

PTAAARMIGAN

PATENT AND TRADEMARK ATTORNEYS, AGENTS AND APPLICANTS FOR RESTORATION AND
MAINTENANCE OF INTEGRITY IN GOVERNMENT

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Via regulations.gov and email

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Office of Management and Budget
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Justin Isaac and Raul Tamayo
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P.O. Box 1450
Alexandria, VA 22313-1450

Re: ICR 202312-0651-001 (control number 0651-0031), U.S. Patent and Trademark Office (PTO), *Patent Processing*, 30-day notice at 89 Fed. Reg. 43825 (May 20, 2024)

Dear Mr. Fraser, Mr. Hunt, Mr. Isaac, and Mr. Tamayo:

At 60-day stage, one of the comment letters¹ raised three nine- and ten-figure bootlegs. The agency's Supporting Statement raises no direct dispute with any of the three showings. For those three reasons, this ICR should receive a six-month clearance, so that it can be returned to the agency for a "do over" that accurately accounts for burden.

The problems with this ICR have compounded since the close of the 60-day comment period. In April and May, the PTO published two NPRMs just before the 30-day notice.

- This paragraph will be confusing because the PTO is trying to "sneak a fast one" past OMB by doing things in reverse order. In a May 10 NPRM, the PTO claims to have included estimates for a modification of an existing information collection in this ICR—even though the 60-day notice for this ICR was over three months before the NPRM. Indeed, the PTO did modify its estimates for the relevant collection in the 60-day notice, but never mentioned that it was doing so, and never solicited § 3506(c)(2)(A)/§ 1320.8(d)(1)(i) comment after giving notice of the specifics of the proposal. The new information collection was only discernable by juxtaposing statements in the NPRM with silences and numbers in this ICR that had changed with no explanation or notice in the Federal Register or any or Supporting Statement. And of course the PTO's new estimates are wildly wrong.
- The second NPRM has nearly a dozen eight- and nine-figure modifications to existing collections. These modified or revised information collections have *never* been mentioned in any 60-day notice, and were never mentioned in this 30-day notice or Supporting Statement.

¹ David Boundy, 60-day comment letter on 0651-0031, now ICR 202312-0651-001, <https://www.reginfo.gov/public/do/DownloadDocument?objectID=141361200> (Mar. 29, 2024).

It's unmistakably plain that the PTO seeks to evade OMB's oversight:.

- **Issue 1:** In an attempt to sneak a \$240 million information collection past OMB, a recent NPRM claims that this ICR seeks clearance for an information collection that was first *proposed* in an NPRM of May 10, 2024. 89 Fed. Reg. 40439. This ICR's 60-day notice was published on January 29, 2024, with not a single word to alert to public of a future new rule, information collection, or program change. Neither the 30-day Notice of May 20 nor its accompanying Supporting Statement offer a single word to alert either the public or OMB that any program change or new information collection burden is up for review. Nonetheless, the fine print of a May 10 NPRM claims that "In a 60-day notice published January 29, 2024 (89 FR 5500), for the renewal of 0651-0031, the USPTO provided estimates for this line item and those estimates appear below." 89 Fed. Reg. at 40447 col. 3. In this ICR, the PTO computes only components of the new rule that *reduce* burden, and offers no disclosure, let alone estimate, of components of the rule that *increase* burden. 89 Fed. Reg. at 40447-448. This 30-day letter is the first public comment on that modified information collection, and estimates it at about \$244 million in burden. The PTO estimates the information collection at **negative** \$1 million. This is discussed in full at § I starting at page 5 of this letter.
- **Issue 2:** In another NPRM, published April 3, 2024, the PTO proposes to modify a number of information collections that create substantial new burden. The PTO claims "The collection of information involved in this proposed rule has been reviewed and previously approved by OMB under control numbers [a list of 20 control numbers]. No ICR visible on [reginfo.gov](https://www.reginfo.gov) confirms the PTO's claim of "previously approved." None of these modifications have ever been put up for any § 3506(c)(2)(A)/ § 1320.8(d)(1)(i) comment in any ICR, and this NPRM omits the four questions of § 3506(c)(2)(A)/ § 1320.8(d)(1)(i). Again, it appears that the PTO is trying to sneak several nine-figure information collections past by a timing subterfuge. This is discussed in full at § II starting at page 12 of this letter.
- **Issue 3:** In November 2023, the PTO cut over from 20-year-old and well-tested software to a not-yet-complete, poorly-tested replacement. Public letters before the cut-over warned the PTO that the new software was not ready. The PTO ignored the public's concerns, and did the premature cut-over anyway. The 60-day letter² proposed that burden for the buggy software should be booked at \$300 million for 2024, \$200 million for 2025, and \$100 million for 2026. The PTO does not dispute those estimates of gross burden. The PTO's only defense is that the public didn't do enough of the PTO's job for it, by not disaggregating those numbers into specific tasks. The burden of coming forward with credible estimates is the agency's, not the public's. The PTO concedes that its estimates are not credible. This is discussed in § III starting at page 19 of this letter.
- **Issue 4:** The PTO materially changed the rules for patenting related inventions via a change to guidance published in March 2023. The PTO's counters reflect lack of

² Boundy, 60-day letter, note 1 *supra*, § I, at pages 1-3.

understanding of basic principles of information collection. This is discussed in § IV starting at page 21 of this letter.

- **Issue 5:** The 60-day letter³ observed that the PTO undercounts burden by about \$4 billion per year by simply omitting all the papers that applicants file in the interval between initial filing and allowance. The 60-day letter cites the definition of 37 C.F.R. § 1320.3(c)(4)(i), “identical reporting ... requirements imposed on ten or more persons” includes “[any] rule of general applicability.” To excuse its bootleg, the PTO cites a Ninth Circuit case. But the PTO materially misrepresents the holding of the case: the Ninth Circuit never mentions § 1320.3(c)(4)(i) or “rule of general applicability.” The PTO offers no other basis to believe that the various information collections involved fall outside § 1320.3(c)(4)(i). The PTO offers no other basis to avoid booking the ten-figure bootleg as described in the 60-day letter. A material misrepresentation is not a sound basis to excuse agency misfeasance.

Diagnosis. There are two recurring issues in the PTO’s Paperwork filings with OMB.

First, the PTO often neglects to book anything more than the ministerial time of filling out a form and filing it via the PTO’s web site (§ 1320.3(1)(ix) “Transmitting, or otherwise disclosing the information”). The PTO often neglects to book the research and analysis costs for “generating” information to be collected, § 3502(2), § 1320.3(1), and the “Searching data sources” and “Completing and reviewing the collection of information” cognizable under § 1320.3(1)(vii) and (viii). The PTO seems to be wanting to relitigate the issues that were concluded in 1983, when OMB instructed that the “ten or more persons” requirement for the definition of “information:” “The final rule specifies that there is a nonrebuttable presumption that collections of information contained in a rule of general applicability involve ten or more persons.” OMB, *Controlling Paperwork Burdens on the Public, Final Rule*, 48 Fed. Reg. 13666, 13678 col.1 (Mar. 31, 1983). The PTO isn’t even consistent about it—in this very ICR, a number of line items book the full “generating” burden, most don’t. This error was raised in the 60-day letter,⁴

Second, the PTO behaves as if the words “revision” and “modification” were not present in § 3507(a) and § 3507(h)(3). Because of that neglect, the regularly amends its regulations, and creates new rules by guidance, that impose tens or hundreds of millions of dollars in direct paperwork burden, and even larger economic effect.

