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VIA EMAIL: fee.setting@uspto.gov

United States Patent and Trademark Office, Mail Stop CFO
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Dear Sirs:

Please consider the following comments on the USPTO's fee setting Notice published at 84 FR 37398. Kindly attribute the comments in this letter only to myself and not to my firm, its lawyers or clients, or any other entity.

I write specifically in connection with the annual fee and CLE proposal, and the proposal to require submission of some documents in DOCX format. Generally, I am opposed to these requirements. The USPTO had requested comments on an earlier version of these proposals last year, and I submitted comments on August 14, 2018 and supplemental comments on August 16, 2018 on these matters. My earlier comments are currently archived at:

https://www.uspto.gov/sites/default/files/documents/Allen_Hoover.pdf

and

https://www.uspto.gov/sites/default/files/documents/Allen_Hoover_Supplemental.pdf

As noted therein, it is my view that the imposition of an annual fee will not in fact raise net revenue for the Office, and the CLE requirement is unnecessary. Both of these proposals are regulation for the sake of regulation itself and should not be

implemented. I also feel that the proposed DOCX requirement will lead to unnecessary complexity and increased costs for applicants.

Among my earlier numbered comments, Comment 6 appears no longer applicable, and the current Notice answers Comments 5d and 5e. Except for those, I incorporate each of my earlier comments in response to the current Notice. I respectfully ask the Office to provide a detailed, complete, and individual response to each of those comments.

To summarize my earlier comments and inquiries:

Comment 1: How much revenue would these fees generate?
Comment 2: What will be the net revenue?

As explained in those comments, the net revenue generated by any practitioner fees is unlikely to exceed $3-$4 million per year (after an initial period where there would be no net revenue), in a total Office budget of almost $4 billion. I would ask the Office to respond in detail to the calculations and assumptions presented in those comments.

Under the current proposal, some fees can be offset by pro bono work. This will result in even less net revenue for the Office.

Comment 3: The Office does not need these fees
Comment 4: The OED does not need these fees

As explained in those comments, there is no funding justification for these fees, whether for the OED or for the Office itself. Even with rosy assumptions, the net fees generated won't be all that much—no net revenue for a year or so, and perhaps a few million per year after that. Put another way, there isn't *really* a need for a practitioner fee. What's actually driving the push for such a fee?

Kindly respond in detail to these earlier comments.

Comment 5: Please, no more CLE
Comment 5b: Sunset?
Comment 5c: Make any CLE easy to get and compatible with state requirements
Comment 5h: What will it cost to offer CLE?

As explained in these comments, state-imposed CLE requirements are very onerous. Illinois has a highly complex CLE scheme for lawyers, one that requires an

outlay of substantial costs and dozens of hours of time away from job and family. For law firms and others who offer CLE, the burdens are even greater. Illinois imposes dozens of types of fees for CLE providers, and the paperwork burden for my law firm is so substantial as to require a major portion of the time of an administrative employee. These costs and fees are in addition to the annual bar fees we are required to pay. There may be some circumstances where CLE is justified, particularly for new or part-time lawyers, but Illinois and other states take things too far. The purported benefits of the CLE requirement don't justify the substantial cost.

As with many regulatory programs, Illinois' CLE program has gotten more complicated with time. There is no sunset provision; nobody has apparently reviewed the CLE program to see whether it meets its stated goals, and because the judges who imposed the CLE requirement have exempted themselves from it, there is unlikely to be meaningful review anytime soon.

By seeking to impose an annual fee and CLE requirement, the Office is taking its first steps in the wrong direction down this same road. Please respond in detail to all of the concerns raised in the earlier comments. Also, with the recognition that regulation tends to get more complicated over time, please explain how the Office will seek to alleviate CLE burden and expense (and prevent increasing burden and expense) in future years.

Comment 5f: Paperwork reduction?

My earlier comment 5f observed that there were Paperwork Reduction Act concerns with the fee and CLE requirement. The Notice states that the information collection requirements were reviewed under OMB control nos. 0651-0012, 0651-0016, 0651-0020, 0651-0021, 0651-0031, 0651-0032, 0651-0033, 0651-0059, 0651-0063, 0651-0064, 0651-0069, and 0651-0075, but none of these appear to relate to practitioner fees or CLE requirements. I would appreciate clarification.

