024

The Honorable Kathi Vidal
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314
Via Federal eRulemaking Portal at <https://www.regulations.gov>

RE: Fee Setting Comments in Response to the Notice of Proposed Rulemaking on the Setting and Adjusting Trademark Fees During Fiscal Year 2025

Dear Director Vidal:

The American Intellectual Property Law Association (AIPLA) is pleased to have the opportunity to present comments on the Office's recent Notice of Proposed Rulemaking ("NPRM") on Setting and Adjusting Trademark Fees During Fiscal Year 2025 published on March 26, 2024 ("Fee Proposal").

AIPLA is a national bar association of approximately 7,000 members that include professionals engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

General Comments

The Fee Proposal contains numerous fee increases and no decreases. While some of the proposed fees seem appropriate, others concern AIPLA. While AIPLA generally supports the assessment of fees that, in the aggregate, enables the USPTO to recover 100% of its costs, AIPLA's members are concerned that the fee increases are not reflective of the USPTO's costs and that the fee increases will not improve the quality of services provided considering the increase in examination pendency and increased reports of inconsistent examination or examination errors. AIPLA has previously requested further and more detailed explanations justifying each fee increase and continues to do so under the belief that further explanation could help the public better understand the USPTO's reasoning and ultimate goals.

AIPLA understands that one reason for increasing costs is to match current operation costs. However, AIPLA is concerned that some of the proposed fee increases (1) do not reflect operation costs, (2) do not consider the associated benefit or reduction of operation costs on the

USPTO's side, and/or (3) do not consider the impact on applicants and registrants. These concerns are discussed in more detail below.

At the outset, AIPLA notes that some of the proposed fee increases are for filings that incurred a fee increase less than three years ago. Significant increases in these fees in such a brief period 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. It is important that the Office provides more detailed justifications for the increases in existing fees and the proposed new fees.

AIPLA further understands that another stated reason for some of the proposed fee increases is to improve the accuracy of the Register so that it reflects marks in use, the goods and services provided under the marks, and to ensure the Register does not contain registrations that never should have been granted or maintained in the first place. AIPLA supports the USPTO's goal to declutter the Register and understands how decluttering the Register benefits both the USPTO's internal operations as well as applicants and registrants when clearing and registering marks. However, AIPLA is concerned that increasing fees to the extent requested would also have a negative impact by "pricing out" applicants unable to afford the increased cost in registering and maintaining trademark applications and registrations. Furthermore, AIPLA notes that these additional fees could also push applicants to file "pro se" where applicants may not fully understand what is required or being asked of them without additional legal support. This could lead to applicants tacitly relinquishing rights to which they are entitled or misfiling in a manner not representing their actual use – further creating inaccuracy of the Register in comparison to reality.

AIPLA emphasizes that the time needed to assess the impact of other measures taken by the USPTO to reduce inaccuracies -- such as the U.S. counsel rule, the requirement for filers to login with myUSPTO.gov (effective October 26, 2019), the TTAB's expedited cancellation program, the Trademark Modernization Act (effective December 18, 2021), and the three-month response deadline for Office actions (effective December 3, 2022) -- has not yet been taken into consideration. Furthermore, additional rules and, perhaps, statutory changes, are and should be considered.

Ultimately, the magnitude of the proposed increase in several of the existing fees, and the imposition of new fees, is significant. Many users of the trademark system have a fixed budget for trademarks, and 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.

We believe that many of AIPLA's comments are relevant to the significant fee increases or new fees in the Fee Proposal. The following are our comments and suggestions on some of the specific fee proposals and the Office's justifications for the proposed fees.

Proposed Additional Fees for TEAS and Madrid Applications

TEAS Basic Applications

The Fee Proposal condenses the TEAS Plus and TEAS Standard applications into one type of application – the "TEAS Basic" application that requires applicants to provide "Basic Information" that was formerly required for TEAS Plus application. The Fee Proposal includes

new additional fees for applications that do not include all required Basic Information (the “Insufficiency Fee”), to use “custom” identification language that is not included in the USPTO’s Identification Manual (the “non-IDML Fee”), to specify identifications of goods and services exceeding 1000 characters (the “1,000+ Fee”), to “encourage efficient application filing behaviors, to enhance the quality of incoming applications, and to improve processing efficiencies” (altogether the “TEAS Basic Fees”).¹

Overall, AIPLA members are concerned with the implementation of these new requirements and fees.

i. The Basic Information Requirement and Insufficiency Fee

As stated above, the Basic Information requirement is essentially the current application requirement for a TEAS Plus application. The Basic Information requirement includes requirements such as foreign translation and transliteration statements, color claims, mark descriptions, name or likeness consent statements, and claims of prior registrations. Failure to satisfy the Basic Information requirement will incur an Insufficiency Fee of \$100 per class.