Requested decision. OMB should either issue a 6-month clearance, and direct the PTO to start over and conduct an honest § 3506(c)/§ 3507(a)/§ 1320.8(a) review that addresses all of issues 1-5, or else should issue a 3-year clearance with terms of clearance expressly limited to the *status quo ante*, with clearance expressly withheld for new burden raised in”

- *Terminal Disclaimer Practice to Obviate Nonstatutory Double Patenting, Notice of Proposed Rulemaking*, 89 Fed. Reg. 40439 (May 10, 2024) (issue 1)

³ Boundy, 60-day letter, note 1 *supra*, § II at pages 3-8.

⁴ Boundy, 60-day letter, note 1 *supra*, § II at pages 3-8.

- *Setting and Adjusting Patent Fees During Fiscal Year 2025, Notice of Proposed Rulemaking*, 89 Fed. Reg. 23226 (Apr. 3, 2024) (issue 2)
- the March 2023 revision of the Manual of Patent Examining Procedure (MPEP), and a § 1320.12(f) order to rescind the March 2023 amendments to Chapter 800 (issue 4)

and instructions to seek clearance for issue 3 (the premature cut-over to faulty software) based on the estimates in this letter, and issue 5 (the information collections for which the PTO has no existing clearance because the PTO never sought one).

PTAAARMIGAN is a not-for-profit § 501(c)(4) social welfare organization, that educates and advocates on behalf of patent and trademark attorneys, agents, and applicants. Pursuant to the Freedom of Information Act, 5 U.S.C. § 552(a), PTAAARMIGAN hereby requests the following records from the U.S. Patent & Trademark Office (PTO). All of the effort in this letter (and all of PTAAARMIGAN's letters) are contributed with no compensation to lawyers and patent agents that act as volunteers.

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I. Issue 1: the May 20 Terminal Disclaimer NPRM claims that *this* ICR seeks clearance for a new information collection for which the PTO has never run a § 3506/§ 1320.8 60-day comment period, and has never offered plausible estimates

In a May 10, 2024 NPRM, the PTO claims that “In a 60-day notice published January 29, 2024 (89 FR 5500), for the renewal of 0651–0031, the USPTO provided estimates for this line item and those estimates appear below.” Perhaps, read hyper-literally, the PTO’s claim is not an outright lie—this ICR does indeed present new burden estimates for one line item. But: (a) the PTO has never solicited comment as required by § 3506/§ 1320.8, and (b) the PTO’s estimates are not remotely plausible, because the estimates only consider illusory reduction in burden, and fail to account for significant increase. If the ICR is approved at all, terms of clearance should exclude terminal disclaimers as modified by the May 10 *Terminal Disclaimer* NPRM.

A. Background—double patenting and terminal disclaimers: history, current law, current clearances

Inventions often arise in clusters, and each individual invention is often the subject of a separate patent. For example, a new pharmaceutical may have two or three chemical species that are patent-worthy, plus a method of synthesis of the new molecule, plus a dosing regimen, plus treatment plans for several disease conditions. Or, in a computer network, there may be one invention for a transmitter and a corresponding invention for a receiver. Not infrequently, these inventions—though separate for legal purposes—are obvious variants of each other. To ensure fairness to competitors, public policy has long required some coupling between these separate patents to ensure that competitors are not subject to multiple harassment by multiple patent owners, and that patent term cannot be extended beyond the life of the first patent.

Since the 1960's,⁵ the law has required that when a second patent application has at least one claim⁶ directed to an obvious variant of a claim in an earlier patent, the applicant must file a "terminal disclaimer" with two covenants:

- the later patent will not be enforceable after the expiration of the earlier patent, to avoid "undue timewise extension" of patent protection on the invention
- the two patents will remain under common ownership, or subject to similar guarantees against multiple suits

If either of those conditions is violated, the later patent will be unenforceable against any infringer. (The May 20 NPRM gives a fair discussion of current law at 89 Fed. Reg. 40441 col. 1-2.)

Historically, filing of a terminal disclaimer has, in most cases, had fairly minimal downside. For decades, the courts have promised that a terminal disclaimer creates no cross-coupling between validity of one patent and the other. The courts have promised that mere filing of a terminal disclaimer does not constitute an admission of the rejection's correctness, and thus the filing of a terminal disclaimer is not an admission of obviousness of one patent vis-à-vis the other (the PTO gives a half-column of relevant cites at 89 Fed. Reg. at 40441 col. 2). This is a straightforward implementation of 35 U.S.C. § 282: "Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims." As the PTO explains in the May 10 *Terminal Disclaimer* NPRM, "Currently, claims in patents tied by a terminal disclaimer filed under 37 CFR 1.321(c) or (d) to obviate nonstatutory double patenting must be separately challenged on validity grounds."

Because of this limited downside, when an examiner raises an "obviousness type double patenting" rejection, the applicant typically does the following analysis:

- About 50% of the time, the appropriate response is apparent on in a moment's thought, and the applicant files the terminal disclaimer with little analysis. This 50% typically arises where the two inventions are intentionally very close to each other (the second application was filed to correct some technical error, or some similar reason), or else it's apparent that the second patent would have expired no later than the first patent anyway. Because the law, historically, has promised that there's very little downside, this path has required little analysis or burden.
- In the remaining 50% of cases, the analysis is more time consuming. Essentially 100% of examiner's written analyses of double patenting omit necessary showings.⁷ So the

⁵ *In re Vogel*, 422 F.2d 438, 441–42, 64 USPQ 619, 622 (CCPA 1970) (citations omitted).

⁶ A patent claim is one of the numbered paragraphs that appear at the end of an issued patent. Each claim gives a specific statement of the scope of activity that constitutes infringement. Each claim functions as if it were a separate patent right—for each claim, infringement must be proved separately, and invalidity must be proved separately.

⁷ The two primary guidance documents that the PTO gives examiners for evaluation of obviousness-type double patenting are in the Manual of Patent Examining Procedure (MPEP) § 804(B)(1)

applicant has to do a fairly detailed analysis to determine whether the examiner has a valid point or not, and whether a terminal disclaimer has any significant downside. In our experience, when challenged, the examiner backs down most of the time. (The PTO will have actual data.)

B. The May 10 NPRM, *Terminal Disclaimer Practice to Obviate Nonstatutory Double Patenting, Notice of Proposed Rulemaking*, 89 Fed. Reg. 40439 (May 10, 2024): substantive content

The May 10 *Terminal Disclaimer* NPRM proposes to upset expectations that have been settled for decades. The Patent Office proposes that, henceforth, if an applicant files a terminal disclaimer, the applicant must give a third covenant (89 Fed. Reg. at 40440 col. 1):

The USPTO will not issue a patent to a common owner or inventor with a claim that conflicts with a claim of a second patent unless the terminal disclaimer includes an additional agreement that the patent with the terminal disclaimer will not be enforced if any claim of the second patent is invalidated by prior art.

In other words, where for decades, a terminal disclaimer has been a “no fault, no downside” way to move an application forward *even if the examiner is in error*, now the PTO proposes to couple validity of *all* claims of a second patent to validity of *any single claim* of the first patent.

This raises burden in multiple dimensions:

- while the earlier application is pending, the patent applicant must take great care to get every detail correct, because the usual mechanism for addressing errors—filing of a second, continuation, application, with similar-but-corrected claims—is no longer a practical cure.
- Because the May 20 NPRM escalates consequences of a terminal disclaimer from minimal to a very high risk that has no analog anywhere else in patent law, (a) an applicant must argue against many more examiner errors, and (b) the analysis required before an applicant files a terminal disclaimer is *far higher*. The range of alternatives that must be considered, the nuance with which alternatives must be executed, and similar analyses, are far more demanding.
- If the applicant decides to challenge the examiner’s initial contention, the applicant must formulate an argument. That takes time. The law of “obviousness-type double patenting” is entirely judge-made law, so there’s no easy, consolidated source to consult for the law. The case law research typically takes several hours, then marshalling the facts and explaining them takes a few more.

