



American Intellectual Property Law Association

June 3, 2024

The Honorable Kathy 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 electronic submission via <https://www.regulations.gov/docket/PTO-P-2022-0033>
Attention: Brendan Hourigan*

**RE: Comments on USPTO Setting and Adjusting Patent Fees During Fiscal Year 2025
(89 Fed. Reg. 23226, April 3, 2024; Notice) due June 3, 2024**

Dear Director Vidal:

AIPLA appreciates the efforts by the U.S. Patent and Trademark Office (“USPTO” or “Office”) in preparing this Notice of Proposed Rulemaking (“Notice” or “NPRM” or “Fee Proposal”) for Setting and Adjusting Patent Fees During Fiscal Year 2025.

AIPLA is a national bar association of approximately 7000 members that include patent attorneys, patent agents, and other IP 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.

Our comments below address several major aspects of the proposed 2025 USPTO patent fee schedule as published in the Notice. While AIPLA generally appreciates that fair, reasonable fees are needed for the USPTO to recover its aggregate costs for its operations and services as permitted by Section 10 of the Leahy-Smith America Invents Act of 2011 (“AIA”), the proposed fee structures are concerning as they may extend beyond the authority granted in the AIA.¹

¹ SEC. 10. FEE SETTING AUTHORITY. (a) FEE SETTING.--

(1) IN GENERAL. -- The Director may set or adjust by rule any fee established, authorized, or charged under title 35, United States Code, or the Trademark Act of 1946 (15 U.S.C. 1051 et seq.), for any services performed by or materials furnished by, the Office, subject to paragraph (2).

(2) FEES TO RECOVER COSTS.--Fees may be set or adjusted under paragraph (1) only to recover the aggregate estimated costs to the Office for processing, activities, services, and materials relating to patents (in the

In particular, AIPLA objects to the major policy shift wherein front-end fees are being added not only to recover aggregate costs, but change applicant behavior and implement significant policy changes, including large fee increases for claiming benefits of earlier effective filing dates, filing of Requests for Continued Examinations (“RCEs”), terminal disclaimer submissions, and for filing of large Information Disclosure Statements (“IDSs”). These and other concerns are discussed below.

Summary of Notice of Proposed Rulemaking (NPRM)

The USPTO is a wholly fee-funded organization responsible, in part, for the examination of patent applications. Prior to 2011 and the passage of the AIA, the USPTO did not have fee setting authority. Section 10 of the AIA added this authority.² Section 10 of the AIA permits the USPTO to set or adjust fees “**only** to recover the aggregate estimated costs to the Office....”³ The AIA does not authorize the USPTO to set or adjust fees for the purpose of setting policy or shaping applicant behavior.

The current NPRM includes two distinct components. In sections I-III, the Notice outlines its authorities and its rationale for establishing and setting fees as well as reasoning behind the amounts set. These sections also outline policy objectives that are to be advanced via this current fee setting.

Specific discussion and fee setting begins in Section C of the Notice.⁴ The summary therein indicates that the Office proposes to set or adjust 455 patent fees (most of which are increases). There will be an overall increase in fees and several new fees will be added, including new fees for continuing patent applications, large information disclosure statements, and when claiming benefit of earlier filing dates.

The NPRM also makes it clear that the Office is shifting its prior policy (at least in part) from “back-end” loaded funding models to include at least some increases and new fees that will implicate filing and prosecution. Thus, the Office is shifting, to an extent, to what appears to be a more “front-end” loaded fee-for-service funding model.

Executive Summary of Comments

AIPLA has previously expressed the view that fees, in the aggregate, should recover 100% of the costs of the Office, and that the relationship between “front-end” (filing, search, examination, etc.) and “back-end” fees (e.g., issue fees, RCE fees, and maintenance fees) should be maintained. Many of our comments below reflect our continued commitment to this principle.

AIPLA is concerned that in this NPRM, the USPTO appears to be using the AIA §10 Fee authority improperly and contrary to the authority granted in AIA §10 to unduly alter applicant behavior and implement significant policy changes, rather than to set aggregate fee recovery *per se*. AIPLA recommends this proposal be reconsidered. The underlying policy-shaping objective of this Fee Proposal appears to be correlated with various patent policy questions raised in the USPTO’s prior “Request for Comments on USPTO Initiatives To Ensure the

case of patent fees) and trademarks (in the case of trademark fees), including administrative costs of the Office with respect to such patent or trademark fees (as the case may be).

² See the Leahy-Smith American Invents Act of 2011, available at <https://www.congress.gov/117/bills/s2891/BILLS-117s2891is.pdf>.

³ Emphasis added.

⁴ 89 Fed. Reg. 23226 (April 3, 2024).

Robustness and Reliability of Patent Rights” (“RFC”) of October 2022.⁵ AIPLA suggests that such proposals should be carefully considered and not implemented by way of fee setting.