AIPLA is concerned that the proposed Basic Information requirements will be difficult to assess at filing stage, because several of the requirements are subject to the Examining Attorney’s subjective beliefs rather than objective factual standards, making it difficult to anticipate whether an insufficient information fee will be issued against an applicant. For example, the USPTO is inconsistent with its foreign translation and transliteration requirements, as some Examining Attorneys issue foreign translation requirements for made-up terms, terms that have multiple meanings in foreign languages, and terms that have meanings in the English language. Likewise, the USPTO is inconsistent in how it would like marks to be described, the colors claimed in an application, whether prior registrations need to be explicitly claimed, and whether a name or likeness statement is required. Finally, some items – such as name and likeness consent statements and translation and transliteration statements – require additional time to prepare, which will delay an applicant’s filing date.

It is unclear when the Insufficiency Fee will be charged (e.g., at the time of filing, through the course of examination, or at the time of publication). It is also unclear whether amendments made to statements will also incur an Insufficiency Fee (e.g., an amended color claim or mark description at the Examining Attorney’s request). Finally, it is unclear why the fee will be charged per class when most of the Basic Information requirements are not class-based requirements.

Overall, AIPLA opposes the Basic Information requirement due to the USPTO’s inconsistency in specifying when the information is required and the lack of explanation as to how inclusion of this information at the time of filing will increase expediency of processing applications.

However, if the USPTO chooses to move forward with the Basic Information requirement, AIPLA offers the following suggestions to improve implementation:

1. Amend the Insufficiency Fee to apply per *application* rather than per *class*.

¹ Trademark Fee Proposal Executive Summary, p. 12.

2. Simplify the Basic Information requirement to remove subjective requirements (i.e., foreign translation and transliteration statements, color claims, mark descriptions, and name or likeness consent statements) to reduce confusion.
3. Allow additional time for applicants to satisfy the Basic Information requirement (i.e., within 3 months of filing rather than at time of filing). This will allow applicants to file their applications in a timely manner without hampering the USPTO's ability to examine applications since the USPTO will not need the Basic Information until an application is examined. The current USPTO processing time for new applications is 8.2 months from date of filing; therefore – an additional 3 months will still ensure that information is provided well in advance of initial examination.²
4. Issue the Insufficiency Fee at time of initial examination and with the formal request of the additional Basic Information required (rather than at time of filing) and allow the reimbursement of fees if the Basic Information requirement incurring the charged fee was issued in error (e.g., if a foreign translation is required and an applicant successfully argues that no foreign translation is needed).

Applicant notes that the Basic Information requirement also requires the applicant to only use identification language specified in the USPTO Identification Manual (“IDML”) and this is separate to the additional non-IDML Fee. (Both the IDML-specific requirement and additional non-IDML Fee are addressed in the section immediately below.)

ii. Requirement to Use the IDML and Associated Fees for Failure to Do So

The USPTO has proposed two fees for applications not using the IDML, the aforementioned Insufficiency Fee associated with failure to comply with the Basic Information requirement at a cost of \$100 per class, and the non-IDML Fee for using goods and services not contained in the IDML at a cost of \$200 per class (altogether, the “IDML Associated Fees”). These are essentially two punitive fees addressing the same issue.

Under the Fee Proposal, if applicants choose not to use the IDML (which could include reasons beyond their control), they will be charged for both the \$100 per class Insufficiency Fee as well as the additional \$200 per class IDML Associated Fees for a combined \$300 per class. To further emphasize the monetary burden on the applicant, the additional fees would amount to 86% of the TEAS Basic application fee at \$350 per class. The cost of a TEAS Basic application with the IDML Associated Fees would be \$650 which well exceeds the historical cost of processing the equivalent TEAS Standard application in 2022 at \$504.