A second NPRM, *Setting and Adjusting Patent Fees During Fiscal Year 2025*, 89 FR 23226 (Apr. 3, 2024), also has implications for terminal disclaimers, as discussed in more detail

and Form paragraph 8.33. They require an examiner to do a fairly detailed analysis. Examiners almost never give this level of analysis the first time an issue is raised. And the PTO adamantly refuses to enforce its guidance at the examiner level.

in § II starting at page 12 of this letter), the PTO proposes to penalize applicants that challenge the examiner on the issue, with fees that escalate over time.

C. Current clearances for terminal disclaimers

The current clearance for terminal disclaimers was obtained in ICR 202011-0651-001 in May 2021, in Tables 3 and 4 of the 2021 Supporting Statement⁸

Table 3: Total Hourly Burden For Private Sector Respondents

Item No.	Item	Estimated Annual Respondents	Estimated Annual Responses (year) (a)	Estimated Time for Response (hours) (b)	Estimated Annual Burden (hour/year) (a) x (b) = c	Rate ¹ (\$/hour) (d)	Estimated Annual Burden (c) x (d) = e
5	Statutory Disclaimers (including terminal disclaimers)	57,891	57,891	.25 (15 minutes)	14,473	\$400	\$5,789,200

Table 4: Total Hourly Burden For Individuals And Households Respondents

Item No.	Item	Estimated Annual Respondents	Estimated Annual Responses (year) (a)	Estimated Time for Response (hours) (b)	Estimated Annual Burden (hour/year) (a) x (b) = c	Rate ² (\$/hour) (d)	Estimated Annual Burden (c) x (d) = e
5	Statutory Disclaimers (including terminal disclaimers)	1,790	1,790	.25 (15 minutes)	448	\$400	\$179,200

⁸ PTO, 0651-0031 ICR 202011-0651-001, *Supporting Statement*, at <https://www.reginfo.gov/public/do/DownloadDocument?objectID=106586702>

D. This ICR: the 60-day notice, 30-day notice, and Supporting Statement

The January 2024 60-day notice offers new estimates in Table 1 (89 Fed. Reg. at 5501):⁹

TABLE 1—TOTAL BURDEN HOURS AND HOURLY COSTS TO PRIVATE SECTOR RESPONDENTS

Item No.	Item	Estimated annual respondents	Responses per respondent	Estimated annual responses	Estimated time for response (hours)	Estimated burden (hour/year)	Rate ¹ (\$/hour)	Estimated annual respondent cost burden
		(a)	(b)	(a) × (b) = (c)	(d)	(c) × (d) = (e)	(f)	(e) × (f) = (g)
5	Statutory Disclaimers (including terminal disclaimers).	49,950	1	49,950	0.25 (15 minutes)	12,488	447	5,582,136

Notably, the January 2024 60-day notice has *not a single word* to foreshadow the program changes that would be announced in two NPRMs in April and May 2024. There is *not a word* to even draw attention to the change in “number of responses” (let alone explain it), explain any relationship to a future program change, or to request comment. The only change brought to the public’s attention is change in postage rates.

The 30-day notice and Supporting Statement draw no further attention to the change in estimated annual responses.

E. The Paperwork discussion in the May 10 *Terminal Disclaimer* NPRM is less than candid—the additional paperwork burden is likely about \$244 million per year

In the Paperwork Reduction Act section of the May 10 *Terminal Disclaimer* NPRM, the PTO explains its view of burden change, 89 Fed. Reg. 40447:

The USPTO estimates that approximately 20% of applicants and patent owners that are considering the filing of a terminal disclaimer to obviate nonstatutory double patenting will opt not to file a terminal disclaimer

containing the proposed agreement, at least during an initial period after the effective date of the final rule. Therefore, the USPTO proposed estimates below take into account the anticipated 20% reduction in terminal disclaimer filings.

This statement is not a lie, if one reads it hyper-literally. Indeed, 20% is a plausible guess for the number of terminal disclaimers that will not be filed. But the sentence doesn’t mean what an ordinary reader, reading with ordinary care, would understand.

⁹ There’s an accounting change between 2021 and 2024 that is nowhere explained. The 2021 Supporting Statement breaks out “private sector respondents” in Table 3, and “individual and household respondents” in Table 4. In contrast, in the January 2024 NPRM, these two classes of respondents are combined in a single table. The May 2024 Supporting Statement in this ICR follows the consolidated form. So the 49,950 respondents are comparable to the 59,681 total of the two tables from the 2021 Supporting Statement.

The falsehood in the PTO's explanation is that it fails to account for adaptive responses. As enumerated in the two bullet lists at pages 6 and 6, the May 10 *Terminal Disclaimer* NPRM requires much more advance planning, analysis, and adaptive paperwork than the *status quo* does. The PTO's Paperwork discussion alerts OMB to none of this additional burden, and the PTO has solicited no comment in advance of presenting its new estimates to OMB in this ICR.

The PTO is fully aware of the additional paperwork burden it proposes to impose—after repeating exactly the same explanation set forth above, the PTO tells half the truth in the Regulatory Flexibility Act section of the May 10 *Terminal Disclaimer* NPRM:

effective date of the final rule. As mentioned earlier herein, applicants and patent owners who choose not to file a terminal disclaimer with the proposed agreement have a number of alternatives to obviate nonstatutory double patenting. The USPTO estimates that the vast majority of applicants and patent owners who choose not to file a terminal disclaimer with the proposed agreement will opt to argue and/or amend claims to obviate nonstatutory double patenting.

Extrapolating from the data the PTO provides for small entities to the full population of patent applicants, the May 10 *Terminal Disclaimer* NPRM will affect about 91,000 responses a year. Some responses will be terminal disclaimers that require additional thought to avoid the new adverse consequences;. Some will be papers arguing to the examiner to explain that any rejection is unwarranted. Some will be amendments to avoid the issue. Any of those responses will require three to six hours of additional burden, call it five hours on average. The PTO uses \$447/hr. for the attorney billing rate.

That brings paperwork burden for the May *Terminal Disclaimer* NPRM to \$244 million per year. Which the PTO attempts to book at **negative** \$1.09 million.¹⁰

¹⁰ In addition, at a professionally-informed informed guess (in absence of any data), the Terminal Disclaimer rule is likely to invalidate two to three \$200 million patents per years, plus a number of smaller patents. In addition to the \$244 million Paperwork burden, the Terminal Disclaimer rule is likely to create about \$500 million in economic effect. The PTO states “This rulemaking has been determined to be not significant under Executive Order 12866 (September 30, 1993), as amended by Executive Order 14094 (April 6, 2023).” The PTO gives no rationale for determining that a \$700 million rule is “not significant.”

The PTO gives no explanation to justify its claim that \$244 in burden can be cleared by merely giving new numbers in a Supporting Statement, with no notice to the public that the PTO is seeking clearance for a program change.

F. Discussion: even on the *status quo ante* rule, the PTO’s estimates are faulty and should be revised

The PTO estimates “disclaimers” at 0.25 hours. This hourly burden estimate is faulty and should be corrected. 0.25 hours only counts the ministerial time of filling out a form and filing it via the PTO’s web site (that is, § 1320.3(1)(ix) “Transmitting, or otherwise disclosing the information”).

