



## UNITED STATES PATENT AND TRADEMARK OFFICE

COMMISSIONER FOR PATENTS

JAN 21 2011

SENT VIA EMAIL TO: [rkatznelson@roadrunner.com](mailto:rkatznelson@roadrunner.com)

Re: Request for Correction (Ticket No. 1-17895016)

Dear Mr. Katznelson,

The USPTO (or Office) received your letter of November 23, 2010 concerning a request for correction under the Information Quality Act (IQA). You seek correction of two documents: the 60-Day Notice on Information Collection Request for ICR 0651-0032 ("ICR"), 75 Fed. Reg. 23227 (May 3, 2010), and the Supporting Statement for ICR 0651-0032 (Sept. 22, 2010) ("Supporting Statement"). In responding to your 18-page request, I will briefly summarize the salient points you raise, which appear below in bold.

**1. ICR tables and Supporting Statement do not contain sources, derivation methods, time periods, or objective bases for estimates**

The estimates provided in the Supporting Statement for 0651-0032 are arrived at from a combination of factors, including: internal data collected from the Patent Application Location Monitoring (PALM) and/or Image File Wrapper (IFW) systems; data from the biennial American Intellectual Property Law Association (AIPLA) economic survey report; data from previous iterations of the renewal process; and agency expertise in patent prosecution practice.

In general, estimates of the number of responses expected per year for any particular item in the collection are derived from the internal data collected from the PALM and/or IFW and the data from previous iterations of the renewal process. If data from PALM or IFW is available for a particular item in the collection, the data is examined to determine whether a trend exists that can be used to provide annual estimates for the item for the next three years. If data from PALM or IFW is not available for an item, e.g., if the item is a new item, response estimates are arrived at from an analysis of PALM or IFW data for a closely analogous item(s) in the same or another collection. Agency expertise in patent prosecution practice is relied upon to confirm a reasonable basis for any trend suggested by the data and to identify the most closely analogous item(s).

Estimates of the hours per response for items in the collection are derived from data from the biennial AIPLA economic survey report, data from previous iterations of the renewal process, and agency expertise in patent prosecution practice.

To the extent that the USPTO utilizes staff expertise in crafting estimates, the Office of Patent Legal Administration (OPLA) on its own has over 50 years of non-USPTO patent prosecution experience, and OPLA is but one of the offices involved in providing materials contained in the Supporting Statement. This non-USPTO prosecution experience spans multiple technologies and provides views from various perspectives, including the perspectives of former patent agents, associate attorneys, and law firm partners, working with both small and non-small entity patent applicants.

No correction is warranted based upon the first two pages of your letter.

## **2. Circular Statement in Needs and Uses (Issue 1)**

The Supporting Statement says, “The Information Quality Guidelines . . . apply to this information collection and comply with all applicable information quality guidelines . . . .” Supporting Statement at 3. You seek correction of the “tautology” contained in this sentence. While I have serious doubt that this sentence qualifies as “information” under the USPTO’s definition of that term in the Information Quality Guidelines (IQG), I nevertheless concur that the sentence is circular. See USPTO’s IQG, Section 4, A, 4 (defining “information” as “any communication or representation of knowledge such as facts or data . . .”). In the interest of clarity, I note that the sentence should have read:

“The Information Quality Guidelines . . . apply to this information collection and this information collection and its supporting statement comply with all applicable information quality guidelines . . . .”

Since OMB has approved the ICR, correction of this sentence would serve no useful purpose. See USPTO’s IQG, Section XI, A, 4, d. Therefore, I decline to issue a correction in this regard.

## **3. Burden Components Missing from USPTO’s Estimates (Issue 2)**

You assert that USPTO has failed to account for all of the burden borne by applicants in submitting patent applications, thus rendering the two documents noncompliant with the Office’s IQG. I disagree.

### **a. All of the forms in Table 2 do not have burden estimate (Issue 2.1)**

As you know, Table 2 in the Supporting Statement lists the “Needs and Uses of Information Collected to Determine Patentability.” This list itemizes each type of information covered by this collection, whether the item appears in a standardized USPTO form or not. Table 3, on the other hand, details the “Burden Hour/ Burden Cost to Respondents.” Table 3 is one of several tables in the Supporting Statement (see also Tables 4, 5, and 6) that estimate the burden to the applicant associated with the various items of information that are being collected.

