

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
PETITION FOR RULEMAKING UNDER 5 U.S.C. § 553(e)
TO LIMIT THE USE OF RULE 2.189
AND
TO INITIATE RULEMAKING UNDER 5 U.S.C. § 553(b)-(d)

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I. INTRODUCTION

This is a Petition for rulemaking pursuant to 5 U.S.C. § 555(e) asking that the United States Patent and Trademark Office (the “USPTO”) temporarily suspend implementation of newly-promulgated Rules 2.2(o), 2.2(p), and 2.189 to the extent they require providing physical address information from applicants. These rules were added to the Trademark Rules of Practice without proper rulemaking procedure. As currently implemented, the USPTO is putting the personal safety of many trademark applicants and registrants at significant risk and unnecessarily creating obstacles for many applicants in a way that disadvantages poorer and more vulnerable applicants. Further, the USPTO failed to comply with various other statutory requirements such that the rules were issued without observance of procedure required by law, and enforcement is contrary to law.¹ The USPTO should refrain from enforcing these rules until there has been a lawful rulemaking process that provides the public with the opportunity to comment on the appropriate scope of the rules and that demonstrates that the USPTO adheres to the rule of law.

This petition is submitted by the Software Freedom Conservancy, Inc., a 501(c)(3) not-for-profit organization incorporated in New York. Software Freedom Conservancy helps promote, improve, develop, and defend Free and Open Source Software (FOSS) in pursuit of ethical technology. As part of its charitable mission, it provides a supportive community and financial support for the development of technical skills by those who face systematic bias or discrimination, such as many women, transgendered individuals, and African and native Americans, groups that are significantly and disproportionately impacted by the new rules and their implementation. It also represents the interests

1 5 U.S.C. § 706(2)(A) and (D).

of people who make new software for the purpose of taking control of critical technology that may otherwise be exploitative or against the public interest.

II. SUMMARY OF THE RECENT RULEMAKING PROCESS

On February 15, 2019, the USPTO published a Notice of Proposed Rulemaking (NPRM).² The stated reason for the rule was to require that applicants, registrants, or parties to a proceeding who are not domiciled in the United States be represented by a U.S. attorney in good standing.³ The rationale for the new rule was to “(1) instill greater confidence in the public that U.S. registrations that issue to foreign applicants are not subject to invalidation ... and (2) enable the USPTO to more effectively use available mechanisms to enforce foreign applicant compliance with statutory and regulatory requirements in trademark matters.”⁴ The NPRM did not mention any purpose that related to U.S. citizens or U.S. domiciled applicants or registrants.

The NPRM only mentioned the amendment of six existing rules: 37 C.F.R. §§ 2.2, 2.11, 2.17, 2.22, 2.32 and 11.15.⁵ It did not propose adding any rules.⁶ None of the descriptions of the proposed changes suggest that the rulemaking would make any change to the USPTO’s past practices with respect to U.S. citizens or U.S. domiciled applicants or registrants.⁷

The USPTO received 38 comments on the NPRM.⁸ None of those comments addressed the potential impact of requiring domicile information from represented applicants/registrants or U.S. applicants/registrants, presumably because there was nothing in the NPRM suggesting that the rule changes would have any effect on these parties.

The Final Rule notice promulgated by the USPTO included an altogether new rule, one that had not been in the NPRM:⁹

2 U.S. Patent and Trademark Office, Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants, Notice of Proposed Rulemaking, 84 Fed. Reg. 4,393 (Feb. 15, 2019) [hereinafter “NPRM”].

3 NPRM at 4,393, col. 3.

4 NPRM at 4,394, col. 2; *see also* NPRM at 4,400, col. 1.

5 *Id.* at 4,399, col. 1-2.

6 *Id.* at 4,402-03.

7 *Id.* at 4,399. *See, e.g.*, the description of the most substantial change, to Rule 2.22, which mentions only affecting foreign applicants and registrants: “The USPTO proposes to amend § 2.11 to change the title to ‘Requirement for representation,’ to delete the first sentence, to include the remaining sentence in new § 2.11(a) and to add § 2.11(b)–(e), which set out the requirements regarding representation of applicants, registrants, or parties to a proceeding whose domicile or principal place of business is not located within the U.S. or its territories.”

8 Comments on Proposed Rulemaking to Require Foreign-Domiciled Trademark Applicants and Registrants to Use a U.S.-Licensed Attorney, USPTO, <https://www.uspto.gov/trademark/trademark-updates-and-announcements/comments-proposed-rulemaking-require-foreign-domiciled> (last visited Aug. 9, 2019).

9 U.S. Patent and Trademark Office, *Requirements of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants, Final Rule*, 84 Fed. Reg. 31,498, 31,511 (July 2, 2019) [hereinafter “Final Rule”].

■ 7. Add § 2.189 to read as follows:

§ 2.189 Requirement to provide domicile address.

