March 28, 2016

The Honorable Penny Pritzker
Secretary, U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

The Honorable Michelle Lee
Under Secretary of Commerce for Intellectual Property
and Director, United States Patent & Trademark Office
600 Dulany Street
P.O. Box 1450
Alexandria, VA 22314

Dear Secretary Pritzker and Under Secretary Lee:

I am writing on behalf of the American Bar Association Section of Intellectual Property Law (the “Section”) to express our concerns relative to the United States Patent and Trademark Office’s (USPTO) consideration of the Department of Commerce’s new shared services initiative, first announced by Undersecretary Lee at the August 20, 2015, Patent Public Advisory Committee meeting, as it relates to human resources (HR), information technology (IT), and procurement functions.

The views expressed in these comments are those of the Section. They have not been submitted to or approved by the ABA House of Delegates or Board of Governors, and should not be construed as views of the Association as a whole.

The Section has significant concerns that, if implemented, the initiative would violate the Leahy-Smith America Invents Act (AIA) by diverting funding away from USPTO activities and would thereby put our innovation-driven economy at risk.

The proposed sharing of services and funding between the USPTO and the Department fails to take into account the USPTO’s unique funding model and service needs. First and foremost, the USPTO’s unique funding model established by statute provides for the funding of USPTO expenses through the payment of user fees paid by its stakeholder community, primarily patent and trademark owners. The AIA requires that all fees collected by the USPTO be used for the expenses of the USPTO, 35 U.S.C. § 42(c). The Section strongly opposes diversion of USPTO user fees to entities outside of the USPTO. Sharing USPTO services creates a significant risk that USPTO fees will be used to fund activities other than those of the USPTO, thereby shouldering patent and trademark owners with expenses beyond those of the USPTO, contrary to the spirit and the letter of the AIA.
To meet its specialized mission, the USPTO has developed IT systems specifically tailored to the needs of its stakeholder community and HR processes specifically designed to attract and retain the high-tech talent required to examine patent applications. The proposed sharing of these specialized services poses several problems. The services are specialized and not easily transferable to other agencies. For example, IT systems and support are specifically directed to the unique needs of users electronically filing and communicating with the USPTO on patent and trademark matters. The USPTO has prioritized development of these systems in its efforts to engineer world class IT systems unique to supporting the innovation community. Loss of the USPTO’s ability to prioritize these projects by having to share services among other agencies having competing interests risks slowing the needed developments or prioritizing projects in a less-than-optimal way.

Examples of much needed USPTO priorities include updates to its Patent Application Information Retrieval (PAIR) system for filing patent applications and its Patent Review Processing System (PRPS) for submitting petitions for patent trials. Even President Obama has identified these upgrades to USPTO systems as very important and in dire need of upgrading. There is no reasonable way to share these specialized tools with other agencies, and requiring the USPTO to work with other agencies will detract from efficient implementation of these important initiatives.

We believe a shared services initiative will divert user fees from the USPTO and adversely impact its ability to fulfill its mission. Given the USPTO’s critical role in driving innovation and economic growth, we ask that you give further consideration to the matter before making any decision to implement a shared services initiative. We welcome a continued dialog and the opportunity to participate in public hearings or respond to a request for comments.

Sincerely,

Theodore Davis
Chair, Section of Intellectual Property Law
American Bar Association

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