It is a certainty that a proposal to regulate tens of thousands of practitioners, forcing attendance at hundreds of thousands of hours of CLE sessions, coupled with recordkeeping, reporting, and other compliance costs, and the imposition of an annual fee, will exceed $100 million in paperwork costs.

Comment 5g: Don't tie any fee to CLE completion

As noted in this comment, there is no reason to tie any portion of an annual fee to a CLE requirement. If CLE is really required to maintain professional competence, then

why allow practitioners who have not taken CLE to buy their way out of this requirement?

Comment 5h: Implement any fee-and-CLE requirement first within the Office

As noted in this earlier comment, before imposing fee and CLE requirements on the corps of practitioners, the Office should institute a pilot program within the Office. The pilot program would require Office its professional employees to pay annual employee fees, with these fees being used to fund the Office of Human Resources. Additionally, under this pilot program, the office would impose a CLE burden on its professional employees, complete with an annual hours requirement, a requirement to purchase CLE with the employees' own funds, a recordkeeping requirement, an annual reporting requirement, and the imposition of surcharges or professional suspension in the event of any lapse. This of course will mean less net income for each employee and less time available for each employee to spend with family.

This is exactly what the Office is now proposing to mandate for practitioners. Is the Office willing to implement the fee and CLE scheme on its own employees (not just examiners, but senior management as well) as a pilot program?

Comment 5g: Lack of Statutory Authority
Comment 7: Regulatory complexity

I would appreciate the Office's explanation of the statutory authority for an annual fee (notwithstanding 35 U.S.C. 32) and the philosophy behind introducing a new layer of regulatory complexity within the Office (notwithstanding a clear Presidential mandate to reduce regulatory complexity in the federal agencies). As explained earlier, there seems to be no statutory authority for the annual fee or the CLE requirement.

Comment 8: PDF is better than DOCX for Office Archival Use
Comment 8a: Encourage submission of searchable PDFs instead
Comment 8b: Impose any fee only on applicant-generated text files
Comment 8c: Technical and licensing

As earlier explained, PDF files are easier to manage when filing, are better for long-term archival use (both for the Office and for practitioners), can be generated in text-searchable form, will not require fragmented filings using both PDF and DOCX files, carry fewer concerns in respect of malware and viruses, and carry no licensing concerns. The DOCX file format is intended for facile editing and by design is not suited for archival purposes, will require fragmented filing with different file formats, will require archiving of files in multiple file formats, carries increased risk of malware

and viruses, is no better than other editable file formats, and carries some uncertainty regarding licensing status. Kindly provide a detailed response to each of these concerns as outlined in my earlier comments.

I further observe that foreign attorneys often send PDF files for U.S. filing and the PDF format is otherwise entrenched in patent practice and other forms of legal practice, including before other agencies and the federal courts. WIPO filings are generally in the PDF format, so when the USPTO acts as Receiving Office, it's likely to receive PDF applications.

Please also consider and provide detailed responses to the following new comments:

Comment 9: The scope of creditable CLE subject matter is unclear

The Notice states that CLE can be credited for "patent law and practice," which seems to be defined as "any course that covers any of the topics included in 37 CFR 11.5(b)(1)." That section defines the scope of "Practice before the Office" as practice that "includes, but is not limited to, law-related service that comprehends any matter connected with the presentation to the Office or any of its officers or employees relating to a client's rights, privileges, duties, or responsibilities under the laws or regulations administered by the Office for the grant of a patent or registration of a trademark."

That's quite broad, and correctly so. Put simply, patents and trademarks are significant, and they touch many other aspects of a company's business. They can be among the most significant of a company's assets. For this reason, there are many legal subjects that could be deemed "connected to" Office practice in a meaningful way.

By its terms, 37 CFR 11.5(b)(1) "is not limited to" the recited law-related services. The scope of office practice can include matters "connected with" the direct practice before the Office. What types of CLE might count towards this? For example, would a class in estates and trusts (patents sometimes being an inherited or entrusted asset) or corporate law (patents and trademarks being valuable assets that are often placed into holding companies) be creditable? What about a CLE course on federal discovery in litigation? Patent litigation is often "connected to" an IPR proceeding or continuation.

Please clarify the scope of acceptable CLE topics, or confirm that the scope is broad enough to encompass such subjects as estates and trusts, corporate regulation, and litigation-related topics.

