



May 31, 2024

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

Re: Setting and Adjusting Patent Fees During Fiscal Year 2025

Dear Director Vidal:

The U.S. Chamber of Commerce's ("Chamber") Global Innovation Policy Center ("GIPC") appreciates the opportunity to comment on the U.S. Patent and Trademark Office's ("USPTO") proposed fees for fiscal year 2025. The USPTO's examination of patent applications is critical to American innovation. The timely issuance of high quality, rigorously examined, patents provide the legal protection needed for new, innovative products to be brought to market faster and with the confidence that the massive investment that made those innovations possible can be recouped. The Chamber, while supportive of many of the fee adjustments outlined in the proposal, believes that several fee increases, as discussed in greater detail, are disproportionate to cost recovery and therefore outside of the authorization allowed by Congress.

The Chamber has consistently supported full funding of the USPTO at levels that would improve the patent examination process and would lead to higher patent quality and stronger patent rights, and, which in turn, would reduce excessive, costly litigation. GIPC continues to support common-sense steps including hiring more examiners, increasing coordination between art units, enhancing training, and providing new and updated prior art search technology.¹

In support of these goals, we reiterate here what we have urged Congress to do: appropriate the previously diverted funds from the USPTO budget back to the agency to improve the entire patent examination processes. The Chamber and its member companies stand ready and willing to work with the USPTO to secure these appropriations and any other additional resources needed to effectively achieve its mission.

¹ See Chamber response to USPTO Request for Comments on Initiatives to Ensure the Robustness and Reliability of Patent Rights, February 1, 2023; see also Chamber Comments for House Judiciary Committee, Subcommittee on Courts, Intellectual Property, and the Internet, for a hearing entitled *Oversight of the Patent and Trademark Office*, April 26, 2023.

The Notice of Proposed Rulemaking that is the subject of these comments would establish and increase a variety of USPTO fees for a broad range of functions and services. By and large, these fees appear to be based on cost recovery and would promote improved functioning of the agency. For the reasons outlined above, the Chamber supports most of the fees which are set on that basis as necessary and appropriate, and believe they are needed for USPTO to provide the robust patent examination services needed to support American innovation.

However, it appears that a small minority of the proposed fees are extreme and not grounded in reasonable cost recovery but rather in this Administration's policy preferences regarding certain types of patenting practices. The Chamber believes USPTO lacks the legal authority to establish fees on that basis. Regardless, such fees would be bad practice and set a negative precedent to use fee-setting authority as a tool to dissuade actions that are otherwise permissible under the law.

The America Invents Act ("AIA") requires that "fees may be set or adjusted...only to recover the aggregate estimated costs to the Office for processing, activities, services, and materials relating to patents...."² This section also requires the reduction of fees for small and micro entities and permits the reduction of fees in certain fiscal years.³ Yet, the Notice of Proposed Rulemaking broadly asserts, "Section 10 authority includes flexibility to set individual fees in a way that furthers key policy factors, while considering the cost of respective services."⁴ The AIA's statutory text does not support the Office's assertion.

Notwithstanding the law's clear and unambiguous language, some of the fee increases proposed by the USPTO are extreme and appear solely driven by this Administration's policy preferences⁵ related to life-science patents. For example, while most of the fee increases are in the 10% to 25% range, the fees to apply for a patent term extension are proposed to balloon 468%,⁶ and the fee for a terminal disclaimer increases by 724% when filed in a patented case.⁷

The USPTO seeks to rationalize the dramatic escalation for patent term extension fees by referencing the overall cost of research and development of new drugs.⁸ In the case of terminal disclaimers, the Notice explicitly bases its proposal on

² Pub. L. 112-29, Sept. 16, 2011("AIA"), Sec. 10 (emphasis added).

³ *Id.*

⁴ 89 F.R. 23226 (April 3, 2024).

⁵ The Biden Administration has consistently proposed policies that harm life-sciences innovation. These policies include limiting continuing innovation, seizing the private property of America's innovative life science companies, and seeking to impose price controls which will lead to fewer new, life-saving products and longer patient wait times.

⁶ 89 F.R. 23226, 23245.

⁷ *Id.* at 23248.

⁸ *Id.* at 23246.

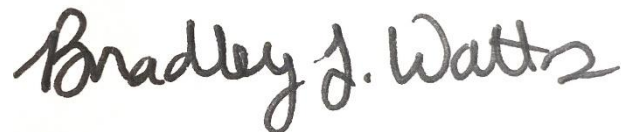
the policy goal “to more strongly encourage the earlier filing of such disclaimers given the public interest in knowing exactly when the term will end....”⁹

None of these considerations are permitted by the statute. Nor do these policy-based proposals occur in a vacuum. The Biden Administration has undertaken a host of policy measures, including proposed patent rights confiscation, that specifically target the life-sciences sector. To the extent that these measures are not necessary for the aggregate estimated cost recovery permitted by statute, then they would be inconsistent with both the letter and spirit of the law, with the patent term extension fee increases included in this Notice particularly targeting one technology sector.

The Chamber and GIPC support necessary increases in USPTO resources to facilitate an effective and efficient patent examination system. This support includes advocating for increasing fees related to terminal disclaimers and continuations, provided that such increases are rooted in an objective need to offset costs and better fund rigorous, robust examinations. We urge you, however, to reconsider and revise those proposed fee increases that are inconsistent with the statute and unreasonable on their face.

Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink that reads "Bradley J. Watts". The signature is written in a cursive, slightly slanted style.

Brad Watts
Vice President
Global Innovation Policy Center
U.S. Chamber of Commerce

⁹ *Id.* at 23249.