In particular, AIPLA does not support the use of the AIA §10 Fee authority to offer substantive rulemaking affecting basic applicant behavior, especially in terms of claiming benefit of earlier filed applications and filing RCEs. We also object to charging fees for filing large information disclosure statements in fulfillment of applicants’ duty of disclosure and candor under 37 C.F.R. §1.56, a proposal which would make compliance even more challenging. Further, AIPLA does not agree with the proposed fees and fee structure for filing terminal disclaimers.

AIPLA remains committed to improving after-final practice. We believe innovations like the After Final Consideration Pilot Program 2.0 (“AFCP 2.0”) are useful. AIPLA could, in principle, support an appropriate fee if the fee were reasonable, and for the actual grant of an interview.

AIPLA does not support the fee increases for design applications. We reiterate our prior position that the cost shortfall for design patents would be better addressed by other approaches, including directly addressing potentially improper applicant filings. AIPLA is also in alignment with the Patent Public Advisory Committee (“PPAC”), supporting a legislative approach to add design patent maintenance fees.

Finally, AIPLA lauds the use of cost-cutting to limit the need for increasing or creating new fees. We have concerns, however, regarding the “relatively flat IT spending profile” due to the extant cybersecurity threats and advent of new possibilities using artificial intelligence to aid in processing patent and trademarks applications.

General Comments on NPRM

As mentioned above, AIPLA maintains its previously expressed view that fees, in the aggregate, should recover 100% of the costs of the Office, and that the relationship between “front-end” (filing, search, examination, etc.) and “back-end” fees (e.g., issue fees, RCE fees, and maintenance fees) should be maintained.

Specifically, AIPLA agrees that the fees for each individual service need not be tailored precisely to the cost of providing that specific service. For example, the search and examination fees for patents should not necessarily be set to recover the entire costs of these front-end processing tasks for patents; rather, a portion of such costs should continue to be borne by maintenance and renewal fees. This approach should continue. It allows a greater number of applicants to participate in the patent process, by enabling the Office to set front-end fees low enough to encourage a wide range of inventors and businesses to seek patent protection, making up the shortfall with back-end fees.

With this balance in mind, AIPLA recognizes the need for the Office to increase some patent fees at this time. Given the economic environment of the last few years, a reasonable across-the-board inflationary adjustment is appropriate.

However, in addition to troublesome increases, the Office has proposed unprecedented and substantial increases for some fees and entirely new fees in other areas that AIPLA finds

⁵ 87 FR 60130 (Oct. 4, 2022).

concerning. For example, the Office has proposed substantial increases in fees, or new fees, each of which will be discussed below:

- New surcharges of between \$200 and \$800 (undiscounted) for IDSs based on the cumulative number of references cited;
- Fees for claiming benefit to an earlier filed application (up to \$2,000);
- Fees for a third or subsequent RCE (up to \$2,200 or an 80% increase);
- Fees for filing of a terminal disclaimer (from \$200 to \$1,400; as much as a 724% increase);
- New fees for filings under the AFCP 2.0;
- Fees for Design Patent Applications (\$300 or a 36% increase for filing and \$1,300 or a 76% increase for issue);
- Fees for excess claims (up to \$600 or a 100% increase)
- Fees for Patent Term Adjustment (PTA) (\$300 or a 43% increase);
- Fees for Patent Term Extension (PTE) (up to \$6,700 or a 468% increase); and
- Fees for AIA Trials (\$25,000 or a 25% increase for review and \$34,375 or a 25% increase for post-institution).

AIPLA supports the USPTO having the resources it needs to perform its job and produce the highest quality work possible within a reasonable timeframe. Such resources are critical to permit the USPTO to foster innovation. Yet, we question whether some of the more substantial fee adjustments are adequately justified and ask the Office to provide additional support for the adjustments as discussed below.

In the Office's recent "Request for Comments on USPTO Initiatives To Ensure the Robustness and Reliability of Patent Rights" ("Request for Comments on Robustness") posed multiple questions about possible policy initiatives that would alter current examination practices and applicant behavior.⁶ Now, the Office seems to be using the Fee Proposal to implement significant changes to patent policy, some of which were outlined in the Request for Comments on Robustness. Again, this is not an appropriate use of the Office's fee setting authority, which is limited under AIA §10 to only recovering aggregate costs.

Specifically, topics included in the Request for Comments on Robustness related to continuation practice, terminal disclaimers, RCE practice, and IDS fees seem targeted for significant fee increases or new fees in the Fee Proposal. Accordingly, AIPLA believes there is at least an appearance that the Office is using these more substantial fee increases to implement policy changes and/or unduly modify applicant behavior, rather than recover the cost of the Office's operations. This approach, even if in appearance only, is contrary to the Office's fee setting authority, which AIA §10 limits to "only" recovering aggregate costs.