Although the items listed in Table 2 do not correspond one-to-one with the items listed in Table 3, the Supporting Statement does account for all items listed in Table 2. For example, the first item in Table 2 is Specification, which is used by an applicant to provide a description of the invention. There is no form associated with a Specification. While there is no entry on Table 3 that says “Specification,” items 1 – 26 in Table 3 cover Specifications. This is because a Specification may be contained in any of the items listed at 1 – 26 in Table 3. Although applicants are not required to complete a form called “Specification,” they must provide the USPTO with information relating to their Specification, if they want to proceed with their patent application. Thus, the USPTO has estimated the burden of providing a Specification by providing burdens associated with items 1 – 26 in Table 3.

Your letter mistakenly assumes that there are only two options for showing burden estimation for items listed in Table 2: either the USPTO assumed zero burden or the burden is not included in the Supporting Statement’s estimates. To elaborate upon the example that you cite, you believe that USPTO either estimated zero or neglected to include a burden estimate for an Application Data Sheet (ADS) because applications with and without an ADS form have the same burden estimate. The fault of your logic is that applicants are not required to submit ADS information on the USPTO’s ADS form, so long as they provide the relevant information in some manner to the USPTO. Thus, the estimate for both Applications Containing an ADS and Applications Without an ADS is the same because either way, the burden of providing the information is encompassed by the Office’s estimate. The USPTO exercised a third option which you failed to consider: the burden is contained in the various estimations throughout the Supporting Statement.

The same reasoning is true for the number of applicant responses. Although Table 3 does not track exactly to the items listed in Table 2, the Supporting Statement does contain the estimated number of applicant responses for each piece of information collected.

The Supporting Statement has already provided what your letter seeks. That is, you asked the USPTO to “clarify whether, and if so, how it accounted for the burdens associated with each of the 39 forms[.]” To be clear, though, the Office does not *solely* account for burden associated with forms. Rather, the Office accounts for burdens associated with collection of information conducted or sponsored by the Office, some of which are included on a form, and some of which are not. This further emphasizes why it would not be useful to itemize each item in Table 2 to a burden estimation elsewhere in the Supporting Statement. For these reasons, I find that the presentation of burden estimations and numbers of responses are “objective” within the meaning of the IQG and no correction is warranted.

**b. Nothing in the Supporting Statement gives the burden estimate for the small entity status paperwork (Issue 2.2)**

Your letter correctly notes that the USPTO has no separate form dedicated to claiming small entity status. Rather, an entity wishing to pay a reduced fee must identify

itself as a small entity in each particular filing for which the fee reduction is claimed. The Supporting Statement does contain burden estimates for the total amount of time the USPTO estimates it will take an applicant to complete each filing. The USPTO's estimates do not itemize the amount of time it will take an applicant to complete each box or question on any particular form. Thus, the amount of time an applicant spends determining small entity status is already included in the burden estimation, albeit not specifically delineated, as you request.

**c. The Supporting Statement only includes estimates of attorney time and excludes inventor time in its burden estimates (Issue 2.3)**

The USPTO does not currently account for the amount of time inventors spend assembling information for and responding to questions from their patent attorneys. As you know, applicants are not required by law to secure counsel in order to file a patent application. Because many applications are filed *pro se*, the USPTO's burden estimates are likely overstated, since the USPTO assumes that all applications are filed by attorneys. The cost for an unrepresented inventor to file an application is likely lower than the burden the USPTO has estimated for attorneys to file applications on behalf of all applicants. On balance, the failure to include inventor time spent with counsel is therefore negligible to the overall burden estimates.

On January 18, 2011, OMB approved the collection of information contained in 0651-0032. The USPTO will consider, in the future, whether to include an estimate for inventor time spent with counsel in making burden estimations. However, at this time, no correction is warranted.