An applicant or registrant must provide and keep current the address of its domicile, as defined in § 2.2(o).

The NPRM expressly concedes that this is an altogether new rule that was needed because the then-current rules did not allow for the collection of this information:¹⁰

Further, to authorize the USPTO to require an applicant or registrant to provide and maintain a current domicile address, the USPTO codifies a new regulatory section at 37 CFR 2.189.

As proposed in the NPRM, the Final Rule notice also adds entirely new §§ 2.2(o) and (p) to define “domicile” and “principal place of business” as follows:

■ 2. Amend § 2.2 by adding paragraphs (o) and (p) to read as follows:

§ 2.2 Definitions.

* * * * *

(o) The term *domicile* as used in this part means the permanent legal place of residence of a natural person or the principal place of business of a juristic entity.

(p) The term *principal place of business* as used in this part means the location of a juristic entity's headquarters where the entity's senior executives or officers ordinarily direct and control the entity's activities and is usually the center from where other locations are controlled.

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There was no “general statement of the basis and purpose” given for the addition of new rule 2.189, as required by 5 U.S.C. § 553(c). The only statement about the addition was “The USPTO adds § 2.189 to require applicants and registrants to provide and keep current their domicile addresses.”¹²

10 Final Rule at 31,500 col. 3; Final Rule at 31,506, col.3.

11 *Id.* at 31,510, col. 1.

12 *Id.* at 31,506, col. 3.

The USPTO also stated that in “many” applications the address information was not legitimate, incomplete or inaccurate, but did not further quantify the frequency beyond “many.”¹³

Prior to this rulemaking, the USPTO accepted a mailing address as the domicile.¹⁴ There was no suggestion in the NPRM that this would change. Because there was no mention that this practice would change, there also was no discussion in the NPRM or the Final Rule about what impact this change might have on applicants.

The USPTO has also published its Examination Guide 4-19,¹⁵ twice. The Revised Exam Guide explains how the USPTO will be implementing the new rules. The USPTO is now requiring a street address for *every* applicant/registrant, not just foreign applicants.¹⁶ The USPTO will not allow a U.S. applicant/registrant to use a post office box, “care of” address, or “other similar variation” as an address for an application or registration.¹⁷ Disclosing a street address is required whether or not the applicant/registrant is already represented by counsel.¹⁸

The Revised Exam Guide states that the USPTO can further ask for documentation showing that the address is applicant’s or registrant’s address of residence (for an individual) or business headquarters (for a juristic entity).¹⁹ The USPTO has been implementing this guidance by asking for information such as rental agreements, insurance policies, and utilities bills.²⁰

The USPTO is not clear about which addresses will be acceptable and which will not be. The USPTO refers only a “post-office box” but does not state whether it means a box at a United States Post Office or a box at the UPS Store, which has a street address but also boxes for receiving postal mail. The USPTO has not stated whether a “care of” or “other similar variation” includes the addresses of Regus or WeWork, co-working spaces commonly used by start ups as their headquarters.

13 *Id.* at 31,500, col. 1.

14 *See, e.g.*, Trademark Manual of Examining Procedure § 803.05 (Oct. 2018) (“The written application must specify the applicant’s mailing address. 37 C.F.R. §2.32(a)(4). Addresses should include the United States Postal Service ZIP code or its equivalent for addresses outside the United States. The applicant’s address may consist of a post office box.”)

15 *Examination Guide 4-19 Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants*, (Aug. 2019) (no longer available); *Examination Guide 4-19 (Revised) Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants*, <https://www.uspto.gov/sites/default/files/documents/Exam%20Guide%2004-19.pdf> (Sep. 2019) [hereinafter “Revised Exam Guide”].

16 Revised Exam Guide at I (“All applications must include the applicant’s domicile address.”)

17 *Id.* at I.A.

18 *Id.*

19 *Id.*

20 *Id.* at I.A.2, *see also, e.g.*, Application Ser. No. 88/437,575, Aug. 16, 2019 Office Action, <http://tsdr.uspto.gov/documentviewer?caseId=sn88437575&docId=OOA20190816164919#docIndex=0&page=1>.

The Revised Exam Guide added a new provision not found in the original Exam Guide, which is a mechanism that will allow an applicant to seek a waiver of the publication of their street address.²¹ First, this mechanism sets up a class system, where those who have suffered hardship in their lives must now pronounce it publicly in a trademark application. Further, a waiver will be granted only in an “extraordinary” situation and the USPTO does not provide any information about what it might consider “extraordinary.”²² If a person has moved away from a jurisdiction where the person has a restraining order, will the person no longer be allowed to keep their residential address private? Is being moderately well-known or famous in a niche field “extraordinary”? Is the voluntary practice of never publishing one’s home address “extraordinary”? Working with regimented governmental agencies is already challenging, but there can be little in life more distressing than knowing that your very life may be at risk but you cannot convince a governmental agency that your situation is one that meets their definition of “extraordinary.”