AIPLA and others filed comments on many of the issues raised by the proposed initiatives in the Request for Comments on Robustness and the effects those initiatives might have on the patent application process.⁷ Many of AIPLA's comments are relevant to the significant fee increases or new fees in the Fee Proposal.

⁶ 87 FR 60130 (Oct. 4, 2022).

⁷ See AIPLA Comments to USPTO On Robust and Reliable Patents (February 1, 2023), available at https://www.aipla.org/docs/default-source/advocacy/aipla-comments-to-uspto-rfc-on-robust-and-reliable-patents-final-020123.pdf?sfvrsn=9da9508d_1.

AIPLA has also submitted comments to the PPAC regarding much of what is present in the instant NPRM. These comments, submitted on May 25, 2023, remain applicable.⁸

Cost Saving Measures

In Section 3.b. of the Notice, the Office lays out certain cost-saving measures including releasing space in its Northern Virginia facility and a moderate reduction in overall IT spending.⁹ This will purportedly save over \$100 million.

AIPLA lauds the use of cost-cutting to limit the need for increasing or creating new fees. We have concerns, however, regarding the “relatively flat IT spending profile.” The Notice appropriately points out that IT is critical to the Office’s ability to function, and that cybersecurity is an extant issue that requires constant vigilance. The need for IT and security therein seems inconsistent with limiting IT funds. IT expenditures across the government (and the private sector) need to be commensurate with expanding security concerns.

AIPLA also points to Section VI.B. of the 2023 Patent Public Advisory Committee Annual Report (“PPAC Report”).¹⁰

Therefore, while AIPLA appreciates cost cutting measures, we are concerned that flat lining IT budgets may be short-sighted.

Detailed Discussion of Certain Proposed Fee Rules

§V.B. Adjustment of Front-End Patent Fees

AIPLA does not support a policy change to add more and higher fees to the front-end of the patent examination process rather than adjusting back-end fees so as to place cost burdens on patents and commercially viable inventions that can justify fee increases. We note that the PPAC also objects to the shift to increasing or adding up-front processing fees.

The PPAC does not support this fee increase. The second across the board fee increase of 5% was designed to front load fees in order to reduce the reliance on maintenance fee renewals. The PPAC does not support this fee as we believe it places an undue burden on individual inventors and small businesses.¹¹

The AIA authorizes the Office to set or adjust fees only to recover the aggregate costs of patent examination. In the past, the recovery model has minimized front-end fees, such as filing fees, to make the patent system available to as many innovators as possible. In furtherance of this policy, back-end fees such as issue and maintenance fees are set higher than costs to encourage

⁸ See AIPLA Comments on USPTO Patent Fee Setting and Adjusting Proposal to the Patent Public Advisory Committee (May 25, 2023), available at https://www.aipla.org/docs/default-source/advocacy/aipla-comments-on-uspto-fee-proposal-052523-final.pdf?sfvrsn=7417752c_1.

⁹ See Notice at 23231.

¹⁰ See Patent Public Advisory Committee 2023 Annual Report, section VI.B., Artificial Intelligence and how it will impact the USPTO and patents, available at <https://www.uspto.gov/web/offices/com/sol/og/2023/week48/2023PPACAnnualReport.pdf>.

¹¹ See Patent Public Advisory Committee 2023 Annual Report, page 2, available at <https://www.uspto.gov/web/offices/com/sol/og/2023/week48/2023PPACAnnualReport.pdf>.

this policy. Earlier in the patent process, the likely return on investment for patent costs is more speculative. Therefore, increasing these fees would likely inhibit use of the patent system.

Thus, AIPLA urges the Office to reconsider its policy shift and attempt to have a more task-specific fee recovery model. The back-end fee model can be adapted to shifting administrative costs. Before a policy shift of the proposed magnitude, it would be better to exhaust every possible cost-cutting avenue first for any programs not directly related to examining and issuing patents and trademarks.

§V.C.6. Information Disclosure Statement (IDS) Size Fees

The NPRM includes the adoption of new fees for filing an IDS with more than a particular number of references. At the outset, AIPLA notes the PPAC recognition of the tension between Applicants' Duty of Disclosure under 37 C.F.R. §1.56 and the new fee.

The PPAC is supportive of this fee increase, however we note that if Congress would reform inequitable conduct rules, this by itself may largely affect applicant behavior. With current inequitable conduct case law, there is undue pressure on practitioners to cite every possible reference or risk the practitioners right to practice or the enforceability of the case. The PPAC recommends a legislative proposal to change this pressure. Also, if additional fees are paid, we suggest the additional money should go towards allowing Examiner's more time to consider the additional references.

In contrast to the PPAC's general support for the IDS fee despite its comments, AIPLA does not support the new fee for IDSs. AIPLA believes that legislative or other regulatory change would be needed to resolve the tension between compliance with Applicants' duty of candor and disclosure and using fees to discourage applicants' submissions.