I observe that the CLE rule requires credit for "ethics." That could encompass any number of ethical topics, many of which are not directly related to Office ethical issues but that nonetheless could be deemed "connected with" Office practice. Some ethics classes concern substance abuse, for example.

Comment 10: Please clarify the rule for presenting CLE and writing

Would a practitioner himself or herself receive credit for presenting a CLE class? My state, Illinois, offers CLE credit for both preparing and presenting a CLE class. Will the Office allow such credit (including credit for the time spent preparing the class)? If not, the anomalous situation would arise where a lawyer gives a CLE class attended by his or her partners, and where the partners will receive CLE credit where the lawyer himself or herself does not.

Some states (Illinois included) offer CLE credit for writing an article or paper. Will the Office offer CLE credit for writing?

Comment 11: "Pro bono" service should not count towards any CLE requirement

It is not immediately clear why pro bono service should count towards a CLE requirement. Notably, if an attorney were to prepare a pro bono patent application for a client, that client is generally seeking to make a profit on the patent and in fact is usually hoping to realize extraordinary profits. Patent work is therefore unlike other types of pro bono work (such as, say, representing an indigent criminal defendant or an impoverished family facing an eviction notice). The pro bono patent client is not facing an unaffordable hardship, to be irrevocably harmed absent rescue from an attorney. Rather, the pro bono patent client is simply seeking an alternative form of venture funding.

The Notice states that "CLE serves to enhance practitioners' legal skills." If CLE is to "enhance practitioner's skills," how does pro bono service do this any more than *pro prodest* work (i.e. work for profit). Both types of work would seem equally effective in enhancing practitioners' skills. Both types of work are *pro podest* for the client.

Comment 12: Please clarify what "pro bono" service means

What exactly counts as pro bono work? As a law firm partner, I frequently receive referral calls from individuals and mom-and-pop business. In most cases the callers are armchair inventors hoping that they will somehow be able to commercialize an invention that today exists only as rough mental outline of their basic concept. Essentially all such callers are entirely unrealistic about the patent process. Most have little money and otherwise are ill-suited to set down the extremely difficult path that faces such an individual inventor. Nonetheless, when someone like that calls, as a matter of courtesy I will often spend some time explaining a few basic concepts about the patent system. The callers are always grateful for the free guidance; usually I don't hear from them again. Please confirm that that type of phone call or the like counts as pro bono work.

Other times, a lawyer will give a presentation to a client or prospective client, without billing for the time spent giving the presentation or preparing it. Would that count as pro bono work? Again, **both** the large corporate entity and the impecunious solo inventor are hoping to turn a profit from their patent filings.

Comment 13: Please clarify the CLE recordkeeping requirement

CLE providers offer certificates of completion. Are those certificates sufficient to meet the Office's recordkeeping requirement? Are they necessary? For how long must these certificates be kept? What about CLE for writing or presenting? What other forms of proof of CLE completion would be accepted?

Will the Office audit practitioners, and what will be the statute of limitations on the audit? There is no limitation specified in the Notice, so a practitioner presumably must keep CLE records indefinitely until retirement.

Comment 14: The proposed benefits of DOCX are dubious and the surcharge unwarranted

The Notice presents the benefits of DOCX submission in glowing terms ("increase efficiency," "higher data quality" etc.). If those things were so, then it seems the Office should be reducing, rather than increasing, other fees. It seems unlikely that these benefits are real. Even the Office doesn't find too much benefit in the DOX requirement; the Notice states "Encouraging text-based filings has the potential to save the Office up to $1.6 million annually." A goal to save $1.6 million—maybe someday—doesn't justify the substantial downsides of requiring DOCX filings.

In any case, it would seem that the Office could realize all of the putative benefits of DOCX filings if applicants were required to submit *text-searchable* patent applications, such as DOCX files or text-searchable PDFs. It is trivially easy to generate a text-searchable PDF from a word processing program. Why couldn't the Office allow PDF submissions if text searchable?

Also, the Notice states that the cost for converting PDF files to a text-readable format is $3.15 per submission. This $3.15 cost does not justify the proposed $400 surcharge. The costs to convert text-searchable PDF files to DOCX or structured XML files are trivial and will decrease as computing power and software become more powerful. If there is to be a surcharge for PDF filings, how about $10 instead of $400?

I urge the Office to reconsider the DOCX submission requirement.

Thank you for considering these comments. I look forward to the Office's detailed responses to the above comments.

/Allen Hoover/