III. REQUIRING PRIVATE INFORMATION FROM APPLICANTS/REGISTRANTS CAUSES MORE HARM THAN GOOD

The USPTO’s desired outcome for the rulemaking—reduction in questionable applications, which it states are statistically more likely to be from a foreign entity—is laudable. However, the sole purpose given for the rulemaking was to identify *foreign* applicants and impose a duty on them to be represented by U.S. counsel. If an applicant or registrant already has a U.S. attorney (or hires an attorney after being advised of the requirement), then the USPTO does not need any domicile information to ascertain whether an applicant or registrant is foreign and therefore required to have an attorney – the applicant already has one. Rules 2.2(o), 2.2(p) and 2.193 as promulgated and implemented are therefore not rationally related to the purpose given in the NPRM and Final Rule notice.

Further, requiring physical address information puts many individuals at significant risk of personal harm. Unfortunately some individuals have to go to great lengths to hide their residential address because they have stalkers, dangerous former partners, or simply have stated unpopular public opinions for which they received colorable threats to their physical well being.²³ The risk is so well-known that many states have Address Confidentiality Programs to protect the whereabouts of survivors of violence, abuse and stalking.²⁴ A requirement that victims must disclose their residential information in a publicly accessible database puts these individuals at great risk.

Take for example a mother of small children who recently successfully ended an abusive relationship. She elects to start a home business so she can earn income as the sole support of her family. As a new small business owner she wants to register the trademark for her business but this small step, a symbol of a new beginning and the tangible ownership of an important business asset, is

21 *Id.* at I.A.4.

22 *Id.*

23 *See, e.g.,* Stephen Totilo, *Bomb Threat Targeted Anita Sarkeesian, Gaming Awards Last March*, <https://kotaku.com/bomb-threat-targeted-anita-sarkeesian-gaming-awards-la-1636032301> (Sep. 17, 2014).

24 National Center for Victims of Crime, Stalking Resource Center, *Address Confidentiality Program*, <https://victimsofcrime.org/our-programs/past-programs/stalking-resource-center/help-for-victims/address-confidentiality-programs> (last visited Aug. 1, 2019).

foreclosed to her because filing an application will reveal to her abuser where she and her children sleep.

The concern is not limited to individuals or sole proprietorships. Increasingly, businesses are operated virtually without any physical office.²⁵ However, the rulemaking defined “domicile” as “where the entity’s senior executives or officers ordinarily direct and control the entity’s activities and is usually the center from where other locations are controlled.”²⁶ Where a business is operated virtually, the entity’s activities are most likely controlled from a residential address, subjecting the individuals to the same risk as individual applicants and sole proprietorships. This risk of harm is true for both U.S. and foreign applicants.

The promise of technology is that it can give anyone opportunities from anywhere. However, the new rules and their implementation may altogether prevent registration by those financially disadvantaged. The poorer the individuals involved in the enterprise are, the less likely they will be able to afford business offices for their new business. Additionally, charities increasingly make the most of their lean resources by forgoing rent on a physical space. What if the applicant lives in a homeless shelter? What if one is living with a sister? Mortgages, rental agreements, insurance policies and utility company bills may be issued in one person’s name, meaning that other occupants of the residence cannot prove they reside there. The applicant will not be able to register their trademark because they cannot satisfy the USPTO’s requirements for proof of domicile.

This also has profound impact for organizations that may have a substantial interest in keeping their location private. For example, shelters for women who are victims of domestic and other violence must weigh the risks carefully as to whether they disclose their location or not.²⁷

There are more mundane reasons for using a post office box, “care of” address, or “similar variation.” Businesses may use a post office box so they can control who handles incoming mail, so they won’t lose important mail when their physical location changes, or to ensure that the mail remains in a secure location until it is retrieved. A person may travel a lot and use a mail forwarding service so that they receive their mail in a timely manner at a temporary address. Because of these new rules, the USPTO may well be mailing Registration Certificates that will never reach their intended recipient because they were mailed to an address where someone does not actually receive mail. Children (who can also be trademark applicants) may use a “care of” address of their parents or other adult. The Commissioner of Trademarks’ address is a post office box. The above-mentioned Address Confidentiality Program laws often use a post office box as a substitute address for documents as important as driver’s licenses and voter registration, so that a victim can avoid disclosing their home address to their abuser.²⁸

25 2018 Global State of Remote Work, OwlLabs, <https://www.owllabs.com/state-of-remote-work> (last visited Sep. 9, 2019) (stating that 16% of all companies globally are now fully remote).

26 Final Rule at 31,510, col. 1.

27 Pam Belluck, *Shelters for Women Disclosing Their Locations, in Spite of Risk*, N.Y. Times, <https://www.nytimes.com/1997/08/10/us/shelters-for-women-disclosing-their-locations-in-spite-of-risk.html> (Aug. 10, 1997).