The stated intent of the fee proposal is to reduce USPTO costs and delays in general, and to accommodate extensive review of disclosures for IDSs in particular. The proposal charges applicants for IDSs that have more than 50, 100, or 200 items of information. It also requires an assertion by the applicant that the IDS is accompanied by the appropriate fee, or that no fee is required. However, these new fees disincentivize liberal document disclosure. This would not align with the proposal's strategic goals of "driving inclusive US innovation" and "promoting the efficient delivery of reliable IP rights." Furthermore, they might disproportionately target smaller entities and certain fields of technology.

AIPLA submits that requiring fees for compliance with a federal regulation designed to put the best prior art before the examiner disincentivizes compliance and will surely impact patent quality.

It is noted that 37 C.F.R. §1.56 states "[t]he public interest is best served, and the most effective patent examination occurs when, at the time an application is being examined, the Office is aware of and evaluates the teachings of all information material to patentability."¹² Here, one should be mindful that such teachings not only encompass references that address novelty under 35 U.S.C. §102, but also, *inter alia*, obviousness, enablement, and written description (35 U.S.C. §§103, 112). References thus also inform examination staff of the state of the art at the time of the invention and the language and meaning of terms used to, for example, claim inventions.

¹² See 37 C.F.R. §1.56.

Applicants and their representatives are thus put in an unsupportable “squeeze” by the proposed fee. They do not know what the examiner knows and what might be important to evaluate the patentability of an invention. While examiners are highly capable, they need pertinent prior art to aid in evaluating patentability boundaries -- the very definition of “information material to patentability.” The more complex the technology, the more immature the art, or the wider the field of art that impacts patentability, the greater the need for the disclosure of prior art.

Also, the proposed costs would be borne by patent applicants, which would place patent practitioners in a non-viable position between compliance with 37 C.F.R. 1.56 and the pragmatic restrictions relating to patent costs.

The USPTO states in the proposal that most IDS statements are not large, and that only 13% include 50 or more items of information. AIPLA asks the USPTO to clarify if these 13% of IDSs tend to be concentrated in certain fields of art, industry, or technology. If so, then that trend could indicate a best practice specific to that field, which might be crowded with several related technologies requiring a high level of expertise, or which has higher instances of litigation or post grant proceedings that necessarily generate additional documents that might be considered material by the USPTO. In such a case, the proposed fee changes might negatively impact applicants in this field substantially more than those in other fields, because it might discourage them from disclosing what would objectively be considered the appropriate amount of items of information.

The USPTO has in the past brought up the issue of overly lengthy IDSs that are costly to process because of the time required to go through seemingly redundant or irrelevant items of information.¹³

At that time, the USPTO proposed addressing the issue by requiring statements of relevance when more than 20 items of information are provided in an IDS. The USPTO instead adopted an alternate option, which was to provide examiners more time to consider large IDSs. That same Federal Register entry also proposed requiring more disclosure and even eliminating IDS fees. Clearly, the issue of large IDSs was already being considered, but the approach was to adapt to them while still encouraging as much relevant disclosure as possible. The USPTO at the time, like today, understood that burdensomely large IDSs are a minority, and that the focus should be on inviting applicants to disclose all material art of which they are aware while preparing an application.

This spirit is reflected in best IDS practices today, which encourage applicants to err on the side of caution and are illustrated in the well-known mantra “when in doubt, include it.” This practice has helped ensure the transparency of applicants when dealing with the USPTO, has helped identify pertinent prior art and, if adequately considered, could result in a higher patent quality. This is especially important given that the inclusion of an item of information into an IDS is determined by USPTO regulation, CAFC rulings, and practitioner standards and habits, all of which can change and have changed in the past. But the current Fee Proposal seems to adopt a significantly different approach. Instead of prioritizing an applicant’s duty to disclose, and despite acknowledging that the vast majority of IDSs are not burdensome but are instead an essential element of procuring a patent, the current Fee Proposal seems to circumnavigate all those considerations in favor of a new philosophy -- to now burden applicants for adopting the very same practices that the USPTO has been instilling in practitioners for decades.

¹³ See <https://www.federalregister.gov/documents/2006/07/10/06-6027/changes-to-information-disclosure-statement-requirements-and-other-related-matters>.

While the new IDS size fees are antithetical to Applicants' Duty of Disclosure under 37 C.F.R. §1.56, they are especially problematic for applications that have multiple family members and/or global patent portfolios. When, for example, potential prior art is cited in international search reports or opinions, it is clearly beyond applicants' control that such art needs to be cited to comply with Applicants' Duty of Disclosure.

The USPTO says this new fee would not affect small and micro entities disproportionately, because only 25% of applicants that would incur an IDS size fee are small entities.¹⁴ Restated, 1 in 4 small and micro entities would be affected by the new fee.

Considering the significant number of small and micro entity applicants, this statistic does not offer much reassurance regarding a "limited impact" on them.