0.25 hours does not include the time to review whether the examiner’s unexplained assertion is correct, and the time to evaluate whether it makes more sense to challenge an examiner error or simply acquiesce. This burden should be booked under § 1320.3(1)(vii) and (viii) generating, “Searching data sources” and “Completing and reviewing the collection of information.” An appropriate estimate for *status quo* terminal disclaimers is 1 hour. As proposed in the May 10 *Terminal Disclaimer* NPRM, a fair estimate is five hours for 91,000 responses per year, some booked as terminal disclaimers, some as replies to Office Action under 37 C.F.R. §§ 1.111, 1.112, and 1.116.

G. Incidentally: the PTO’s Executive Order 12866 evaluation is implausible

The discussion of Executive Order 12866 in the *Terminal Disclaimer* NPRM reads as follows:

C. Executive Order 12866 (Regulatory Planning and Review)

This rulemaking has been determined to be not significant under Executive Order 12866 (September 30, 1993), as amended by Executive Order 14094 (April 6, 2023).

The PTO’s “determination” of “not significant” is not credible.

- The *entire purpose* of the *Terminal Disclaimer* rule is to “adversely affect in a material way a sector of the economy, productivity, competition”—namely, innovators that protect their innovations by patent protection, and compete by operating within that protection.
- The *Terminal Disclaimer* rule unquestionably “raises novel legal or policy issues arising out of legal mandates.” It is facially incompatible with the very cases the PTO cites in the NPRM, and the preamble states that the goal is to overrule those cases.
- Almost certainly the *Terminal Disclaimer* rule will affect multiple patents per year each having value exceeding \$200 million. The PTO’s claim that the *Terminal Disclaimer* rule is anything less than “economically significant” is not credible.

- Almost certainly the *Terminal Disclaimer* rule will reduce investment in patent-intensive innovation businesses by well over \$200 million per year. It may raise investment in patent-infringement intensive businesses, but the PTO fails to demonstrate any consideration of cost-benefit balancing.

Executive Order 12866 § 1(b)(6) requires “Each agency shall assess both the costs and the benefits of the intended regulation and, recognizing that some costs and benefits are difficult to quantify, propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs.” There’s not a word in the *Terminal Disclaimer* NPRM to assess the cost of lost patent protection for innovators, increased costs of obtaining patents, or loss of investment capital because certain inventions are *de facto* unpatentable. The analysis in the *Terminal Disclaimer* NPRM is entirely one-sided.

The *Terminal Disclaimer* rule was not listed on the PTO’s regulatory agenda as of February 9, 2024 (89 Fed. Reg. 9548), in violation of Executive Order 12866 § 4(b).

H. Conclusion: Terms of clearance should exclude the *Terminal Disclaimer* NPRM

Any clearance for this ICR should reflect the PTO’s failure to observe necessary procedures, and failure to give notice to either the public or OMB that the PTO would be relying on *this* ICR to clear new burden in the *Terminal Disclaimer* NPRM. Terms of clearance should explicitly deny clearance for any information collections implied in the *Terminal Disclaimer* NPRM or any other modification or revision of terminal disclaimer collections. The only information collections that should be cleared are the ones for which the PTO observed the procedural requirements of § 3506(c), § 3507, and 5 C.F.R. Part 1320. That excludes the May 10 *Terminal Disclaimer* NPRM—terms of clearance should state expressly that the *Terminal Disclaimer* rule is *not* cleared. If the PTO wants to go final with its *Terminal Disclaimer* rule, the PTO will have to start its Paperwork Reduction Act and Executive Order 12866 processes over again from square one.

II. Issue 2: in a currently-pending NPRM, the PTO claims to have existing clearances for nine-figure burden for new modifications of existing collections, when the PTO has never filed ICRs

In an NPRM of April 3, 2024, *Setting and Adjusting Patent Fees During Fiscal Year 2025*, RIN 0651-AD64, 89 Fed. Reg. 23226-23291 (Apr. 3, 2024), the PTO proposes a number of revisions and modifications of existing information collections. Many of these revisions are individually high-eight-figure burden, and together they’re easily nine figures. The NPRM offers not a single word of rationale or analysis under the Paperwork Reduction Act, and no estimates. The only mention of the Paperwork Reduction Act in the NPRM is the claim that these modifications and revisions have “been reviewed and previously approved by OMB.” The PTO’s claim is simply false. (Likewise, the Executive Order 12866 economic effect is well into the billions, and the PTO’s Regulatory Impact Statement offers not a single word.)

Each of these modifications and revisions to existing information collections follow a similar track—reducing costs for the agency, with no analysis of costs shifted to the public, or economic effect on patent-driven innovation. When an inventor files a patent application, there are a great many “unknown unknowns” so initial filings are designed to build in options that allow the applicant to amend the application to meet new facts and new positions as they arise. After all, a patent is a full disclosure of an invention that would otherwise be held as secret—the patent system is designed to give the inventor options as a reciprocal *quid pro quo* for that disclosure. An applicant can’t even anticipate what the examiner’s concerns will be, let alone how to resolve them, until the examiner presents evidence (typically prior art) and the examiner’s view of those facts. Each of the modifications and revisions below are directed to forcing an applicant to predict the future and to make binding choices long before the information exists to make choices that are efficient for the applicant.

Until 2010, the law was designed for bilateral efficiency—optimum for neither the applicant or the PTO, but reasonably close to the minimum total cost. However, a 2011 change to the PTO’s budgeting statutes incentivizes the USPTO to tailor its rules *for its own benefit*, and to disregard costs on the public. And of course the USPTO acts under its incentives. The PTO proposes to penalize the applicant for waiting to make decisions, with penalties that are considerably larger than the cost savings that the USPTO estimates for itself.

A. Background: the PTO’s fee authority, and history of falsely stating to have “reviewed and previously approved” control numbers

The 2011 America Invents Act, Pub. L. 112-29 § 10 and 11, 125 Stat. 284 (Sept. 16, 2011) made two major changes to the USPTO’s budgeting. First, the Patent Office’s fees are held in a separate account, separate from the general treasury. The PTO has the authority to draw from this account by a simple “Section 505 reprogramming” request, bypassing the Congressional appropriations. Second, the USPTO has authority to set its own fees by rulemaking. Third, a statutory change in 1999 exempted PTO senior executive staff from many of the anti-corruption statutes and regulations that govern the rest of the federal government. For example, PTO executives are eligible for bonuses up to 50% of salary (35 U.S.C. § 3(b)(2)(B)), rather than the 10% cap that applies to everyone else.¹¹ Bonuses are determined by a Performance Review Board. Where in the private sector, compensation committees must be 50% outside directors (or some similar rule, depending on the stock exchange where the company trades), in contrast, at the PTO, the Performance Review Board is 100% insiders, with only one member whose compensation is not set by the Board itself. 88 Fed. Reg. 52131 (Aug. 7, 2023). In other words, the PTO and its senior management have unique authority, and unique temptations.

The USPTO uses many mechanisms to evade the laws that come between the USPTO’s fee collections and the public. As one example, the PTO’s April fee-setting NPRM, *Setting and*

¹¹ Contrast 35 U.S.C. § 3(b)(2)(B) (50% bonuses for PTO senior career staff) to 5 U.S.C. § 4505a(a)(2) (capping most bonuses at 10%, with “exceptional” cases at 20%.) OPM enforces this cap—the

Adjusting Patent Fees During Fiscal Year 2025, Notice of Proposed Rulemaking, 89 Fed. Reg. 23226 (Apr. 3, 2024) raises several new, modified, or revised information collections, each with high-eight or low-nine-figure burden. But the NPRM has no Paperwork Reduction Act analysis, no mention of the four questions of § 3506(c)(2)(A) and § 1320.8(d)(1)(i). Instead, the PTO claims that the information collections have “been reviewed and previously approved by OMB:”

O. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) requires that the USPTO consider the impact of paperwork and other information collection burdens imposed on the public. This proposed rule involves information collection requirements which are subject to review by the OMB under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549). The collection of information involved in this proposed rule has been reviewed and previously approved by OMB under control numbers 0651–0012, 0651–0016, 0651–0017, 0651–0020, 0651–0021, 0651–0022, 0651–0024, 0651–0027, 0651–0031, 0651–0032, 0651–0033, 0651–0034, 0651–0035, 0651–0059, 0651–0062, 0651–0063, 0651–0064, 0651–0069, 0651–0073, and 0651–0075.