AIPLA strongly recommends removing the IDML requirement from the Basic Information requirements and not proceeding with the additional non-IDML Fee. When soliciting feedback from practitioners, the proposed IDML Associated Fees are prohibitively high for all applicants -- especially smaller applicants, applicants in niche industries, start-ups, and inventors championing new technologies and inventions. The IDML is not comprehensive of many goods and services. By limiting applicants to using pre-approved language, the USPTO may create the unintended effect of having applicants misidentify their goods and services. Furthermore, applicants operating in significantly niche industries or new technologies will also be

² See <https://www.uspto.gov/trademarks/application-timeline>.

disproportionately subjected to the increased fee as it is unlikely the IDML will be up to date or even contain language appropriate for these goods and services.

In order to avoid incurring the IDML Associated Fees, applicants cannot use the free-form text box (i.e., entering IDML-approved language in the free-form text box will still incur the IDML Associated Fees).³ Currently, applicants using TEAS Plus must use the current TEAS Plus identification of goods and services “search and select” technology. AIPLA cautions that using the current TEAS Plus identification “search and select” technology is extremely time consuming and difficult to use for practitioners and applicants. In some instances, practitioners report not using the TEAS Plus form since the additional time needed to use the “search and select” technology outweighs the lower fees associated with TEAS Plus compared to TEAS Standard.

Finally, it is unclear at what time the insufficient information fee and/or additional fee for not using the IDML will be charged (e.g., at time of filing, through the course of examination, or at time of publication).

Therefore, we do not believe that the IDML Associated Fees should be implemented. Instead, AIPLA suggests the USPTO consider alternative solutions such as utilizing artificial intelligence software to determine if the identification of goods and services complies with pre-approved language in order to reduce examination time, which has been implemented by other trademark offices like the Canadian Intellectual Property Office.

If it is necessary to implement a fee associated with using “custom” non-IDML language, AIPLA offers the following suggestions to improve implementation:

1. The USPTO should not double charge applicants for using non-IDML language through both an Insufficiency Fee and a non-IDML fee. There should only be one fee associated with use of “custom” non-IDML language.
2. The fee(s) should not be enforced until the IDML is significantly expanded and the process for practitioners and stakeholders to add goods and services is streamlined.
3. The fee(s) should only be in effect when the USPTO is able to review and process new IDML suggestions within 48 hours of the submitted request. If the USPTO is unable to review and process new IDML language within 48 hours, the fee(s) should be suspended.
4. Applicants should be exempt from the fee(s) when entering IDML-approved language using free-form text box (opposed to time-consuming “search and select” technology available in the current TEAS Plus form).
5. Issue the fee(s) at time of initial examination and allow the reimbursement of fees if the IDML is updated to include the Applicant’s language at issue at time of initial examination.

iii. Fee for every 1,000 Characters over 1,000 Characters Per Class

AIPLA is concerned that the additional fee for every 1,000 characters in an identification per class is prohibitive. AIPLA members prefer no additional fee for the length of characters,

³ See NPRM, 89 Federal Register 20897, 20906 (March 26, 2024) (“[e]xamining attorneys must review each entry to determine its acceptability, even in situations where an applicant types or pastes the ID Manual identification, because they do not know if wording in the free-from text field came from the ID Manual”).

especially if the USPTO will move forward with the IDML Associated Fees or non-IDML Fee. Presumably, using pre-approved IDML language will significantly cut down on time examining new applications, despite the length of the identification of goods and services. Therefore, no fee should be required if the USPTO proceeds with the IDML Associated Fees or non-IDML Fee regardless of whether an applicant's identification is compliant with the IDML.

If the USPTO nevertheless moves forward with the proposed 1,000+ Fee – and without further information on why the restriction of 1,000 characters is proposed – AIPLA recommends raising the number of characters to *at least* 2,000 characters (including punctuation and spaces) before an additional fee is incurred. It is more than reasonable that an applicant can have an identification in one class that exceeds 1,000 characters.

Madrid Applications

The USPTO proposes applying the same TEAS Basic Fees addressed above to Madrid Applications. As the USPTO knows, the current process for applying for a Madrid designation of the U.S. involves using the World Intellectual Property Organization (WIPO)'s website and forms. Most foreign trademark offices do not require applicants to include the information requested by the USPTO.