In summary, the implementation of new fee rules under 37 C.F.R. §§1.17(v)1 and 2 (\$200 and \$300, undiscounted, respectively) is in direct opposition to compliance with 37 C.F.R. §1.56. Thus, AIPLA disagrees with the arbitrary nature of charging applicants for compliance with the very rules that aid in issuing high quality patents. AIPLA urges the Office to not implement its proposed fees for large IDS submissions.

§V.C.2. Continuing Application Fees (Claims to Earlier Effective Filing Dates)

The Notice proposes to charge new fees for filing continuing applications that claim the benefit of earlier filed applications. The Notice also introduces a new phrase, the "Earliest Benefit Date" (EBD) to refer to the date that applicants claim as their "Effective Filing Date" ("EFD").¹⁵

AIPLA does not support implementation of these new continuing application fees. Applicants are entitled to claim the benefit of an earlier filed application under a variety of statutes (e.g., 35 U.S.C. §§120, 121, 365, and 385). The EFD is specifically recited in the core patentability statutes such as 35 U.S.C. §102. By introducing a new term, the Notice creates and introduces ambiguity because it is unclear as to the difference between the EBD and the EFD. It is suggested that the Fee Proposal use established statutory language.

Further, in AIPLA's prior submission on patent fees to the PPAC, we stated:

The Executive Summary of the [PPAC] Fee Proposal states that proposed fees for later-filed continuation applications "would partially offset foregone maintenance fee revenue from later-filed continuing applications." However, a continuation application is typically examined by the same examiner as the first application. The examiner is therefore familiar with the application and the prior art, which should reduce the cost to the Office in the continuation application. These cost savings should be compared to any loss in maintenance fee revenue.

The Executive Summary states further that the proposed fee would "recover front-end costs of continuing applications with extended benefit claim practice and encourage more efficient filing prosecution behavior from applicants." AIPLA does not understand what the "front-end costs" the Office is referring in this statement and/or how such front-end costs are greater than the costs of a first application. This statement might be taken to imply that filing a continuation application with an extended benefit claim is

¹⁴ Notice at 23244, col. 3.

¹⁵ Notice at 23237, col. 1.

inefficient, which we do not believe to be the case, and would request that the Office clarify.

AIPLA is also concerned that the first proposed fee increase for a continuing application would begin as early as five years after the earliest EFD. Consider, for example, that in many technologies, initial examination may not even take place until two or three years after the EFD. In fact, applications that are filed under the Patent Cooperation Treaty (PCT) may not receive a first Office Action for over 4½ years (30 months from PCT filing to entry into the national phase and then perhaps another 20 months until a first Office action is issued).

Further, for many applicants, examination of the application will often inform whether a continuing application is necessary to protect the full scope of an invention. In fact, in many cases, applicants would not be able to consider the merits of a continuing application until this increased fee would apply.

In specific regard to divisional applications, which are necessitated because of a restriction requirement imposed by the Office and may be made at any point during prosecution, we submit it would be unfair to charge a fee to an applicant for what is, in effect, a new application on patentably distinct claims.^{16,17}

The PPAC was also concerned with the timing originally proposed for these EBD claim fees and, while the PPAC generally supported the proposal, they indicated that these EBD claim fees should not begin until year 7.

Continuing applications provide a high value mechanism for companies and inventors to keep a potential patent application in process over a longer period of time. **The PPAC supports this fee with the following modifications:** Drop the year three provision and only make applicable for year 7 or after. Three years is too short of a period, as there may not yet be an office action, particularly if the case was filed via the PCT or in art areas with significant backlog, or other information from which to evaluate the need to file one or more continuations.

Also, the proposed fee is based on *when* an EBD claim is made. It does not take into account any delays caused by the Office, nor changes that are necessitated by, e.g., prior art rejections. Further, since patent term is calculated based a 20-year term extending from its EFD, claiming an earlier date causes a patent to expire earlier. Thus, what effectively results in earlier term expiration should not be discouraged with more fees.

Regarding the justification for these new fees, the Notice indicates that “continuing applications filed long after the EBD are less likely to have patent term long enough for the USPTO to recover the costs of its search and examination.”¹⁸ Unfortunately, the Notice indicates that rather than considering raising back-end fees (such as maintenance fees) to directly address the Office’s purported justification, the Office proposes to indirectly recover back-end fees by changing the long-standing model of lowering barriers to entry into the patent system.

Increasing front-end fees discourages use of the patent system and would create a substantial burden on those applicants least able to afford additional fees. Also, as noted above, it is often

¹⁶ It is noted that the Notice, in *Example 6*, notes that a divisional application is a continuing application. Notice at 23238, col. 2, 3rd full paragraph. Thus, the Notice implies but does not state that the fee increases would apply to divisionals.

¹⁷ Notice at 23238, col. 2.

¹⁸ Notice at 23238, col. 3.

the early office actions that inform applicants of the possible scope and content of potential IP. This in turn informs business decisions that affect technology development as a first principle.