28 See, e.g., Alex Padilla California Secretary of State, About Safe at Home, <https://www.sos.ca.gov/registries/safe-home/about-safeathome/> (last visited Sep. 2, 2019) (stating that California provides a free post office box); Address Confidentiality Program, New York Department of State, <https://www.dos.ny.gov/ACP/> (last visited Aug. 9, 2019) (stating that the participant’s legal documents will have a substitute address of a post office box in Albany, New York); Ken Paxton Attorney General of Texas, Ad-

The new rules and their implementation have a significant impact on privacy in general. There are multiple web sites that aggregate personal data, making it easier than ever to find out information about where people live, whether they have a mortgage and how much, and a whole host of other information.²⁹ These websites are becoming more established and easier to search. Every day new ways to collect detailed personal information about people are created which, when cross-referenced with public records of people's addresses, make it trivial to de-anonymize data when the subject had no intention or knowledge that such personal information would be made public.³⁰ For people with more common names, tying an applicant's address to a business name and brand will give an attacker the last piece of the puzzle. Any governmental collection and publication of this kind of identifying personal information must anticipate this use.

The rest of the world has recognized that an individual's right to privacy has become of paramount concern in today's society. The European Union leads the world in promulgating laws for the protection of personal information.³¹ California recently followed suit.³² As far back as 2012 the Federal Trade Commission recommended giving consumers the ability to make decisions about their data.³³ However, the USPTO has taken a dramatic step in the opposite direction without any examination or explanation why it must expose the most private of information, where one sleeps, to the public at large.

dress Confidentiality Program, <https://www.texasattorneygeneral.gov/crime-victims/services-crime-victims/address-confidentiality-program> (last visited Sep. 2, 2019) (stating that Texas provides a post office box address).

29 See, e.g., Kate Cox, *It's Creepy, But Not Illegal, For This Website To Provide All Your Public Info To Anyone*, Consumer Reports, <https://www.consumerreports.org/consumerist/its-creepy-but-not-illegal-for-this-website-to-provide-all-your-public-info-to-anyone/> (May 4, 2018); portlandmaps.com (providing aggregated information on addresses in Portland, Oregon).

30 See, e.g., Paul Ohm, *Broken Promises of Privacy: Responding to the Surprising Failure of Anonymization*, 57 UCLA L. Rev. 1701 (2010) (describing how deanonymized data can be reidentified); Daniel Kondor, Behrooz Hashemian, Yves-Alexandre de Montjoye, and Carlo Ratti, *Towards Matching User Mobility Traces in Large-Scale Datasets*, IEEE Xplore, <https://ieeexplore.ieee.org/document/8470173/authors#authors> (Sep. 24, 2018); Jennifer Valentino DeVries, Natasha Singer, Micheal H. Keller and Aaron Krolik, *Your Apps Know Where You Were Last Night, and They're Not Keeping It Secret*, N.Y. Times, <https://www.nytimes.com/interactive/2018/12/10/business/location-data-privacy-apps.html> (Dec. 10, 2018).

31 Regulation (EU) 2016/679, of the European Parliament and the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), 2016 O.J. (L 119) 1 at arts. 22, 13, 14, 15

32 California Consumer Privacy Act of 2018, Cal. Civ. Code § 1798.100 et seq.

33 Federal Trade Commission, *Protecting Consumer Privacy in an Era of Rapid Change: Recommendations For Businesses and Policymakers* i, <https://www.ftc.gov/sites/default/files/documents/reports/federal-trade-commission-report-protecting-consumer-privacy-era-rapid-change-recommendations/120326privacyreport.pdf> (March 2012).

IV. THE FINAL RULE IS UNENFORCEABLE FOR MULTIPLE FAILURES TO OBSERVE RULEMAKING LAW

A. Violation of the Administrative Procedure Act: the New Rules and Their Implementation Are Arbitrary, Capricious and Not in Accordance With Law

Agency actions may not be “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.” 5 U.S.C. § 706(2)(A). An agency rule will be arbitrary and capricious if the agency has, *inter alia*, entirely failed to consider an important aspect of the problem or offered an explanation for its decision that runs counter to the evidence before the agency, or is so implausible that it could not be ascribed to a difference in view or the product of agency expertise.³⁴

A requirement that every applicant provide a street address is arbitrary and capricious. The Trademark Act states that a trademark application “shall include specification of the applicant’s domicile and citizenship”³⁵ The trademark application forms include fields for domicile and citizenship and prior to this rulemaking a mailing address was all that was needed to satisfy this requirement.³⁶ Never before has registration required a street address or evidentiary proof of domicile. The proof is in the fact that the USPTO had to create a new rule in order to collect the information.³⁷ The sufficiency of a mailing address likely was because any more information is irrelevant to registration: foreign applicants, with foreign addresses, may register trademarks in the United States. With respect to U.S. applicants and registrants, whether or not they can afford to rent an office or where they reside is not an indicator of their legitimacy or any indication of their intent. The requirement that applicants and registrants provide street addresses therefore can have nothing to do with registrability.

