

June 12, 2023

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

**Leason Ellis LLP Comments on the United States Patent and Trademark Office's Notice of Trademark Fee Setting and Adjusting Proposal to the Trademark Public Advisory Committee (Docket No. PTO-T-2023-0016)**

Introduction

Leason Ellis LLP is pleased to respond to the United States Patent and Trademark Office's ("USPTO") Notice of Trademark Fee Setting and Adjusting Proposal to the Trademark Public Advisory Committee published in 88 FR 25623 on April 27, 2023 (Docket No. PTO-T-2023-0016) ("Proposal") concerning proposed fee changes supposed to be implemented on or around November 2024.

Leason Ellis is an IP boutique law firm based in White Plains, New York. Founded in 2008, the firm is now home to more than thirty lawyers dedicated to the practice of intellectual property law. Leason Ellis handles matters related to all types of IP, including utility patents, design patents, copyright, and trademarks. The trademark applications we handle are applications filed using TEAS Standard and TEAS Plus, and Madrid Protocol extensions of protection to the US.

Leason Ellis appreciates that the USPTO provides the trademark community with detailed information on the background, objectives, and benefits of the Proposal and considers the public response to the Proposal. Leason Ellis respectfully provides the following comments on the Proposal.

**I. The New Fee Structure for New Applications Makes Filing Fees Unpredictable**

The materials provided by the USPTO make it obvious that the new fee structure is intended to advance several goals, including recouping the USPTO's costs, keeping initial filing fees relatively low, and incentivizing certain behavior, all of which are worthy pursuits. However, being a firm that handles a significant volume of trademark applications for clients large and small, Leason Ellis is concerned that creating several different independent fees applicable to

new applications will make it difficult for applicants to accurately anticipate the actual final filing fee. Under the current fee structure, the USPTO filing fee for an electronically filed application could be \$250 or \$350 per class, depending on whether the applicant chooses to proceed with a TEAS Plus or TEAS Standard form. Under the proposed fee structure, a per class application fee could be \$350, \$450, \$550, \$650, \$750, or \$850, ranging from a “perfect” application to one that utilizes a free-form ID with 1,000+ characters and is missing information. In fact, there is no upper limit to the potential filing fee because the additional \$200 charge per 1,000 characters applies to each successive set of 1,000 characters in a class. There are multiple different combinations of fees that could apply to every application, meaning that applicants will find it difficult to predict the appropriate fee with any consistency. Our firm also manages large international trademark portfolios, and we believe that the new fee structure would put the USPTO out of step with other IP offices around the world based on the complicated and unpredictable fee structure.

Our firm is concerned that attempting to encourage applicant behavior through a series of surcharges or discounts will make the USPTO fee structure akin to the federal tax code in that it will be a complicated mixture of different potential fees that only sophisticated practitioners can truly understand. Therefore, from our perspective as outside trademark counsel, the fee structure will be overly complicated for low-volume filers (which make up a large portion of all filers), which will lead to frustration among applicants. Budgeting and managing cost expectations will be challenging for virtually all of our clients. Additionally, just as high-income individuals and companies find creative ways to reduce their tax liability, motivated applicants will find ways around the fee surcharges, which could lead to unintended consequences. For example, the primary reason that fabricated specimens of use began to emerge a few years ago is that filing a use-based TEAS Plus application is the fastest and least expensive means of obtaining a registration. It became the preferred filing method for a certain class of applicants who prioritized speed and cost over all else but who lacked genuine use of the mark. Similar negative filing patterns could emerge in response to the surcharges, including filing very broadly to avoid the 1,000-word surcharge (“clothing; pharmaceuticals; electronic devices”), improperly using fill-in-the blank identifications of goods and services (“downloadable computer software for clothing, pharmaceuticals, and electronic devices”), or providing unnecessary information that must be deleted after examination.