AIPLA is also concerned that the newly proposed fees for later-filed continuing applications may disproportionately impact independent inventors, startups, and small businesses. The additional fees for later-filed continuing applications may force these applicants to expend scarce financial resources at the beginning of their business development or forgo filing continuing applications to the detriment of business opportunities that would ultimately provide products and services to the public.

Regarding divisional applications, AIPLA notes that the Fee Proposal does not expressly state whether the later-filed continuing fees would apply to divisional applications.

Given the arbitrary nature of the time frames for claiming benefit, the fundamental change in the proposed funding model (adding new front-end fees), and the potential impact on the innovation eco structure, AIPLA does not support the proposed changes. Nonetheless, if the Office insists on adding these fees, we echo the PPAC in suggesting it be done much longer after the EFD than currently proposed.

§V.C.9. Request for Continued Examination (RCE) Fees

The Notice proposes increasing RCE fees that would result in up to a \$3,600 or 80% increase for a third or more RCE filed in an application. The Notice justifies the new fee by stating that “[t]he undiscounted fee for third and subsequent RCEs would be enough above cost that a third RCE from an applicant . . . would cover agency costs for treating all three RCEs.”¹⁹

AIPLA believes the Office should refrain from increasing RCE fees.

AIPLA members have encountered substantial problems with the current compact prosecution model as it is often difficult for examiners to identify patentability issues and work effectively with applicants to address the issues. This problem makes filing an RCE necessary since it may take several rounds of communication to establish mutual understanding sufficient to conclude examination.

AIPLA references the following from our prior PPAC Comments:

AIPLA believes the Office’s current examiner performance measurement system arguably encourages Examiners at times to force applicants to file RCEs. AIPLA believes a better approach would be to improve the compact prosecution model to ensure that Examiners have adequate time and resources to identify all material issues early in the process and appeals provide finality. AIPLA recommends that any increase in RCE fees be held in abeyance pending improvements to compact prosecution.²⁰

Rather than considering that examination costs likely decrease with subsequent RCEs as the examiner becomes more familiar with the application and as the number of disputed issues

¹⁹ Notice at 23247, col. 2.

²⁰ See “Comments on USPTO Patent Fee Setting and Adjusting Proposal to the Patent Public Advisory Committee” at page 7, available at https://www.aipla.org/docs/default-source/advocacy/aipla-comments-on-uspto-fee-proposal-052523-final.pdf?sfvrsn=7417752c_1.

narrow, the Office proposes to drastically increase the fee for third and subsequent RCEs, which currently make up 9% of RCEs filed.²¹

Increasing RCE fees for third and subsequent RCEs may encourage Applicants to file an appeal instead of utilizing the RCE process, simply shifting Office cost centers. One advantage of RCEs over appeals is the cost and time savings to applicants and the Office, since appeals can extend the prosecution timeline by two or more years, and often have serious delays. If several RCEs are required before allowance, then pursuing an RCE may become as expensive as filing an appeal, particularly if the cost of RCEs is increased. Applicants will increasingly elect to file an appeal rather than file additional RCEs, which may overwhelm the appeal system and/or discourage applicants from continuing to try to work with the examiner to find patentable subject matter.

In summary, AIPLA reiterates its position that any increase in RCE fees be held in abeyance pending improvements to compact prosecution.

§V.C.11. Terminal Disclaimer Fees

The Notice proposes substantial increases in fees for filing terminal disclaimers (TDs), *and* a tiered fee structure based on when the TDs are filed during prosecution. Specifically, the proposed TD fee increases are as follows: 18% (\$30 increase to \$200) for a TD filed prior to the first office action on the merits; 194% (\$330 increase to \$500) for a TD filed after the first action and before final action or allowance; 371% (\$630 increase to \$800) for a TD filed after a final rejection or allowance; 547% (\$930 increase to \$1,100) for a TD filed on or after a notice of appeal; and 724% (\$1230 increase to \$1400) for a TD filed in a patented case.

AIPLA disagrees with this proposed fee increase for TDs and with the associated proposed fee structure.

The proposed increased fees for TDs are substantial and will be prohibitively expensive for some applicants. Also, AIPLA does not currently understand the basis for the difference in fees based on the time when an obviousness-type double patenting rejection is issued.

The Fee Proposal starts with an 18% increase for a terminal disclaimer that is filed *even before a first action on the merits is issued*. In most instances, neither an applicant nor the Office has any awareness of the need for a TD at this early pre-examination stage. Indeed, the claims of an application might be amended during prosecution such that a TD is not necessary for the final approved claims.

