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By email to: fee.setting@uspto.gov

United States Patent and Trademark Office
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ATTN: Brendan Hourigan

Re: Comments Concerning the Patent Public Advisory Committee Public Hearing on the Proposed Patent Fee Schedule
Docket No. PTO-P-2018-0046

The following are comments about the United States Patent and Trademark Office's ("USPTO") Patent Public Advisory Committee ("PPAC") Public Hearing on the Proposed Patent Fee Schedule, Docket No. PTO-P-2018-0046, dated July 25, 2018 ("Proposed Fee Schedule"). These comments discuss the proposal to impose a new annual patent practitioner fee of at least \$240 per year, in order for a practitioner to keep their active status as a member of the USPTO bar.

In summary, these comments request that practitioners be allowed to elect inactive status for years in which they do not actively use their USPTO membership, at no fee or at most a greatly reduced fee. The PPAC's theory of imposing the new practitioner fees is that such fees are "similar to the annual fee required by the vast majority of state and territorial bars." Because such state bars allow practitioners to elect inactive status at a greatly reduced fee, so should the USPTO. Moreover, the change from inactive status to active status should also be like those of state bars, namely to permit a practitioner to reinstate active status upon payment of the active practitioner fee and compliance with MCLE requirements. These comments request that the USPTO specifically reject the much more onerous requirements the PPAC proposes for an inactive practitioner to become active, which in essence requires retaking the registration examination or equivalent every few years.

Background

I was admitted to practice before the USPTO in 1987 as an attorney, Reg. No. 32,553. While employed in private practice, I prosecuted patents and ex parte reexaminations, although my primary work was patent, copyright, and trade secret litigation. I retired from the paying practice of law in 2010, and am doing volunteer work for a non-profit organization. I continue to be a member of the State Bar of California for my volunteer work. As required by the State Bar, I take MCLE classes, almost exclusively in patent law and other areas of intellectual property. I don't actively use my

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USPTO membership at present, although that could change at any time if membership was required either for work for the non-profit or if I chose to work for paying clients again.

Discussion

Thus, I've been a registered USPTO practitioner for over 30 years, without having to pay any annual fee to maintain my registration. The Proposed Fee Schedule is a dramatic departure from the status quo. According to an August 8, 2018 letter from the Director of the USPTO to the PPAC,¹ the proposed new fee “will be similar to the annual fees charged by the vast majority of state and territorial bars, and will allow the costs associated with the services the Office of Enrollment and Discipline (OED) provides practitioners in administering the disciplinary system and roster maintenance to be recovered directly from those practitioners.” The minimum proposed fee is \$240 per year for the “Annual Active Patent Practitioner Fee filed electronically with certifying continuing legal education (CLE) completion.”² (For \$340 per year, the practitioner can avoid having to certify completing CLE requirements.)

Slide 24 of the PPAC Executive Summary³ also claims that the fee is “similar to the annual fee required by the vast majority of state and territorial bars,” and goes on to describe what happens if a practitioner becomes “voluntarily inactive.” Basically, what happens is draconian. After two years of inactivity, a practitioner would need to show that they “continue to possess the necessary qualifications to render legal services to patent applicants or retake the registration examination to be eligible for reactivation”; after five years, a practitioner would have to retake the registration examination entirely.

While this proposal says it's supposed to be “similar” to the fee structure of state bars, the proposal does **not** do what it says it does for practitioners who choose to become inactive, but then later want to resume active status. Let's take as examples a few of the primary states where USPTO practitioners practice: Washington D.C., California, Texas, Illinois, and Virginia. For those jurisdictions, the procedure is quite similar. Inactive members can return to active status merely by paying the full active member fees, and complying with MCLE requirements.⁴ Notably, no state

¹ Available at: https://www.uspto.gov/sites/default/files/documents/Letter_from_the_Director_to_PPAC.pdf, at p. 2.

² See https://www.uspto.gov/sites/default/files/documents/Table_of_Patent_Fee_Adjustments.xlsx

³ Available at: https://www.uspto.gov/sites/default/files/documents/PPAC_Executive_Summary.pptx

⁴ See the following:

Washington, D.C.: <https://www.dcbbar.org/membership/classes-of-membership.cfm>

<https://www.dcbbar.org/membership/frequent-questions/Frequent-Questions.cfm>

California: <http://www.calbar.ca.gov/Attorneys/MCLE-CLE/Requirements/Inactive-or-Not-Eligible-Status>

<http://www.calbar.ca.gov/Portals/0/documents/forms/Request-to-Transfer-to-Active-Status-Form.pdf>

Texas:

https://www.texasbar.com/AM/Template.cfm?Section=Common_Lawyer_Requests1&Template=/CM/HTMLDispla

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requires attorneys to retake the bar examination, or to make a showing that attorneys “possess the necessary qualifications to render legal services” to resume active status.