Notably, the PTO has claimed that its new information collections have “been reviewed and previously approved by OMB” in many recent NPRMs. *E.g.*, the *Terminal Disclaimer* NPRM, in the NPRM and final rule for the DOCX rule¹² (currently under review under control number 0651-0032, ICR 202304-0651-001), and a host of others. Public comment letters have alerted the PTO to the falsity of this statement—the claim is never supported by an ICR on [reginfo.gov](https://www.reginfo.gov). The first time was plausibly bureaucratic oversight. However, when after public comment letters alert the PTO to the error and the error is repeated, the PTO’s continued claims of “reviewed and previously approved” can only be an intentional lie.

¹² Patent and Trademark Office, *Setting and Adjusting Patent Fees During Fiscal Year 2020, Final Rule*, Notice of proposed Rulemaking, 84 Fed. Reg. 37398, 37431 col. 1 (Jul. 31, 2019); Final rule, 85 Fed. Reg. 46932, 46985 col. 2 (Aug 3, 2020).

Because the PTO continuously evades procedural and analytical requirements of the Paperwork Reduction Act, in its effort to make the process efficient *for itself*, the PTO consistently neglects burden *on the public* that arises because of its proposals.

B. Terminal disclaimer fees, 89 Fed. Reg. 23248 to 23250, Table 14

At 89 Fed. Reg. 23248-50, the PTO proposes a new escalating fee structure for terminal disclaimers. (This is related to, but distinct from, the terminal disclaimer proposal discussed in § I, above).

TABLE 14—TERMINAL DISCLAIMER FEES

Description	Entity type	Current fee	Proposed fee	Dollar change	Percent change	FY 2022 unit cost
Terminal disclaimer, filed prior to the first action on the merits.	Undiscounted	\$170	\$200	\$30	18	n/a
Terminal disclaimer, filed prior to a final action or allowance.	Undiscounted	170	500	330	194	n/a
Terminal disclaimer, filed after final or allowance	Undiscounted ...	170	800	630	371	n/a
Terminal disclaimer, filed on or after a notice of appeal.	Undiscounted ...	170	1,100	930	547	n/a
Terminal disclaimer, filed in a patented case or in an application for reissue.	Undiscounted ...	170	1,400	1,230	724	n/a

The PTO's rationale is entirely PTO-centric (89 Fed. Reg. 23249, col. 1 and 2. There's not a single word to discuss costs, burden, or benefit to the applicant, least of all the costs that arise from having to make a high-value decision with less-than-complete information:

These fee increases and the tiered structure in proposed § 1.20(d)(2) are focused on encouraging applicants to promptly address double patenting issues that arise during prosecution, which will then promote more efficient patent examination by reducing unnecessary costs. The proposals will also foster greater public certainty by providing earlier notice of when the patent term will end.

Filing terminal disclaimers early in prosecution reduces the amount of time examiners must spend on nonstatutory double patenting analyses. Because double patenting rejections are made on a claim-by-claim basis, an examiner must compare each claim of the application being examined against each claim of the reference patent or application. As explained in MPEP 804

... examined claim. Examiners may spend a substantial amount of time on these analyses and must repeat the process for each reference patent or application used in a double patenting rejection. If an applicant files terminal disclaimers prior to the first action on the merits, the examiner can avoid the time-intensive double patenting analyses that would otherwise be required. Further, if an applicant does not file a terminal disclaimer after a rejection has been made, the examiner will often have to repeat the analysis one or more times.

The PTO's tiered fee structure may be cost-benefit positive when considering both the Office's costs and the applicant's. However, because the PTO does no analysis of costs, burdens, or benefit to the public, offers no estimates, and does not ask for § 3506(c)(2)/ § 1320.8(d)(1) comment, we cannot know. The PTO's evasion of procedure deprives OMB of the information necessary to make an informed decision.

In this ICR, the 60-day notice and Supporting Statement list fees for filing a disclaimer. Note that there is no mention of the escalating fee structure:

TABLE 2—FILING FEES—Continued

Item No.	Fee code	Item	Estimated annual responses (a)	Filing fee (\$) (b)	Non-hourly cost burden (a) × (b) = (c)
5	1814	Statutory Disclaimers (including terminal disclaimers) (undiscounted).	36,105	170	6,137,850
5	2814	Statutory Disclaimers (including terminal disclaimers) (small entity).	13,175	170	2,239,750
5	3814	Statutory Disclaimers (including terminal disclaimers) (micro entity).	670	170	113,900

The USPTO's Patent Public Advisory Board "expressed a lack of support for the terminal disclaimer proposal, noting disagreement with the USPTO's justification and suggesting that the fee will place an unfair burden on filers with limited resources who may be tempted to give up patent term in exchange for a less expensive and more compact prosecution" 89 Fed. Reg. 23234. Nonetheless, the PTO went forward with the proposal.

Any clearance for this ICR should reflect the PTO's failure to observe necessary procedures, and failure to give notice to either the public or OMB that the PTO would be relying on *this* ICR to clear new burden in the *Terminal Disclaimer* NPRM. Terms of clearance should explicitly deny clearance for any information collections implied in the *Terminal Disclaimer* NPRM or any other modification or revision of terminal disclaimer collections.

C. Escalating fee structure for continuation applications, 89 Fed. Reg. 23237-23238 and Table 5

At 89 Fed. Reg. 23237-23238 and Table 5, the PTO proposes an escalating fee structure filing continuation applications (statute provides that all filing fees are equal, with discounts for small and micro-entities). The rationale given at 89 Fed. Reg. 23238 is "more efficient filing and prosecution behaviors," entirely from a PTO-centric point of view. The *status quo* is "efficient" for applicants—applicants delay choices until more facts are developed so that useless filings can be avoided. Any person with the least understanding of basic microeconomics and rational choice theory understands that applicants act in "efficient" self interest. The PTO's proposal to "encourage" action earlier is, necessarily, a proposal to encourage *inefficiency* on applicants' part. PTO's utter silence on costs, burden, or benefit to the applicant speaks loudly—the PTO gave not a moment's thought to regulated parties. (Also, the PTO identifies no statutory authority for departing from Congress' instruction to charge a uniform fee for all patent applications, even though that was directly challenged in public comment letters.)

The upshot is that applicants will be less willing to accept "imperfect" patents with the expectation that problems can be cured in a continuation. This will create additional costs for applicants as they make additional amendments and press examiners harder to ensure that each patent is as good as it can be, to avoid continuations. That will impose costs on the PTO too. In 0651-0031, this will add about 12 hours to about 200,000 patent applications per year. This ICR should not be cleared unless the PTO books that 2,400,00 hours. If the PTO doesn't book it, then terms of clearance for this ICR should expressly state that no clearance is granted for burden that hasn't been run through information collection procedures. The PTO should be admonished to not falsely claim that burden "has been reviewed and previously approved by OMB."