**d. The Supporting Statement does not consider the burden of prior art searches (Issue 2.4)**

As you correctly note, prior art searches are not required by law. See 37 C.F.R. § 1.56(a) (patent applicants have “a duty to disclose to the Office all information known to that individual to be material to patentability”); see also Bruno Indep. Living Aids, Inc. v. Acorn Mobility Servs., Ltd., 394 F.3d 1348, 1351 n.4 (Fed. Cir. 2005) (“Because there is no general duty to conduct a prior art search, there is no duty to disclose art of which an applicant is unaware.”). A burden estimation for prior art searches is not required for this collection of information.

To the extent your comment focuses on prior art searches associated with filing an Information Disclosure Statement (IDS), the USPTO estimated the burden for filing an IDS in ICR 0651-0031.

**4. Failure to Account for Disproportional Burdens on Small Entities (Issue 3)**

**a. Failure to meet the “objectivity” prong of the IQA (Issue 3.1)**

The USPTO's Supporting Statement provides the record for the Office's certification that "no significant impact is placed on small entities[.]" Supporting Statement at 9. The Supporting Statement discloses all information relied upon by USPTO in making this certification.

The Supporting Statement is substantively objective in that it presents all information in an "accurate, clear, complete, unbiased manner, and within the proper context." USPTO's IQG, Section IV, 6, a. The USPTO has identified, throughout the Supporting Statement, when small entities may pay a reduced fee when filing. The USPTO has also identified, throughout the Supporting Statement, the total burden associated with filings.

Your argument that fees are only a small part of the burden a small entity faces in securing patent protection may well be true, but the USPTO's Federal Register notice and Supporting Statement are aimed at estimating the burden associated with collecting the information at issue in this particular ICR. For example, your own characterization of the studies and papers that you cite in footnote 26 deal with costs outside the scope of this ICR, such as the cost of foregone patent protection and the costs of patent enforcement. I find that the documents are objective in their presentation of information.

**b. Failure to meet the "utility" prong of the IQA (Issue 3.2)**

Although you claim that the ICR and Supporting Statement lack "utility," OMB's approval of the ICR indicates that the documents are, in fact, useful. USPTO's IQG, Section IV, 6, b (defining "utility" as "usefulness of the information to its intended users, including the public."). The documents were obviously useful as a tool for OMB to review the ICR and were apparently useful for the public to comment upon the ICR, since the Office received two comments after publication of the ICR in the Federal Register. Your claim that the documents do not support the small entity certification has been addressed above. I find that the documents comply with the definition of utility in USPTO's IQG.

**5. The ICR and ICR-SS Contain Faulty Analytical Methods (Issue 4)**

You believe that the USPTO's burden estimates cannot be evaluated because the USPTO has not disclosed data, models and analyses used to estimate burden. As noted above, the basis for providing various estimates is explained in the Supporting Statement and further detailed in this document.

Under the IQA, certain influential information must be reproducible under certain circumstances. The burden "estimates" of which you complain do not qualify as "information" within the meaning of the IQA. "Information" is defined as "any communication or representation of knowledge such as facts or data, in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audiovisual forms." USPTO's IQG, Section IV, A, 4. By definition, estimates do not represent knowledge such as facts or data. "Information," not estimation, is subject to certain

reproducibility requirements. See USPTO's IQG, Section IV, 7 ("reproducibility" means the "information is capable of being substantially reproduced, subject to an acceptable degree of imprecision."). No correction is warranted for matters not involving "information." See USPTO's IQG, Section XI, A, 4, a.

Likewise, the IQA does not require the sort of sensitivity analysis that you seek in order to render estimates "objective." The USPTO has complied with the Paperwork Reduction Act and the IQA by providing well-supported estimates, as detailed in the ICR and Supporting Statement and further explained in this document.