Further, any address, whether street address or post office box, has no relationship whatsoever to whether an applicant or registrant has retained a lawyer. Where any party is already represented, no further information is required for the USPTO’s purpose for the rulemaking to have been met. It is therefore arbitrary and capricious to require information from any represented applicant, whether U.S. or foreign.

Before promulgating a rule an agency must have examined the relevant data and articulated a satisfactory explanation for its action, including a rational connection between the facts found and the choice made.³⁸ One scours the NPRM and the Final Rules for any data on whether or how the absence of street addresses is related to the problem to be solved by the rulemaking. There is also no explanation how requiring a street address, rather than a post office box, “‘care of’ address or other similar variation” will reduce the number of fraudulent or inaccurate claims in a trademark application, whether the applicant is U.S. or foreign. All kinds of addresses are equally susceptible to falsification, or to having

34 *Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983).

35 Trademark Act of 1946 (as amended) § 1, 15 U.S.C. 1051(a)(2) (2012).

36 *See, e.g.*, Trademark Manual of Examining Procedure § 803.05 (Oct. 2018) (“The written application must specify the applicant’s mailing address. 37 C.F.R. §2.32(a)(4). Addresses should include the United States Postal Service ZIP code or its equivalent for addresses outside the United States. The applicant’s address may consist of a post office box.”)

37 Final Rule 31,500, col. 3 (“Further, to authorize the USPTO to require an applicant or registrant to provide and maintain a current domicile address, the USPTO codifies a new regulatory section at 37 CFR 2.189.”)

38 *Nat'l Fuel Gas Supply Corp. v. F.E.R.C.*, 468 F.3d 831, 839 (D.C. Cir. 2006).

occupants at a residential address willingly serve as a mail drop. Quite possibly nothing will be accomplished by requiring street addresses except to put applicants and registrants at greater risk due to the exposure of their personal information.

The USPTO may be trying to find a solution to a problem that does not have a solution: every address used legitimately by a person or company can also be used illegitimately. However, at its least harmful the new requirement removes the opportunity to protect one's personal information from disclosure, a requirement that is against the weight of international law, state law and the U.S. government's own guidance. At its most harmful, it creates a significant risk of bodily harm.

The balance of the potential harm to applicants and the potential benefit to the trademark registration system risk is undoubtedly open to debate, but the USPTO's rulemaking process failed to invite comment on, consider, or weigh *any* countervailing reasons why it would be inadvisable to require a street address. The USPTO therefore has not properly promulgated the new rules.

B. Violation of the Administrative Procedure Act: the New Rules and Their Implementation Are Not a "Logical Outgrowth" of the Regulations Proposed in the NPRM

If a final rule is not a "logical outgrowth" of the rule as proposed, then the change requires a new round of notice and comment.³⁹ The fact that the rule change is in response to the public comments does not excuse the agency from this requirement.⁴⁰

There is no logical antecedent in the NPRM for Rule 2.189 in the Final Rule. The NPRM stated expressly that the purpose was "to require applicants, registrants, or parties to a proceeding *whose domicile or principal place of business is not located within the United States (U.S.) or its territories ... to be represented by an attorney ...*"⁴¹ There was no mention or suggestion whatsoever in the NPRM that there would be any impact on *U.S. domestic* applicants or registrants. It was therefore unforeseeable from the NPRM that the USPTO would add in the Final Rules a new, very broad rule allowing the USPTO to seek evidence of a U.S. applicant's residence at all and further that, contrary to its past practices, a post office box or "care of" address would no longer be acceptable.

The NPRM was also specifically limited to the purpose of ensuring that foreign applicants were represented by counsel. It was therefore unforeseeable from the NPRM that a represented applicant or registrant would be asked for documentation of their domicile information, to be denied a registration if it fails to comply.

For these reasons, this rule is not a "natural outgrowth" of the rulemaking process and therefore the rule was improperly promulgated and is unenforceable.

39 *Mid Continent Nail Corp v U.S.*, 846 F.3d 1364, 1373–74 (Fed. Cir. 2017).

40 *Id.*

41 NPRM at 4,393, col. 3 (emphasis added).

C. Violation of the Paperwork Reduction Act: the Rules Add Substantial Burden, But the USPTO Stated That No New Burden Exists

The Paperwork Reduction Act (PRA)⁴² and implementing regulations⁴³ promulgated by the Office of Information and Regulatory Affairs (OIRA) within the Office of Management and Budget (OMB) protect the public from burdensome regulations that involve any activity involving “collection of information” or submission of paperwork by or on behalf of an agency. The Act requires “Agencies ... to minimize the burden on the public to the extent practicable.”⁴⁴ It requires agencies to do several specific analyses, including asking the public for specific feedback, before promulgating any new rule of general applicability that requires submission of paperwork. In the context of the USPTO, the Paperwork Reduction Act covers essentially all USPTO rulemaking and essentially all papers that must be filed.