The USPTO has not suggested nor implied that the WIPO designation forms will be updated to allow Madrid applicants to ensure they are able to provide the information necessary to avoid the TEAS Basic Fees or that Madrid applicants will receive a means to correct their applications and avoid incurring additional fees when designating the U.S. For example, Madrid applicants are currently unable to pick goods and services off the IDML list when designating the U.S, the length of an identification could be impacted by the language used at time of filing with WIPO, and there may be language barriers or translation issues for foreign applicants that could result in mis-identifying IDML-appropriate language as accurate and correct, if such a functionality is added to the WIPO website. AIPLA emphasizes that Madrid applicants should be given a clear and satisfactory method to satisfy the Basic Information requirements and avoid incurring the TEAS Basic fees if implemented.

AIPLA seeks further clarification on how and when the proposed TEAS Basic fees will be collected for Madrid applications. Currently, WIPO collects fees associated with Madrid applications themselves at time of filing and member countries cannot currently charge Madrid applicants for additional fees. However, the proposed fee changes include requirements that are subjective and cannot be determined until time of examination (i.e., foreign translation and transliteration statements, color claims, mark descriptions, name or likeness consent statements) or otherwise may not be compatible with the current WIPO application system (e.g., use of IDML-approved language, name or likeness consent statements, etc.).

If the requirements and fee payment process is clarified and in compliance with the Madrid Protocol, and the USPTO moves forward with these fees, AIPLA offers the following suggestions to improve implementation:

1. Amend the WIPO form designating the U.S. to require the information be provided with explicit caution that failure to do so will incur additional fees, if possible.
2. Allow Madrid applicants an additional three months from time of filing to find and appoint a U.S. attorney to amend, supplement or otherwise provide any additional information necessary to avoid incurring the TEAS Basic fees, if possible.

Additional Thoughts on TEAS Basic and Madrid Applications

With the foregoing in mind, we again question whether the USPTO's intent for the increased fees for applications is only cost recovery, or whether the Office also intends the increased fees to fulfill other goals related to the trademark application process (e.g., improving pendency or otherwise shifting a large amount of the USPTO's duties onto the applicant). In this regard, if the purpose is to generate "publication ready" applications to improve pendency, we recommend the USPTO re-evaluate to see why pendency has increased so significantly within the last few years. AIPLA is concerned that these fees may have been proposed prematurely due to the lingering impact of the COVID pandemic and abnormally high number of fraudulent filings. The USPTO has only recently enacted its expungement and reexamination procedure, as well as other internal measures, for targeting fraudulent filings. We recommend waiting to see the results of these measures before pursuing new fees with the understanding that further conversations need to be had on (1) how this will affect estimating fees; (2) clarification on how this would be implemented; (3) how the increase of fees would further USPTO goals regarding pendency/efficiency; and (4) whether fees will be refunded if they were requested due to Office error or oversight.

Fees Associated with Statements of Use and Amendments to Allege Use

While AIPLA appreciates the USPTO's amendments to the proposed fee increases associated with Statements of Use, we strongly encourage the USPTO to consider reassessing the increase in fees in the context of all the proposed fee increases. We caution that proposed fee increases overall could have the detrimental effect of forcing applicants to abandon their applications before they mature into registration which will further decrease the number of potential maintenance filings.

Proposed Increased Fees for Maintenance and Renewal Filings

The Fee Proposal includes increased fees for maintenance and renewal filings including §§9, 8, 71, and 15 filings. AIPLA is concerned that these increased fees are proposed to offset the reduction in collected maintenance and renewal fees and to supplement the internal costs associated with processing applications. The USPTO has stated that the reason to do so is to reduce barriers to entry for applications and to promote innovation and entrepreneurship. While AIPLA supports the USPTO's efforts to promote innovation, AIPLA is concerned that this practice means that current registrants are continuing to subsidize the costs for new applications without factoring in the impact of the proposed application-related fees discussed above – which should reduce the discrepancy in operational costs and fees collected.

Furthermore, in a time where the USPTO has been subjected to an increased number of fraudulent applications, it is difficult to avoid the perception that fraudulent filers are reaping the benefits of subsidized application fees at the expense of legitimate trademark right holders. This is particularly concerning when comparing the difference in historical costs for processing maintenance filings in 2022 compared to the proposed increases in maintenance and renewal fees. For example:

1. The historical cost for processing a §9 registration renewal application (online) in FY 2022, per class is \$24. However, the proposed cost to the registrant has increased 17% from \$300 to \$350 per class.
2. The historical cost for processing a §8 declaration (online) in FY 2022, per class is \$25. However, the proposed cost to the registrant has increased 33% from \$225 to \$300.