D. Excess claim fees at 89 Fed. Reg. 23241-42 and Table 7

At page 89 Fed. Reg. 23241-42, the PTO proposes to *double* the fee for "claims in excess of 20." Similar to the other issues in this class, more claims is something that rational applicants do to create options and to discover more information, so that better, more efficient decisions can be made. Applicants use dependent claims as "sonar pings" to gather information to make efficient decisions. By adding more claims to a single application, applicants file fewer patent applications.

In contrast, the PTO's rationale at 89 Fed. Reg. 23241 col. 2 is entirely PTO-centric.¹³ For Paperwork Reduction Act purposes, the problem is that the PTO does not estimate burden.

More significant is the Executive Order 12866 problem: this fee hike is a classic case of a regulatory action to solve a "problem" created by the PTO's own faulty management. To slightly oversimplify,¹⁴ the PTO gives its examiners the same production credit (one "count") for every examination of every patent application, whether that application is large or small, simple or complex. Strikingly, the PTO charges *applicants* several different categories of size and complexity fees—the PTO knows how to measure and meter complexity vis-à-vis the public, but does not do so vis-à-vis its examiners. Because every application is counted as one unit, the PTO views complex patent applications as incompatible with its production metrics. Contrariwise, complex inventions are generally the inventions that most require patent protection to raise investment capital. The problem here is not the fee the PTO charges; the problem is the misalignment between the PTO's management metrics vs. agency goals. Because the PTO's compensation scheme is misaligned to agency goals, it incentivizes maladaptive and inefficient behavior by *examiners*. In this rule, the PTO projects the blame and attempts to shift the costs for that management misalignment to inventors who invent complex stuff.

A 2012 comment letter offered a diagnosis and a number of actions that would reduce both the PTO's costs and the public's.¹⁵ OMB should direct the PTO to consider those comments, and either adopt them or explain why not.

Applicants' adaptive response will be to file additional patent applications. Even on the PTO's flawed understanding of the definition of "information" (see § V starting at page 22), that must unquestionably be booked. Adaptive burden will likely be some 10s of thousands of patent applications, at 40 hours each, in 0651-0032. Though this does not affect this ICR for 0651-0031, it's another example of the PTO's claim that burden "has been reviewed and previously approved by OMB" is simply false. The PTO's other representations to OMB may be judged accordingly.

E. Request for Continued Examination

When an applicant files a patent application, the initial filing fee covers two rounds of negotiation with the examiner. Then the applicant has to pay a fee for a "request for continued examination" for two more rounds. And the examiner gets two more counts. As one might expect, the issues narrow at each round, and the PTO's costs decline. In its budget presentation

¹³ A very similar issue was at issue in RIN 0651-AB94, with an Executive Order meeting at <https://georgewbush-whitehouse.archives.gov/omb/oir/0651/meetings/619.html> and ICR 200707-0651-005 at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=200707-0651-005

¹⁴ A more complete explanation is in the Executive Order materials at footnote 13.

¹⁵ IEEE-USA, comment letter on control number 0651-0031, ICR 201301-0651-002, <https://www.reginfo.gov/public/do/DownloadDocument?objectID=37511900> at pages 21-32.

in March 2023, the PTO gave the following estimates of its own costs. Note that the costs decline as issues narrow—but paradoxically, the PTO proposes that fees increase:

Description	Historical cost (FY 2022)	Current fee*	Proposed fee*
Request for continued examination (RCE) – first request	\$3,059	\$1,360	\$1,500
Request for continued examination (RCE) – second request	\$2,191**	\$2,000	\$2,500
Request for continued examination (RCE) – third and subsequent request	\$2,191**	\$2,000	\$3,600

(This creates the perverse incentive for the PTO to drag out prosecution—the PTO gets more fees, and examiners get the same level one-count-per-round-of-examination, while applicants pay higher fees.)

By raising this fee, the PTO forces a bigger fight earlier. If the fee is low, applicants simply pay it, and continue negotiating. But if the fee is high, applicants will fight harder earlier. The PTO offers no estimates for the costs of this increased acrimony, but it is surely in the mid-nine-figures per year.

F. Conclusion as to the April 2024, *Setting and Adjusting Patent Fees During Fiscal Year 2025*, NPRM RIN 0651-AD64

This NPRM raises these and several other high-eight- and low-nine-figure information collections. The PTO does not request clearance. Terms of clearance should explicitly deny the PTO the authority to implement them. If the PTO wants to implement them, the PTO must start at square one, with fair estimates and a solicitation of § 3506(c)(2)(A)/§ 1320.8(d)(1)(i) comment.

III. Issue 3: the recent decommissioning of the PTO’s stable software in favor of poorly-designed, not-yet-ready new software adds about \$300 million per year in burden

The 60-day comment letter¹⁶ explained that the PTO had decommissioned two 20-year-old software systems in November 2023, in favor of a new system. The public—including the largest professional organization—sent multiple letters to the agency, warning that the new system was still incomplete (lacking features) and extraordinarily buggy, and that at the current rate balance of bugs fixed vs new bugs introduced, the new system would not match the reliability of the old system for at least six months to a year. The two systems had run in parallel for over two years; there was no apparent reason for hasty retirement of the old system—the PTO never gave any such explanation.

¹⁶ Boundy, 60-day letter, note 1 *supra*, § I, at pages 1-3.

The PTO didn't wait. The PTO decommissioned the old system in November 2023.

As of June 2024, the new system still isn't complete. It is less buggy than it was in November, but still not as reliable as the two systems (together) would be. The public would benefit greatly if both systems had been kept running in parallel.

The 60-day comment letter suggested that burden should be booked at \$300 million for 2024, \$200 million for 2025, and \$100 million for 2026, decreasing over time as the bugs get fixed.

The PTO's Supporting Statement disagrees with none of the underlying facts or legal principles. But the PTO didn't adjust its 30-day estimates and Supporting Statement to reflect the conceded facts, either. The Supporting Statement responds with several paragraphs explaining the PTO's self-interest, and "well, we're trying," but doesn't disagree that the PTO's poor software quality practices and premature cut-over imposed burden *on the public* well into nine figures. The closest the PTO comes to actually responding is:

The commenter's generic estimation of an annual public burden increase cannot be applied wholesale to the information collection. The USPTO associates burden estimates with specific item lines, or actions, within an information collection. The commenter does not identify any particular item within the present collection that has been impacted by the USPTO's replacement of Private PAIR and EFS-Web with Patent Center, or specify how the item's burden estimate should be revised.

The burden to develop plausible burden estimates is the agency's, not commenters'. 44 U.S.C. § 3506(c)(1)(A) ("each agency shall ... review each collection of information [to ensure it has] a specific, objectively supported estimate of burden."); § 3506(c)(2)(A)(ii) (agency must request comment to "evaluate the accuracy of *the agency's estimate* of the burden"). The burden to submit a "supporting record" for its estimates is the agency's, not commenters'.¹⁷ 44 U.S.C. § 3506(c)(3). The obligation to "minimize the burden of the collection of information" is the agency's, not commenters'. § 3506(c)(2)(A)(iv).