The NPRM and Final Rule notice concede that burdens cognizable under the Paperwork Reduction Act are altered or added. For example, the Final Rule notice states:

P. Paperwork Reduction Act: This rulemaking involves information collection requirements that are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.). The collection of information involved in this rule has been reviewed and previously approved by OMB under control numbers 0651-0009, 0651-0050, 0651-0051, 0651-0054, 0651-0055, 0651-0056, and 0651-0061. We estimate that 41,000 applications will have an additional burden of 5 minutes due to this rulemaking, adding in 3,000 burden hours across all trademark collections.

The USPTO’s statement that “The collection of information involved in this rule has been reviewed and previously approved by OMB” is inaccurate. Review of the relevant Paperwork Reduction Act pages at the web site for the Office of Management and Budget show that the USPTO did not file anything relating to this rulemaking and its new information collection burden as it was required to do.⁴⁵ The USPTO must have known that the statement was inaccurate – the Final Rule notice states that “41,000 applications will have an additional burden of 5 minute due to this rulemaking, adding in 3,000 burden

42 44 U.S.C. §§ 3501–3520.

43 5 C.F.R. Part 1320, especially §§ 1320.5, 1320.8, 1320.9, and 1320.11.

44 *Dole v. United Steelworkers of America*, 494 U.S. 26, 32 (1990), citing 44 U.S.C. § 3507(a)(1).

45 See Office of Information and Regulatory Affairs, *OMB Control Number History*, <https://www.reginfo.gov/public/do/PRAOMBHistory?ombControlNumber=0651-0009,-0050,-0051,-0054,-0055,-0056,-0061> (last visited Sep. 1, 2019) (showing that none of the cited control numbers reflect any filing during the relevant time periods for relevant information collections, let alone approval of 37 C.F.R. § 2.189).

hours across all trademark collections.⁴⁶ However, the USPTO made not a single filing with OMB to update the paperwork burden.⁴⁷

The statistics the USPTO relied on for its claim that there was no substantial burden also conveniently told only part of the story. The Final Rule notice claimed that only 41,000 applications would have a 5-minute burden for a total of 6000 hours. The USPTO did not explain which 41,000 it was referring to, but, given that there were over 870,000 applications pending at the time the USPTO culled its data,⁴⁸ it is presumably the number of foreign pro se applications. First, the USPTO's calculation fails as a matter of arithmetic ($41,000 \times 5 / 60 = 3416.67$ hours). It also fails to include all the other applications, U.S. and foreign, that would be affected. Specifically it did not include:

- Data on the cost for attorneys to add their bar number, state of licensure, and a statement of good standing in most pending applications.⁴⁹ This requirement may involve filing a document that would have previously been unnecessary.⁵⁰ Assuming only half of the pending applications required this update by a separate paper, the total cost would be 870,000 applications / 2 x 20 minutes per paper = 145,000 hours, at \$36.2 million.
- Data on the number of applicants that use post office box "care of" or "similar variation" addresses who will now receive an Office Action requiring different address information.⁵¹ Assuming 10% of applications receive an Office Action requiring a response with updated address information, the total cost would be 870,000 applications / 10 x 20 minutes per paper = 29,000 hours, at \$7.2 million.
- Data on the cost for applicants and attorneys to provide documentation proving their domicile.⁵² Assuming 5% of applications receive an Office Action requiring proof of domicile, the total cost would be 870,000 applications / 20 x 30 minutes per paper = 21,750 hours, at \$5.4 million.

46 Final Rule at 31,500.

47 See Office of Information and Regulatory Affairs, *OMB Control Number History*, <https://www.reginfo.gov/public/do/PRAOMBHistory?ombControlNumber=0651-0009,-0050,-0051,-0054,-0055,-0056, and -0061> (last visited Sep. 1, 2019) (showing that none of the cited control numbers have been updated since 2018 or earlier).

48 USPTO Data Visualization Center Trademarks Dashboard, <https://www.uspto.gov/dashboards/trademarks/main.dashxml> (last visited Sep. 9 2019).

49 Revised Exam Guide at II ("The requirement for bar information is not tied to the domicile of the applicant and is required of all attorneys representing applicants at the USPTO, except as discussed above in Section I.B.1.")

50 Revised Exam Guide at I.A.2.a (describing how applicant who must respond to an Office Action must first file a TEAS Revocation, Appointment, and/or Change of Address of Attorney/Domestic Representative form and then submit a response to the Office Action).