Impact of the New Annual Active Practitioner Fee

The impact of the Proposed Fee Schedule is quite clear. A USPTO attorney practitioner has two options. First, the practitioner can pay the \$240 yearly active fee in perpetuity, and take the MCLE courses the practitioner is already taking to maintain a state bar membership. This will suffice even though the practitioner might not have actively used the USPTO membership for years (which has been my personal situation, for example). Second, the practitioner can forego paying the fee, but then potentially have to retake the registration examination every five years or more often. As a practical matter, practitioners will be forced to adopt the first option, giving the USPTO a windfall in active practitioner fees.

There are many legitimate reasons why practitioners will seek inactive bar status. Examples include entering public service; temporarily taking jobs not involving practice before the USPTO; temporary medical disability; retirement followed by coming out of retirement for unanticipated financial reasons or otherwise. All such practitioners shouldn't be penalized by having to retake the registration examination if they want to elect inactive status.

Allowing inactive practitioners to pay a reduced or zero fee will have no practical impact on the other purpose of the new fees, to pay for OED roster maintenance and disciplinary proceedings. The USPTO currently has 11,800 active agents and 34,757 active attorneys, for a total of 46,557 active practitioners.⁵ Collecting a minimum of \$240 from each of those 46,557 active practitioners will give the USPTO the breathtaking amount of at least \$11,173,680 yearly.

This is a huge percentage of the entire USPTO budget for *all* legal services. For fiscal year 2018, the combined budget for the Office of the Solicitor, Office of General Law, and OED was

y.cfm&ContentID=38186

https://www.texasbar.com/AM/Template.cfm?Section=Common_Lawyer_Requests1&Template=/CM/HTMLDisplay.cfm&ContentID=28952

Illinois:

https://registration.iardc.org/attyreg/Registration/Registration_Department/Status_Changes/Registration/regdept/statuschangeinfo.aspx?hkey=e17c4246-76e6-4c20-b4cb-63d47a47ca37

Virginia (calls inactive status “Associate” status): <http://www.vsb.org/site/members/faqs/>

<http://www.vsb.org/pro-guidelines/index.php/bar-govt/classes-of-membership/>

New York is not included in these examples since it doesn't have an inactive status, and otherwise has unusual restrictions on the practice of law in that state. *See, e.g., Schoenefeld v. Schneiderman*, 821 F.3d 273 (2d Cir. 2016).

⁵ *See* <https://oedci.uspto.gov/OEDCI/practitionerhome.jsp> (as of September 12, 2018)

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\$27.1 million.⁶ The USPTO doesn't break that \$27 million down between these three legal groups, so we don't know the exact OED budget. But the Solicitor's office doubtless takes up the vast majority of the \$27 million, given its extensive work in PTAB proceedings and Federal Circuit appeals alone. The Office of General Law is likely second, and the OED is likely a distant third. Thus, \$11 million in annual fees for the OED is probably well more than it needs. It would in effect subsidize many other USPTO activities.

Therefore, allowing inactive practitioners to pay a zero or greatly reduced annual fee will likely not greatly reduce the amount of fees the USPTO will collect under the Proposed Fee Schedule for the stated purpose of these fees. A zero or reduced inactive fee will still likely give the OED all the money it needs for its roster maintenance, disciplinary, and other activities. There is no financial reason for the USPTO to charge inactive practitioners the full fee, or force them to pay the full fee to avoid taking the registration examination every five years.

Conclusion

Assuming the USPTO imposes an annual active practitioner fee at all, it should also establish a procedure for USPTO practitioners to elect inactive status. That inactive status should have no yearly fee or at most a small fee. Practitioners should be allowed to change their status from inactive to active merely by paying the active practitioner fee and bringing their MCLE requirements current.

Sincerely yours,



Michael Barclay
Reg. No. 32,553

⁶ See <https://www.uspto.gov/sites/default/files/documents/fy18pbr.pdf>, at page 95 (page 99 of the PDF)