

Lawmakers Back USPTO Bid To Hold On To Fees

By **Melissa Lipman**

Law360, New York (May 05, 2010) -- House Judiciary Committee chairman John Conyers Jr., D-Mich., vowed Wednesday to fight to keep fees the U.S. Patent and Trademark Office collects from being diverted away from the agency, as lawmakers questioned how to help the USPTO reduce its backlog of pending patent applications.

At an oversight hearing, Conyers expressed support for a buffer measure that would allow the USPTO to keep up to \$100 million above the amount it is appropriated by Congress if the agency collects more in fees than expected.

Lawmakers from both sides of the aisle backed efforts to give the USPTO more control over its own fee schedule and expenditures, during a hearing that included testimony from agency Director David J. Kappos and Patent Office Professional Association President Robert D. Budens.

"Mr. Kappos, we're from the government and we're here to help, so tell us how," said Rep. F. James Sensenbrenner, R-Wis.

While both Democrats and Republicans offered support for patent reform legislation that Conyers described as "stalled somewhere between the House and the Senate," several lawmakers also suggested passing a stand-alone measure to give the USPTO more financial autonomy.

Though Budens and Damon C. Matteo, who chairs the Patent Public Advisory Committee, both said they would support a single bill to deal with fee diversion, Kappos declined to weigh in on that possibility.

"We have a heritage opportunity here on the part of the intellectual property system overall to pass legislation that is generations in the making, and it is badly needed," Kappos said. "We should take advantage of that opportunity and press on and get comprehensive reform ... to move the U.S. patent system back to the gold standard of patent systems."

In response to questioning by Rep. Zoe Lofgren, D-Calif., Kappos refused to comment on a stand-alone option, saying any statements on the matter would be "preliminary."

Still, if granted the authority to set its own fees, Kappos singled out re-examinations and appeals as two areas that would likely see sizable increases.

While the USPTO has sought to add a 15 percent surcharge to all its fees as a short-term measure, in the long run those fees — which only cover a "tiny, tiny fraction" of the actual cost to perform the work — "would need to be raised substantially," he said.

The fees for re-examinations and appeals are currently only in the thousands of dollars, but the work often costs tens of thousands of dollars, according to Kappos.

For his part, Budens criticized a provision in proposed patent reform legislation that would create a post-grant review period for patents, saying that it would "simply interject another step of litigation that will prolong the period of uncertainty and increase the expense to the patent holder."

Kappos pointed out that the post-grant review provisions in the House and Senate versions of the bill had several key differences — including the threshold to get review, the level of estoppel and the time limits involved — and that the USPTO was working with lawmakers in both chambers of Congress to try to close those gaps.

Sutherland Asbill & Brennan LLP counsel James H. Johnson Jr. also testified at Wednesday's hearing, urging lawmakers to maintain the legal "fence" that keeps trademark funds from being spent on patent activities. He cited the recent approval of the USPTO's request to borrow \$70 million from its trademark work for patent expenses.