3. The historical cost for processing a §71 declaration (online) in FY 2022, per class is \$6. However, the proposed cost to the registrant has increased 33% from \$225 to \$300.
4. The historical cost for processing a §15 declaration (online), per class is \$25 in FY 2022. However, the proposed cost to the registrant has increased 25% from \$200 to \$250.

When the proposed fee increases are up to 50 times more than the operational costs, it is difficult to justify that these increases are appropriate for the purpose of encouraging innovation and entrepreneurship considering the increased number of fraudulent filings – especially when the USPTO has not suggested that there will also be changes or improvements made in the maintenance and renewal process that benefit those actually paying the increased maintenance and renewal fees.

Furthermore, in absence of further information from the USPTO, AIPLA emphasizes that it is unlikely that operational costs will increase for maintenance and renewal filings to rationalize the proposed fee increases. Currently, any operational costs associated with processing these filings are addressed in the initial maintenance filing fees or associated maintenance fees. For example, the operational cost to process a §8 or §9 renewal is significantly less than the current fees and proposed fee increases. Furthermore, the USPTO has implemented additional fees to offset any additional operational costs and to ensure that registrations are maintained in an accurate and timely manner -- including \$100 grace period fees, \$100 deficiency fees associated with Section 8 & 9 renewals, \$100 fee to amend registrations, \$100 fee to add a disclaimer, and a \$250 fee per class for deleting goods/services/classes from registration, after filing §8 declaration and before acceptance.

As stated above, AIPLA is committed to ensuring that the USPTO is made whole for providing its services. However, increasing maintenance fees in the current climate of fraudulent filings and without a plan to improve these services may disincentivize maintenance and renewal filings and new applications, when considered in the context of all proposed fee increases. It appears that the higher cost of processing applications will be addressed by the USPTO's proposed application-related fees. Therefore, if the USPTO chooses to proceed with the proposed application-related fees, AIPLA recommends waiting to see the impact of those fee increases, before increasing the cost of maintenance filings.

Proposed Increased Fees for Letters of Protest

The Fee Proposal includes increased fees for Letters of Protest. AIPLA recognizes that the USPTO has reduced the proposed fee increase from \$250 to \$150 and appreciates the re-evaluation taken by the USPTO following the TPAC report.

Once again, AIPLA merely cautions that proposed fee increases overall could have the detrimental effect of disincentivizing third parties from filing Letters of Protest – especially in light of the fact that Letters of Protest are a useful tool for the public to ensure that the Federal Register is both protected and serves to improve or otherwise aid the USPTO in their pursuit to maintain the quality of the Federal Register. For example, Letters of Protest can provide the initial time-consuming research and evidence needed to issue a likelihood of confusion refusal, ensure that a registered trademark is not included in identification language, and show that a mark is potentially descriptive or fails to function as a mark with the time-consuming evidence needed to issue the respective refusal, amongst other things.

Proposed Increased Fees for Petitions to the Director

The Fee Proposal includes increased fees for Petitions to the Director from \$250 to \$400 for online filings. AIPLA is concerned that this increase in fees is unduly burdensome on Applicants considering that in some cases, Petitions to the Director are unavoidable and/or due to USPTO error.

In a number of scenarios, a Petition to the Director is unavoidable and outside of the applicant's control. For example, a Petition to the Director is required if an applicant wishes to keep their home address off the public record for safety reasons but does not have a commercial mailing address. Likewise, a Petition to the Director is required to request the withdrawal of an unauthorized filing by someone who was not instructed to file by the applicant. As the USPTO knows, there has been an increase in online scams targeting trademark filers. Trademark filers should not be penalized for taking the necessary steps to both protect themselves and their rights from these scams.

AIPLA proposes removing the increased fee for filing a Petition to the Director. If a fee increase is needed, AIPLA suggests the following measures to ensure that trademark filers are not unduly penalized for correcting unauthorized filings or situations outside of their control:

1. Significantly reducing the increased fee for a Petition to the Director;
2. Creating separate forms at no cost or at a reduced cost for correcting errors made by third parties that are outside of the Applicant's control.

Conclusion

We appreciate the USPTO's careful consideration of the trademark community's response to the fee proposal. In that regard, we appreciate the opportunity to provide these comments and would be happy to further discuss our views on these issues with the USPTO. Please do not hesitate to contact us for further information or clarification.

Sincerely,



Ann M. Muetting
President
American Intellectual Property Law Association