By making the fee lowest if the TD is filed before a first action on the merits, the Office appears to be, in essence, expecting applicants to assume that a double patenting rejection will be made before it is issued. This is contrary to foundational principles of patent practice -- namely, applicants submit claims that they believe to be patentable, and the burden is then on the Office to examine the claims and establish a *prima facie* case if it believes the claims are not patentable. The lower fee structure before prosecution on the merits has commenced may incentivize some applicants, particularly individual inventors and small businesses that often have limited resources, to file TDs early simply to avoid higher fees later in prosecution. However, this

²¹ USPTO – Notice of Proposed Rulemaking: At-a-Glance Setting and Adjusting Patent Fees during Fiscal Year 2025 Slideshow, slide 21, available at https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting?utm_campaign=subscriptioncenter&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=.

would be without a fair assessment by the Office of whether such filings were necessary at all, and without an opportunity for the applicant to rebut any such assessment.

Similarly, if an obviousness-type double patenting rejection is not raised by an examiner until a final rejection, the applicant would be required to pay a substantially increased fee, despite the fact that the examiner failed to raise the rejection earlier in prosecution. This is fundamentally unfair. AIPLA sees no reasonable explanation for this fee structure or the substantial increase in fees later in prosecution, and questions whether the fees are being changed in order to unduly modify applicant behavior, rather than simply recovering operational costs.

The Executive Summary of the Fee Proposal states that the “cost to *process* a TD increases greatly after certain milestones, such as final action or appeal.”²² AIPLA does not understand why the Office believes this to be the case and requests further clarification from the Office. The processing of a TD is the same regardless of when it is filed.

Under the Office’s electronic TD process, a TD is automatically approved when the applicant in a pending application provides the required information (subject to verification of certain formalities). Thus, the cost to process the majority of TDs in pending applications is minimal and does not increase based on the stage of prosecution. Typically, a TD is filed to eliminate an obviousness-type double patenting issue. Once this issue is removed, further costs should be minimal.

AIPLA encourages the Office to consider AIPLA’s discussion of TD practice in its response to the Request for Comments on Robustness²³ discussed above. In those comments, AIPLA discussed how the filing of a TD is, from an applicant’s perspective, an economically efficient response to address an obviousness-type double patenting rejection. We are concerned that the proposed fee increases for TDs would have the detrimental effects of forcing longer prosecutions with more costs incurred both by applicants and the Office debating the relative merits of claims that all parties have agreed are patentable over the existing prior art.

AIPLA also notes that the PPAC does not support this fee.

The PPAC does not support this fee increase. The stated justification is that an earlier terminal disclaimer submission permits the USPTO to reduce unnecessary examination costs, reduce appeal costs, provide greater certainty for the public, and promote overall efficiency of operations. PPAC does not agree that a fee increase will achieve these objectives. Furthermore, the fee increase will place an unfair burden to filers with limited resources. The increase will pressure such filers to give up patent term in exchange for a less expensive more compact prosecution while those with more resources can wait to see if they need to file a terminal disclaimer until allowable claim scope is identified.

(Emphasis in original).²⁴

²² (Emphasis added). USPTO, Patent Fee Proposal Executive Summary, May 2023, slide 24, available at https://www.uspto.gov/about-us/performance-and-planning/fee-setting-and-adjusting?utm_campaign=subscriptioncenter&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=

²³ See Comments on USPTO Initiatives to Ensure the Robustness and Reliability of Patent Rights, submitted Feb. 1, 2024, available at https://www.aipla.org/docs/default-source/advocacy/aipla-comments-to-uspto-rfc-on-robust-and-reliable-patents-final-020123.pdf?sfvrsn=9da9508d_1.

²⁴ See PPAC Report at page 4.

AIPLA encourages the Office to reconsider the fee proposals related to terminal disclaimer filings, particularly in an effort to promote a fair and balanced system that promotes innovation strategies for all applicants.

§V.C.1. After Final Consideration Pilot Program 2.0 (AFCP 2.0)

AIPLA remains committed to improving after-final practice, and we believe innovations like the AFCP 2.0 are useful. No fee is currently charged for use of this popular program that permits applicants to interview a case after a final rejection.²⁵ We note the inherent administrative costs of the program, and the Office proposes to charge \$500 for its use. Unfortunately, the Notice has indicated this fee is for merely considering an after-final request, rather than granting such a request and holding an associated interview.

AIPLA could, in principle, support an appropriate fee *if the fee were for the actual grant of an interview*. As the Notice discusses, it is the interview and time an examiner spends that incurs the administrative cost. The submission itself is no different than any other after-final request. Thus, a fee should only be tolled upon actual grant of an interview under AFCP 2.0 and a showing of attempts to further prosecution.

AIPLA agrees with the PPAC that stated in its 2023 Annual PPAC Report²⁶ that they also find this new fee problematic because it does not guarantee an interview with the examiner.

The PPAC views this fee as problematic as it requires paying the fee without any guarantee of an interview. [The PPAC] . . . suggest that the USPTO consider either of the following proposals:

- Don't require a fee unless you can guarantee the applicant will get an interview.
- Alternatively, don't pay the fee until the applicant does get an interview.

(Emphasis in original).