51 Revised Exam Guide at I.A (describing requirement to provide street address).

52 Revised Exam Guide at I.A.2 (describing requirement to submit proof to the USPTO during trademark examination).

- Data on the cost of asking for a waiver of the requirement to make a domicile public.⁵³ Assuming 1% of applications ask for a waiver, the total cost would be 870,000 applications / 100 x 30 minutes per paper = 4,350, at \$1.1 million.

Therefore a rational estimate of the costs the USPTO failed to consider is a total of almost \$50,000,000.

The USPTO further underestimated the number of foreign applicants who would be affected and therefore the cost of compliance. If, as the USPTO claims, there are foreign applicants using post office boxes and “care of” address, these individuals have not been counted in the USPTO’s summary of foreign applications.⁵⁴

These are burdens the USPTO did not include in its reporting on the Paperwork Reduction Act.

Likewise, the NPRM and Final Rule notice fail to observe the procedural requirements under the Paperwork Reduction Act and its implementing regulations, *e.g.*, 44 U.S.C. §§ 3506 and 3507; 5 C.F.R. § 1320.5(d), § 1320.8(d)(1). For example, § 1320.8(d) requires an agency to ask four specific questions in its NPRM, and provide the public with 60 days to comment on any new regulation that demands paperwork. The USPTO did neither.

Because the USPTO never sought Paperwork Reduction Act clearance from OMB, OMB never issued a valid control number. Without a valid OMB control number for the information it proposes to collect as a result of the revised rules, the USPTO has no authority to enforce the rules (or any other paperwork to be collected under this Final Rule).⁵⁵

The PTO’s failure to make a good faith estimate of burden, and to instead incorrectly state that there is none, both invalidates the PTO’s legal authority to enforce the rule, 44 U.S.C. § 3512, and is deeply troubling as a matter of respect for the rule of law. The USPTO’s best alternative for correction today is to issue a “never mind” notice in the Federal Register, analogous to the notice the USPTO ran in 2008 to suspend enforcement of the patent appeal rules,⁵⁶ and start over again with a rulemaking that complies with the requirements of the law.

D. Violation of the Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA)⁵⁷ protects small businesses from excessively burdensome regulation. In addition, Executive Order 13,272⁵⁸ requires agencies to assess the impact that their

53 Revised Exam Guide at I.A.4.

54 Final Rule at 31,501, col. 3, 31,502 col. 1 (stating that the statistics given are for those listing a domicile or address outside the United States).

55 44 U.S.C. § 3512; 5 C.F.R. § 1320.6.

56 U.S. Patent and Trademark Office, *Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals; Delay of Effective and Applicability Dates, Final Rule; Delay of Effective and Applicability Dates*, 73 Fed. Reg. 74972 (Dec. 10, 2008).

57 5 U.S.C. §§ 601–612.

58 Executive Order 13282 (2002) (available at <https://www.sba.gov/advocacy/executive-order-13272-august-13-2002>).

proposed regulations will have on small entities. The RFA and Executive Order 13,272 are administered by the Small Business Administration, Office of Advocacy.⁵⁹

Courts have generally held that the RFA applies broadly to all direct economic “impacts” on small businesses, not just Paperwork burdens.⁶⁰ The RFA does not require agencies to minimize economic impacts, but only to fairly evaluate and account for them – the legislative history expresses the hope that if agencies are forced to account for the effects of regulation, they will seek to avoid promulgating poorly-tailored and excessively-burdensome regulations on small entities. Executive Order 13,272 fills that gap, and directs agencies to minimize impacts.

The NPRM and Final Rule both say “The costs to comply with the requirement proposed herein would be borne by foreign applicants, registrants, and parties. The [proposed requirement/rule] would not impact individuals or large or small entities with a domicile or principal place of business within the U.S.”⁶¹ That is simply not true; many U.S. domiciled applicants will have to provide different address information, some will have to provide actual evidence of domicile, and all U.S. domiciled applicants will have to absorb the cost of their attorney adding bar information.

The Final Rule also says the USPTO only estimated costs for representation “for pro se applicants and registrants with a domicile outside the U.S. or its territories.”⁶² The USPTO therefore did not include in its estimate those costs also borne by U.S. domiciled applicants and registrants described above. Taking only the matter of foreign applicants with U.S. addresses, the USPTO stated that there were 50,742 “foreign trademark filings” in 2017.⁶³ If we assume that a modest 15% of these applications are U.S. residents even though of foreign citizenship,⁶⁴ and that the average cost per response to provide proof of domicile is also a modest \$200, the PTO’s Regulation Flexibility Analysis estimate is low by \$1,500,000 per year for this single requirement alone. The agency’s cost estimate is therefore a significant underestimation of the costs to be borne by small businesses.