OMB should grant a six-month clearance, and return to the agency for a "do over." The PTO does not disagree that its premature cutover from good software to faulty software imposes incremental burden of \$300 million for 2024, \$200 million for 2025, and \$100 million for 2026. It's up to the PTO to develop "specific, objectively supported estimate of burden" that distribute that aggregate burden among the various line items of 0651-0031 and 0651-0032. This issue

¹⁷ The Supporting Statement claims that the 60-day comment letter relied on "only" one document—that's false. The 60-day comment letter gives URLs for multiple supporting documents to show that the PTO's estimates are too low, including a report from the Commerce Inspector General, two letters from AIPLA (the largest professional organization in the field), and several past letters from hundreds of signatories to the PTO, the Inspector General, and Dr. Mancini. The PTO's Supporting Statement is incorrect on even the coldest, most objective fact, the number of documents relied on in the 60-day letter. Very few of the PTO's fact statements can be taken at face value.

arises because of deep-seated problems with the PTO's technology development and acquisition process. Diagnoses and recommended action under § 3504(a)(1)(B)(vi) for those issues are laid out in the 60-day letter and several letters that we sent to Dr. Mancini in November 2023.¹⁸

IV. Issue 4: a nine-figure bootleg by guidance: a purportedly “minor” change in guidance

The 60-day comment letter for this ICR¹⁹ explained that the PTO had created burden in the nine-figure range by an amendment to guidance that was published in March 2023. The 60-day letter explained that this was at least the fourth time that the PTO had attempted essentially similar rule changes, several of which been blocked by OMB.²⁰

The PTO explains that certain bits of language were “harmonized.” The PTO misrepresents both the nature of the changes and their effect. Before March 2023, for some showings, the examiner had to show “serious *search* burden.” After March 2023, the examiner can show “serious *search and/or examination* burden.” That change makes a big difference, probably into the high eight or low nine figures, to save the PTO less than \$10 million per year. The 60-day comment letter explained some of these effects at page 9, in the three paragraphs beginning “Second.” The PTO takes no issue with the showings in these three paragraphs, or the estimate that burden likely rises into nine figures.

The PTO's second explanation is even more remarkable:

[T]he USPTO does not have actionable data to support an increase or decrease in the burden estimate for any particular item in this information collection. Neither the statute nor the USPTO regulations on which restriction practice is based have changed.

Lack of “actionable data” is the problem, not the excuse. The *Manual of Patent Examining Procedure* is a “significant guidance document” under OMB's *Final Bulletin for Agency Good Guidance Practices*, 72 Fed. reg. 3432 (Jan. 25, 2007). The PTO was required to gather public comment under the *Bulletin*. Similarly, the Paperwork Reduction Act applies to “revisions” or “modifications” of information collection, even if effected by guidance rather than “statute” or “regulations.” 5 C.F.R. § 1320.10.

The PTO claims that the March 2023 amendments to the *Manual* “did not impose new restriction requirements or otherwise change restriction practice.” The 60-day letter explained that the PTO's understanding is wrong. And if the PTO's statement is accurate, the PTO will have no objection to a § 1320.12(f) order to rescind the March 2023 amendments to the *Manual* and the form paragraphs given to examiners.

¹⁸ Boundy, 60-day letter, note 1 *supra*, § I, at pages 2-3.

¹⁹ Boundy, 60-day letter, note 1 *supra*, § III, at pages 8-10.

²⁰ One in ICR 200703-0651-001, one in ICR 201009-0651-002, and another “submarine guidance” attempted during the first 60 days of the Obama administration.

The PTO, of course, has authority to change its rules. It just has to observe procedural requirements, in this case, the procedures of the *Good Guidance Bulletin* and 5 C.F.R. § 1320.10.

V. Issue 5: the ICR neglects to book burden for responses under 37 C.F.R. §§ 1.111, 1.112, and 1.116, and declarations/affidavits under § 1.130-132

The 60-day comment letter for this ICR²¹ explained that this ICR overlooks a three-decade old bootleg of burden that has never been cleared, totaling about \$4 billion per year:

- Replies to Office Action, under 37 C.F.R. §§ 1.111, 1.112, and 1.116
- Declarations and affidavits under 37 C.F.R. §§ 1.130 to 1.132

The 60-day letter estimated that the PTO collects about 700,000 to 1 million replies under §§ 1.130, 1.131, and 1.132 per year, at about 9 hours each, and that the PTO collects about 75,000 annual responses under §§ 1.130, 1.131, and 1.132, also at about 9 hours each.²² The 60-day letter observed that all such burden arises under “a rule of general applicability” and are raised to applicants as form paragraphs that the PTO provides for examiners to use *verbatim* in their Office Actions. The 60-day comment went through the most plausible exemptions of § 1320.3(h) and showed that none of them apply. The collection is therefore “information” and “burden” under 37 C.F.R. § 1320.3(c)(4)(i).

The PTO takes no issue with any of these showings. Instead the PTO’s Supporting Statement diverts attention in three not-terribly relevant directions, all of which are faulty.

First, when § 1320.3(c)(4)(i) was initially promulgated in 1983, OMB explained as follows:²³

The final rule specifies that there is a nonrebuttable presumption that collections of information contained in a rule of general applicability involve ten or more persons. ... [R]ules of general applicability are, by definition, not addressed or limited to specific individuals; they bind all people who in the future may come within the scope of the regulation. While a regulation, when promulgated, may affect less than ten people, the potential universe of coverage is not so limited.

The PTO errs in failing to consider the effect of this regulation and Federal Register commentary. This kind of regulatory interpretation of statute binds courts, all regulated parties,

²¹ Boundy, 60-day letter, note 1 *supra*, § I, at pages 1-3.

²² AIPLA publishes a statistical survey of costs for replies to Office Action. *Report of the Economic Survey*, <https://www.aipla.org/detail/journal-issue/2023-report-of-the-economic-survey> The AIPLA survey subdivides into several dozen categories, so assembling an average is not possible from the data provided. Nonetheless, taking client, attorney, and paralegal time all together, the average time per response seems to be about 9 hours.

²³ Office of Management and Budget, *Controlling Paperwork Burdens on the Public*, 48 Fed. Reg. 13666, 13678 col. 1 (Mar. 31, 1983)

and OMB itself, under *Chevron* deference. The Supreme Court may change that in its upcoming *Loper Bright* decision, but as of today, the 1983 interpretation binds both the PTO and OMB.

It's beyond any reasonable dispute that § 1320.3(c)(4)(i) governs, and that information collections pursuant to rules of general applicability, specifically §§ 1.111, 1.112, 1.116, and 1.130 to 1.132, are "collection of information" that is not exempt.

Second, the PTO states "In July 2013, OMB considered the precise items raised by the commenter and determined that these items are not subject to the PRA." Again, the comment reflects the PTO's general lack of familiarity with the procedural law that governs agency decision-making. True enough, in 2012, the PTO ran a 60-day notice that accounted for the burden of §§ 1.111, 1.112, 1.116, and 1.130 to 1.132..²⁴ The public responded with seven letters generally supporting the PTO's effort to seek clearance, and offering refinements of the PTO's estimates.²⁵ In ICR 201301-0651-002, in January 2013, the PTO submitted a Supporting Statement that accounted for these line items, and estimated **twelve million hours, four billion dollars** in 2013.²⁶ A replacement Supporting Statement of July 2013 dropped them all,²⁷ but there is no public record of any "determination," or that any public comment was ever sought. For all that appears in the record, the PTO may have simply withdrawn its January 2013 Supporting Statement and substituted the July 2013 Supporting Statement entirely on its own initiative with no "determination" by OMB.

A "fundamental" guarantee of due process for all government decision-making is "notice and opportunity to be heard" at a meaningful time in a meaningful manner. *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 541-42 (U.S. Sup. Ct. 1985); *Mathews v. Eldridge*, 424 U.S. 319, 333-34 (U.S. Sup. Ct. 1976). PTAARMIGAN contacted the writers of the seven letters; *none* that responded recalled being contacted, let alone having views solicited on possibly exempting the PTO from accountability for **twelve million hours** of burden, **four billion dollars** in 2013.