Leason Ellis acknowledges that incentivizing certain behavior by providing multiple fee options is an important goal for the USPTO, but simpler is often better. The current system that allows applicants to choose between TEAS Plus and TEAS Standard is not perfect, but it provides applications with a relatively clear choice of A or B. We suggest that the USPTO take a measured approach to its fee options for new applications, with a renewed focus on simplicity, predictability, and ease of access, and prioritize the types of behavior it wants to encourage or discourage.

## II. If Additional Filing Fees are Implemented, They Must be Charged at the Time of Filing

The Proposal includes certain additional fees such as (i) a new \$200 fee for using the free-form ID (i.e., providing custom language), (ii) a \$100 charge for an incomplete application; (iii) a \$200 charge per extra 1,000 characters for a class that includes more than 1,000 characters in a free-form ID (“Surcharges”). While stakeholders may debate the rationale behind the Surcharges and the amount to be imposed, we believe that any Surcharges must be charged at the time of filing, not after the application is examined.

For many applicants, it is important to be able to accurately assess the cost of trademark registration upfront. Under the current TEAS Plus and TEAS Standard rules, applicants may receive unexpected deficiency surcharge fees nine months or more after the filing date, which causes confusion and frustration. Having an Examining Attorney impose a Surcharge also inherently leads to inconsistent application of the Surcharges. Given that the USPTO is moving towards a smart application form with Next Generation ID functionality, we anticipate that the form should be able to recognize when an applicant is using a free-form ID with more than 1,000 characters and/or is missing certain important information. Additionally, the USPTO has outlined objectives to improve and optimize the trademark examination process. Having clear and straightforward criteria for determining all applicable fees at the time of filing would help to achieve these goals. Therefore, we strongly suggest that any surcharge fees for filing a “Premium Application” be imposed as part of the original filing fee, not as a surcharge after the application is examined.

In sum, if the Surcharges should be implemented, charging them at the time of filing would allow applicants to make rational and informed decisions, and it would also help to optimize the examination process, which is one of the objectives behind the Proposal.

## III. Additional Surcharge Fees Should Not Apply to Madrid Protocol Applications

The Proposal states that the Surcharges would also apply to applications filed under Section 66(a) via the Madrid Protocol. In our experience, the Surcharges are unlikely to incentivize applicants filing extensions of protection to the U.S. under the Madrid Protocol. For the following reasons, we do not recommend extending the Surcharges to the Madrid Protocol extensions of protection:

- Applicants under the Madrid Protocol are required to provide certain limited information in comparison with the information required for a national application. For example, Madrid Protocol applicants do not need to include disclaimers at the moment of filing. See Rule 9(4)(b) of the Common Regulations. This difference in the application process could lead to unexpected charges for Madrid Protocol applicants, such as a fee for an incomplete application.

- Madrid Protocol applicants may not be aware of the USPTO guidelines, including Surcharges, when they file their application overseas. This could lead to confusion and unexpected costs for international applicants.
- Applying Surcharges to the Madrid Protocol applications could lead to unreasonable delays in the examination and registration process. For example, it is possible that a 66(a) application may have a sufficiently definite description of goods, but one that includes items not directly drawn from the Next Generation ID manual, such as “shirts, excluding fishing shirts.” Assuming that it is impossible to apply the Surcharge to a WIPO fee at the time of filing, an Office Action would have to issue for the sole purpose of collecting the Surcharge.

Overall, we do not believe that applying the Surcharges to the Madrid Protocol applications will incentivize the respective applicants to follow the USPTO guidelines, which they may not even be aware of when filing. Also, there is a risk that the examination process of the Madrid Protocol applications might be subject to certain additional unreasonable delays. If the USPTO believes that applications filed under Section 66(a) are inherently more time consuming to process than those filed under Sections 1 and 44, there are likely more efficient and practical ways to recoup those costs than imposing post-filing surcharges.

#### **IV. AAU Fees Should not be Higher than SOU Fees**

The Proposal suggests that per-class fees for Amendments to Allege Use (AAU) should be raised to \$300 while raising the per-class fees for a Statement of Use (SOU) to \$250. However, the Proposal includes no explanation for why an AAU fee should be more than an SOU.