Finally, the USPTO neglected to consider impact on a large class of small entities: the lawyers. Most trademark attorneys work for small entity law firms. This regulation imposes significant new costs

59 Small Business Administration Office of Advocacy, <http://www.sba.gov/advo/> (last visited Sep. 10, 2019).

60 *American Federation of Labor v. Chertoff*, 552 F.Supp.2d 999, 1012 (N.D. Cal. 2007) (Regulatory Flexibility Act (RFA) analysis must consider economic impacts on small employers); *Home Builders’ Ass’n of Northern Cal. v. U.S. Fish & Wildlife Service*, 268 F.Supp.2d 1197, 1234 (E.D. Cal. 2003) (remanding rule because agency failed to analyze economic impact on small homebuilders of protecting snake habitat); *Harlan Land Co. v. U.S. Dep’t of Agriculture*, 186 F.Supp.2d 1076, 1097 (E.D. Cal. 2001) (rule vacated because agency’s investigation of the possible effects of introduction of agricultural pests on small farmers on was flawed); *Southern Offshore Fishing Ass’n v. Daley*, 55 F.Supp.2d 1336, 1338 (M.D. Fla. 1999) (regulatory flexibility analysis must consider economic costs to fishermen of replacing boats), *vacated by settlement*, *Southern Offshore Fishing Ass’n v. Mineta*, 2000 WL 33171005, 2000 U.S. Dist. Lexis 20496 (M.D. Fla. Dec. 7, 2000).

61 NPRM at 4,401; Final Rule at 31,508, col. 2.

62 Final Rule at 31,508.

63 Final Rule at 31,500.

64 This estimate is based on the number of applications in 2018 where the word “corporation” or “individual” was adjacent to the word “China” in the owner field and how many of those applications also had the name of a U.S. state in the owner field.

on small firm lawyers, costs that may not be recoverable (for example, under fixed fee arrangements). It also creates substantial new malpractice liability.

E. Violation of Executive Order 13771

The Final Rule notice reads as follows:

*E. Executive Order 13771 (Reducing Regulation and Controlling Regulatory Costs): This rule is not subject to the requirements of Executive Order 13771 (Jan. 30, 2017) because it is expected to result in no more than *de minimis* costs to citizens and residents of the United States.*

This representation is counterfactual or unlawful in several respects:

- The Final Rule notice adds a new regulation, 37 C.F.R. § 2.189, without repealing two others. The Executive Order 13771 section of the Final Rule notice does not inform OMB or the Department of Commerce that the PTO is not in compliance with the President’s regulatory budget concept.
- The representation of costs is false. The rule imposes significant, undisclosed costs as explained in IV.C and IV.D.
- Likewise, Executive Order 13771 requires an agency to consider *all* costs—there is no carveout in the Executive Order or OMB’s implementing guidance that empowers agencies to consider only effect on “citizens and residents of the United States.” Agencies do not have authority to effectively exempt themselves from laws by rewriting them.

V. REQUEST FOR RULEMAKING

The USPTO has authority to decide this Petition under at least 5 U.S.C. § 553(e) of the Administrative Procedure Act (“APA”), which provides that “[e]ach agency shall give an interested person the right to petition for the issuance, amendment, or repeal of a rule.” The Petitioner asks the USPTO to do so here.

The Petitioner firmly supports the USPTO’s goal of reducing the number of fraudulent or inaccurate registrations. However, the creation of the new rules 2.2(o) , 2.2(p) and 2.189 and their implementation in the Revised Exam Guide are beyond the USPTO’s statutory authority, and each was procedurally defective. Further, the failure of the USPTO to limit the rule to only the situation where a foreign applicant is unrepresented is arbitrary and capricious and in excess of statutory jurisdiction.

And all of these unnecessary and unlawful requirements come at great cost to applicants. By requiring residential addresses, victims of abuse and stalking are placed at significant risk of harm, small business is being disadvantaged, and ordinary businesses will have to adjust their mail handling practices. The USPTO has failed to consider these important aspects of the problem in its rulemaking and the rulemaking was therefore unlawful.

VI. CONCLUSION

The Federal Register notices leave no doubt that the USPTO did not consider the possibility that it would create so many problems when it added what perhaps to the USPTO seemed like a modest requirement. But that is what the rulemaking process is for, an opportunity to learn from those who might be affected and ensure that there is an appropriate balance of the problem to be solved against the interests of those affected by it. It is a step that was missed because the USPTO did not follow statutory instructions for amending its rules. The Petitioner therefore respectfully asks that the USPTO temporarily suspend implementation of newly-promulgated Rule Rules 2.2(o), Rule 2.2(p) and 2.189, and the Revised Exam Guide § 4-19 to the extent it requires providing physical address information, and to undertake a new notice and rulemaking process to add more appropriately constrained rules.

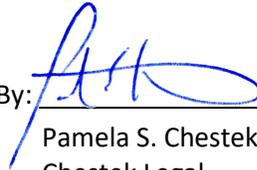
The Petitioner hopes for the courtesy of a response in 30 days.

Respectfully submitted,

SOFTWARE FREEDOM CONSERVANCY, INC.

Date: September 18, 2019

By: _____



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