Public comment is especially important for the Patent and Trademark Office, because the PTO's understanding of the Paperwork Reduction Act and ability to provide information quality have been so demonstrably subpar. In addition to the examples above, further examples demonstrate the low level of trustworthiness of the PTO's public statements and representations to OMB:

²⁴ U.S. Patent and Trademark Office, *Patent Processing (Updating), Proposed collection; comment request*, 77 Fed. Reg. 16813 (Mar. 22, 2012).

²⁵ <https://www.uspto.gov/learning-and-resources/federal-register-notices/federal-register-notices-2012> and https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201301-0651-002

²⁶ U.S. Patent and Trademark Office, *Supporting Statement*, <https://www.reginfo.gov/public/do/DownloadDocument?objectID=37511200> (Jan. 29, 2013)

²⁷ U.S. Patent and Trademark Office, *Supporting Statement*, <https://www.reginfo.gov/public/do/DownloadDocument?objectID=37511200> (Jan. 29, 2013)

- The rule to penalize PDF filing of new patent applications and to require DOCX filing (now under review under control number 0651-0031, ICR 202304-0651-001) is a modification or revision of an information collection that, even under the PTO's flawed understanding, is *unquestionably* covered (initial patent applications, 0651-0032). Nonetheless, the PTO in its NPRM and Final Rule in 2019 and 2020 represented to OMB that the information collection "has been reviewed and previously approved by OMB." 2019 NPRM (84 Fed. Reg. at 37431, col. 1); Final Rule, 85 Fed. Reg. at 46985. The public has given four burden estimates ranging from \$200 million to \$600 million per year (ICR, 202309-0651-002, letters at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202309-0651-002). In its most recent Supporting Statement for 0651-0032, the PTO takes no issue with any of the four, but instead insists with no "supporting record"—or even explanation—that the burden is zero. An extended catalog of the PTO's procedural shortcuts and questionable factual representations to OMB are in a 60-day comment letter in ICR 202309-0651-002²⁸ and a 30-day comment in ICR 202304-0651-001 emailed to Mr. Fraser and Dr. Mancini the morning after that comment period closed.
- In a 2021 ICR for control number 0651-0012, ICR 202102-0651-003, the public gave a detailed workup of burden that came out to \$120 to \$150 million. The PTO had estimated burden at \$1.6 million with no rationale at all. The PTO skipped multiple steps in rulemaking and Paperwork clearance, as explained in the comment letters.²⁹
- In the NPRM for this 0651-0012 information collection, the PTO falsely claimed that the collection of information "has been reviewed and previously approved by OMB under control number ... 0651-0012..."³⁰ There is no indication at reginfo.gov that any ICR was ever submitted during rulemaking. If the PTO's statements were not an intentional lie, there's no evidence to support the PTO. Two of the comment letters cataloged a series of skipped procedural steps and unsupported factual assertions.³¹
- When the PTO did seek clearance, in 2021, the PTO's Supporting Statement represented that no clearance is necessary because the information collection is voluntary, "if [the

²⁸ Comment by 152 Patent Practitioners and PTAAARMIGAN, at <https://www.reginfo.gov/public/do/DownloadDocument?objectID=135639300> at pages 14-20 and 23-29.

²⁹ 85 Patent Practitioners, Comment on ICR 202102-0651-003 (Mar. 28, 2021), <https://www.reginfo.gov/public/do/DownloadDocument?objectID=110309202>, cataloging the PTO's falsehoods and procedural failures at pages 4-8. Another comment letter, from the largest professional organization to the PTO, enumerated procedural failures, AIPLA, *Comments on Proposed Continuing Education Guidelines*, (Jan. 7, 2021), https://www.uspto.gov/sites/default/files/documents/AIPLA_Letter_to_USPTO_on_CLE_Guidance_010721_FINAL.pdf at pages 10-11,

³⁰ see footnote 12.

³¹ 85 Patent Practitioners, Comment on ICR 202102-0651-003, <https://www.reginfo.gov/public/do/DownloadDocument?objectID=110309202> at pages 4-7; AIPLA, letter to

person] so choose[s].”³² This is one of several examples of the PTO’s lack of understanding that voluntary collections are not exempt. § 3506(c)(1)(B)(iii)(IV) and § 1320.3(c) couldn’t be clearer (“whether responses to the collection of information are voluntary, required to obtain a benefit, or mandatory”). OMB may draw appropriate inferences about the knowledge of the PRA by the PTO’s information collection staff.

- One co-author of this letter wrote an article. Agency Bad Guidance Practices at the Patent and Trademark Office: a Billion Dollar Problem, 2018 Patently-O Patent L.J. 20 (Dec. 6, 2018), available at <https://ssrn.com/abstract=3258040> This article explains how the PTO’s disregard of the Paperwork Reduction Act and *Bulletin on Agency Good Guidance Practices* creates unwarranted burden on the public in the range of \$1.5 billion per year, in 2018.

If in fact, OMB “determined” in 2013 that “that [§§ 1.111, 1.112, 1.116, and 1.130 to 1.132] are not subject to the PRA” then (a) the procedurally was constitutionally inadequate, and (b) the “determination” was likely based on information that failed OMB’s Information Quality standards.³³

Third, the Supporting Statement cites *Hyatt v. Office of Mgmt. & Budget*, 998 F.3d 423, 431 (9th Cir. 2021) for the proposition that collections in response to these regulations are not “collections subject to the PRA.” But *Hyatt* didn’t decide the issue for which the PTO cites it: whether a “rule of general applicability” establishes “ten or more persons,” as 37 C.F.R. § 1320.3(c)(4)(i) says it does. The *Hyatt* court never mentions either § 1320.3(c)(4)(i) or the phrase “rule of general applicability”. § 1320.3(c)(4)(i) is the determinative issue in this ICR³⁴ and the Ninth Circuit never reached that issue. The PTO chooses to ignore it, too. Ignoring a relevant regulation is not a legally viable option.

VI. Conclusion

OMB should either issue a 6-month clearance with a direction to PTO to start over, including all information collections that fall within the scope of 0651-0031,³⁵ and conduct an honest § 3506(c)/§ 3507(a)/§ 1320.8(a) review that addresses all of issues 1-5. In the alternative, OMB should issue a 3-year clearance with terms of clearance expressly limited to the *status quo ante*, with clearance expressly withheld for new burden raised in:

³² U.S. Patent and Trademark Office, *Supporting Statement* (Sep. 30, 2021), <https://www.reginfo.gov/public/do/DownloadDocument?objectID=109594902> at page 9.

³³ OMB, *Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies*, 67 Fed. Reg. 61701 (Oct. 1, 2002).

³⁴ Boundy, 60-day letter, note 1 *supra*, § II(A) at 4.

³⁵ The PTO’s January 2012 Supporting Statement for 201301-0651-002, now at <https://www.reginfo.gov/public/do/DownloadDocument?objectID=37511200> is a reasonable starting point, as modified by the comment letters at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201301-0651-002

- *Terminal Disclaimer Practice to Obviate Nonstatutory Double Patenting, Notice of Proposed Rulemaking*, 89 Fed. Reg. 40439 (May 10, 2024) (issue 1)
- *Setting and Adjusting Patent Fees During Fiscal Year 2025, Notice of Proposed Rulemaking*, 89 Fed. Reg. 23226 (Apr. 3, 2024) (issue 2)
- the March 2023 revision of the Manual of Patent Examining Procedure (MPEP), and a § 1320.12(f) order to rescind the March 2023 amendments to Chapter 800 (issue 4)

and instructions to seek clearance for issue 3 (the premature cut-over to faulty software) based on the estimates in this letter, and issue 5 (the information collections for which the PTO has no existing clearance because the PTO never sought one).

I suggest a half-hour phone call to discuss any questions you may have.

Very truly yours,

PTAAARMIGAN