By charging a higher fee for filing an AAU earlier in prosecution, the USPTO is discouraging applicants from filing an AAU early, which can lead to unnecessary delays in the overall trademark registration process. In this regard, this proposal seems to be at odds with the USPTO's objectives of improving processing efficiencies and offering affordable processing options to stakeholders.

Therefore, we suggest that AAU fees should be the same as SOU fees.

#### **V. Extra Fees for the 4<sup>th</sup> and 5<sup>th</sup> Extensions of Time Should be Reconsidered**

The Lanham Act discusses the requirements for ITU registration and does not provide any differentiation regarding time extensions. See 15 U.S.C. § 1051(b-d). However, the Proposal imposes extra fees for filing fourth and subsequent ITU extension requests.

We believe that these proposed extra fees penalize certain industries that are long to market, such as pharmaceutical companies and airplane manufacturers. These industries often

need more time to start using the mark in commerce before they can file an affidavit of use. For example, pharmaceutical companies might face forced delays while waiting for the Food and Drug Administration approval.

Therefore, while we respect that the America Invents Act provides the USPTO with latitude to differentiate certain fees, we believe that the proposed extra fees for the 4<sup>th</sup> and 5<sup>th</sup> extensions of time should be reconsidered.

## **VI. Fee Policy on Letters of Protest**

The Letter of Protest procedure is a valuable part of the trademark registration process that is intended to aid in examination “without causing undue delay and without compromising the integrity and objectivity of the ex parte examination process.” See TMEP § 1715 (quoting *In re BPJ Enter's., Ltd.*, 7 USPQ2d 1375 (Comm'r Pats. 1988); *In re Pohn*, 3 USPQ2d 1700 (Comm'r Pats. 1987)).

The proposed fee increase from \$50 to \$250 for submitting the Letter of Protest could discourage parties, especially small and emerging companies, from participating in the process and filing Letters of Protest. Also, these additional barriers to providing evidence by third parties might have a significant negative impact on the accuracy and reliability of the whole trademark registration process. Letters of Protest can sometimes provide important information to Examining Attorneys that might not be apparent when an Examining Attorney conducts their own due diligence, like a mark that consists of a term of art in an obscure industry or a mark that incorporates the nickname of a living individual without his or her consent. That said, we understand and appreciate that Letters of Protest are reviewed by senior officials in the Trademark Policy Office and are time consuming to evaluate, which means that the cost of processing them far exceeds the current \$50 fee. Therefore, we suggest taking an approach that balances these two diverging interests.

In this regard, if the fee for filing Letters of Protest should be increased, we believe that the USPTO should consider refunding a portion (e.g., 50%) of the increased fee if the Letter of Protest is granted. This suggestion will strike a balance between the benefits of the USPTO receiving helpful Letters of Protest and the cost of reviewing them. The Trademark Trial and Appeal Board implemented a similar policy for cancellation petitions that end in default and are based only on non-use related claims, like abandonment. See 37 C.F.R. § 2.114(a)(2). We believe a similar fee structure would be the best approach to take for Letters of Protest.

## **VII. Fees for Petition to Revive an Application**

We support the proposed increase in the fee for filing a petition to revive an abandoned trademark application (“Revive Fee”). Applications that are abandoned and then revived create

uncertainty for trademark clearance and filing. In this regard, we believe that this increase is a reasonable way to incentivize applicants to diligently monitor deadlines and avoid unintentional abandonment.

### Conclusion

Overall, we support the USPTO's objectives outlined in the Proposal, and we see the rationale behind the Proposal and most of its particular fee adjustments. We also appreciate that the USPTO's proposal is made with the goal of maintaining an accurate Trademark Register while keeping the trademark registration process accessible to small and medium size enterprises. However, we believe that some fee adjustments should be reconsidered as described above.

Thank you for the opportunity to comment and for your consideration.