**a. Burden estimates improperly use the median value of attorneys' fees rather than the mean (Issue 4.1)**

Citing 5 C.F.R. §1320.8(b)(3)(iii), you believe that OMB regulations mandate the use of mean, rather than median, values in burden estimations. I do not construe that regulation to require a particular arithmetic technique for calculating burden estimates. Nothing in the plain text of the regulation or the USPTO's IQG suggest that mean values are required or that an agency's use of median values is inappropriate. See San Luis & Delta-Mendota Water Auth. v. Salazar, 2010 WL 5422597, at \*88-93 (E.D. Ca. 2010) (holding that nothing in the IQA or the agency's guidelines on the IQA mandated how the agency conducted its calculations). 5 C.F.R. §1320.8(b)(3)(iii) simply requires an agency to provide "an estimate, to the extent practicable, of the average burden of the collection."

In estimating burden, the USPTO utilized the median professional hourly rate, rather than the mean hourly rate. As explained in the Supporting Statement, the USPTO considers that the median figure is an appropriate value upon which to base estimates given that attorneys charging above the median and below the median would be expected to participate in the process. Supporting Statement at 9. The Office's use of an average value in other burden estimations does not mandate the use of a mean value for the professional hourly rate. I find that the median rate is a reasonable tool to use in the estimation of burden and complies with the Office's IQG.

Paralegal rates were estimated at \$100 per hour. This figure was based, in part, upon the National Association of Legal Assistants 2008 Survey Report. See Table 3.2, page 1. I find that the Office's estimation in this regard is reasonable and needs no correction.

**b. Patent drawing cost estimates are based on improper statistical analysis (Issue 4.2)**

You criticize the USPTO's estimation of the mean patent drawing cost burden because you believe that the sample size was too small and because the Office did not disclose data sources and methods. To estimate the cost of patent application drawings, the USPTO conducted an online search of twelve random patent illustration firms who post their drawing fees online. The USPTO searched the costs for utility, design, and plant drawings. The plant drawing costs also included costs for photographs since both

photographs and drawings can be submitted. Since no costs were found for provisional application drawings, the costs found for the utility drawings were used for estimating the costs for provisionals.

After examining the various cost ranges (which included breakdowns for simple, average, and complex drawings), the USPTO took the lowest and highest costs found, added those costs together, and then calculated the average of that total to arrive at the per sheet cost. The patent illustration firms used in the online search were R & J Patent Drawing; Quality Patent Printing, Inc.; Precision Illustration; Patent Illustration & Design by Vincent; Inventia Patent Drafting; EPIC Creative Services; DPR Patent Drafting Co.; RAYFLECTAR Graphics; Rex Flowers Illustration; Big Sky Illustration; AM Patent Drawings; and Midwest Drafting.

I find that the USPTO's burden estimation of drawing costs comply with the USPTO's IQG and with applicable OMB regulations. There is no requirement to complete a "statistically valid survey" prior to formulating burden estimations, as you suggest. OMB has approved the USPTO's burden estimations for this ICR. Thus, I find no reason to correct cost estimates relating to patent drawing cost estimates.

**c. USPTO provides no source for the average number of drawings in patent applications (Issue 4.3)**

You seek disclosure of information relating to how the USPTO estimated the average number of drawing sheets in patent applications at page 18 of the Supporting Statement. As a starting point, the Office looked to numbers previously submitted to and approved by OMB. Using its expertise, the Office determined that the numbers did not require adjustment. To answer your question concerning what type of "average" the Office utilized, it was a "conditional average," such that applications containing no drawings were not included in the calculation of the average. I find that no correction is warranted.

**d. The excess fee data in Table 5 is incongruous with data in the rest of the Supporting Statement (Issue 4.4)**

As discussed in more detail at page 1 of this letter, projections for the number of responses per year is derived from the internal data collected from PALM and/or IFW and the data from previous iterations of the renewal process. In addition, the Office utilized financial receipts and other items provided by the Office of Finance. The data from column (b), Average Fee, in Table 5 is derived from 37 C.F.R. § 1.17. "Average" fees are used to estimate burden because applications containing excess claims will have a different numbers of excess claims. For example, one application may have 100 excess claims and would therefore pay a higher fee than an application containing only 10 excess claims. The "average" fee amounts approximate the fees paid, on average, by applicants making each of the filings listed in Table 5, assuming that each application contains some number of excess claims.