Accordingly, AIPLA does not believe this new \$500 AFPC fee is justified as presented.

§V.C.3. Design Application Fees

Design application fees under the NPRM would substantially increase by between 9% and 88%, e.g., the undiscounted cost of filing a basic design application, including search and examination fees, would increase from \$1020 to \$1300, an approximate 27% increase in aggregate.

AIPLA does not support this fee increase and reiterates its prior position that the cost shortfall for design patents would be better addressed by other approaches, including directly addressing potentially improper or fraudulent micro entity assertions. Absent this, the proposed increases may result in fewer undiscounted application filings by applicants for which the increased costs

²⁵ The USPTO notes that about 60,000 AFCP requests were filed in FY2022 and that more than half of all after-final responses were filed under the program. Unfortunately, examiner interviews were not conducted in nearly half of the AFCP requests, e.g., whether the applications were subsequently allowed or that the examiner did not have sufficient time to consider the AFCP request.

²⁶ See Patent Public Advisory Committee 2023 Annual Report at, for example, page 2, available at <https://www.uspto.gov/web/offices/com/sol/og/2023/week48/2023PPACAnnualReport.pdf>.

are prohibitive and yet are unlikely to deter potentially improper or fraudulent micro entity applications.

Further, AIPLA agrees with the PPAC that a legislative approach, including the addition of design patent maintenance fees, would be a better solution to offset front-end costs rather than significantly raising the cost of entry for applicants.

§V.C.4. Excess Claims Fees

AIPLA recognizes that for more complex patent applications, more time and effort are needed for examination. Nonetheless, we echo the PPACs recognition of concern regarding allocation of fees from excess claims to the examination process *per se* rather than other Office activities.²⁷

The PPAC is supportive of this fee increase with the following caveat: It is clear that the public wants more certainty that an increased fee will be spent on examination and/or giving the Examiners additional time to evaluate such cases.²⁸

§V.C.7. Patent Term Adjustment (“PTA”) Fee

AIPLA is mindful that calculating appropriate patent term adjustments based on Office and applicant delays come at some cost. Nonetheless, AIPLA adopts the position of the PPAC wherein it is noted that applicants should not be charged for calculation of delays caused by the Office.

The PPAC notes:

This fee is proposed to cover the USPTO cost of a patentee requesting the adjustment of the patent term of their patent. **The PPAC is generally supportive of this fee with the following caveat:** If the USPTO made the adjustment mistake, then the applicant shouldn't have to pay, if not, then applicant should pay the fee.

(Emphasis in original).²⁹

§V.C.8. Patent Term Extension (“PTE”) Fees

The Notice sets new fees for consideration of patent term extensions (PTE) due to regulatory review delays.

AIPLA understands that PTE determinations require a certain allocation of USPTO resources. However, the unprecedented and massive increase to the PTE fee does not appear to reasonably correlate to this allocation of resources. Rather, the fee increase appears to be more of a targeted “tax” on certain industries. Further, since PTE is restoration of patent term resulting from regulatory delay and an applicant is required to request restoration for such delay, the new fees are inappropriate.

The PTE increase of up to \$6,700 or 468% is severe. The 30-50 annual PTE filings seem a *de minimis* cost for something applicants are entitled to request as a result of government inefficiencies.

²⁷ See, e.g., PPAC Report at page 3.

²⁸ PPAC Report at page 3.

²⁹ PPAC Report at page 3.

Thus, AIPLA believes the proposed PTE fee increases are substantial and should not be implemented without clear data supporting the need for an increase of this magnitude.

§V.C.12. America Invents Act Trial Fees

The Fee Proposal includes an across-the-board 25% increase in AIA trial fees. The Executive Summary states that the costs associated with AIA trials have continued to increase as a result of recent court cases and higher operating costs.

AIPLA requests that the Office share with the patent community sufficient data supporting this proposed increase.

The proposal also includes new fees for AIA trial petitions that exceed proposed word count limits. AIPLA does not believe such new fees are an effective solution to problems associated with AIA trial petitions. If the goal is to avoid parallel petitions, the regular petition fees are already a disincentive. Many of our members believe that there is substantial benefit to brevity. Allowing petitioners to pay for more pages will discourage that art. Further, payment for additional pages would create more work for patent owners required to address longer petitions.

Summary

AIPLA agrees that setting fees based on aggregate cost recovery as well as inflationary indexing is appropriate. We differ in specific instances as detailed above, particularly where it appears that the USPTO is using the AIA §10 Fee authority contrary to the authority granted in AIA §10 to unduly alter applicant behavior and implement significant policy changes. We also strongly urge the Office to avoid adding or disproportionately increasing front-end fees. Thus, if additional fee revenue is needed, the Office is urged to adjust back-end fees and eliminate as many expenses as possible that are not directly related to patent (and trademark) examination.

Sincerely,



Ann M. Mueting
President
American Intellectual Property Law Association