You point to documents provided during the course of a previous USPTO litigation as evidence that the Supporting Statement underestimates excess claim fees. As you note, those litigation documents covered a period of time preceding the filing of the Supporting Statement by several years. Rather than using outdated information, the USPTO instead made estimates, looking forward, to project excess claim fees over the next three years. The difference in time frame and the forward looking nature of the estimates explain the discrepancy with the litigation documents. I find that no correction is warranted in this regard.

**e. The USPTO's forward projections are flawed (Issue 4.5)**

You assert that the USPTO failed to estimate a rising number of responses in the projection of the number of utility and provisional applications filed, in contradiction to estimates for the budget proposal for FY11. The estimated number of responses appearing in the Supporting Statement reflects the USPTO's data through FY09, which is the data to which the USPTO had access at the time it prepared the Supporting Statement. At that time, the Office of Corporate Planning (OCP) forecasted -0.6% growth for FY10, 0.0% growth for FY11, and 2.9% growth for FY12. In addition, the Supporting Statement from the 2007 renewal somewhat overstated the number of estimated responses, because a reduction in filings was not foreseen at the time it had been prepared.

The fact that now, months after the Supporting Statement was prepared, the USPTO has different projections of growth does not render the Supporting Statement invalid. I find no reason to "correct" the projection estimates. As noted above, because estimations are not "facts" or "data," they are not "information" as defined in the USPTO's IQG. Moreover, in light of OMB's approval of the ICR, the vehicle for USPTO to update any changes in burden estimation (if warranted) is a change worksheet, rather than a correction of the document previously submitted to OMB.

You also argue that the USPTO's estimations should have taken into account an increase in the Consumer Price Index (CPI). The USPTO has not adjusted regulatory patent fees to account for an increase in the CPI since FY09. See 73 Fed. Reg. 47534 (Aug. 14, 2008). Your statement that the Office provides "[n]o objective support . . . . for the apparent assumption that CPI will break from its traditional growth trend and remain constant" is inaccurate. No correction is warranted to account for the CPI.

You assert that the 2008 hourly rate utilized by the AIPLA economic survey report should be adjusted upward since the burden estimations cover a future time frame from 2011 to 2013. The USPTO will consider your suggestion in future ICR renewals, but given the currently flat CPI, it does not adopt such an approach at this time. I do not find any correction on this basis warranted.

**f. The AIPLA Report does not meet IQA standards and therefore cannot be relied upon (Issue 4.6)**

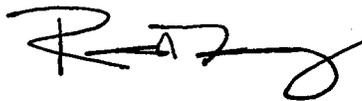
In providing estimates of burden hours, the USPTO sometimes referenced the AIPLA economic survey report, as a benchmark for the estimates. Under the USPTO's IQG, the AIPLA economic survey report is not a "dissemination" of information. The Guidelines state that "dissemination" means an "agency initiated or sponsored distribution of information to the public." USPTO's IQG, Section IV, A, 1. Subsection (a) further defines "agency initiated distribution of information to the public" to mean "information that the agency distributes or releases which reflects, represents, or forms any part of the support of the policies of the agency." *Id.* at Section IV, A, 1, a. The USPTO did not distribute or release the AIPLA economic survey report.

Likewise, the AIPLA economic survey report does not qualify as an "agency sponsored distribution of information" under Subsection (b) of the Guidelines, which "refers to situations where the agency has directed a third party to distribute or release information, or where the agency has the authority to review and approve the information before release." *Id.* at Section IV, A, 1, b. The USPTO did not commission the report, had no input into the structure of the report and does not rely exclusively upon the results of the report to arrive at estimates. No correction of the documents is required because USPTO utilized the AIPLA economic survey report in formulating some burden estimations.

In summary, upon careful review of your letter, I do not find that any information disseminated in the ICR or the Supporting Statement requires corrective action at this time. Thank you for your interest in the issues surrounding the Office's renewal of ICR 0651-0032.

You may appeal my denial of your request within 60 calendar days. Please refer to the USPTO's IQG, Section XI (Affected Person Responsibilities), for appeal procedures.

Sincerely,



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