



November 13, 2015

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 Intellectual Property Owners Association (IPO) regarding the U.S. Patent and Trademark Office's possible participation in a Department of Commerce shared services initiative. During the Patent Public Advisory Committee meeting on August 20, the USPTO disclosed that it is evaluating a shared services initiative for possible benefits to the USPTO's human resources, information technology (IT) and procurement functions. While IPO's members normally enthusiastically support efforts to improve and streamline the USPTO's IP-related services, as you plan this initiative we encourage you to keep in mind the potential negative impacts of any shared services arrangement on fee-paying users of the USPTO.

The USPTO is unique among Commerce Department bureaus in that it is fully funded by user fees paid by IPO members and others seeking patents and trademark registrations. The ability of the USPTO to keep all of its user fees was a cornerstone of the Leahy-Smith America Invents Act. Any new arrangement should not distort the intent of the AIA, slow its continued implementation, or lead to a new form of fee diversion. Being required to purchase services from other agencies could increase costs for the USPTO, as could the mandated provision of services to other agencies at less than USPTO's costs to provide them.

Even worse would be to require the USPTO to utilize services mismatched to its needs, regardless of their costs. The USPTO's needs in all three of the identified shared services areas are different from those of the other DOC agencies, and, in many respects, are unique to its mission. For example, the USPTO's IT needs are critical to the patent and trademark examinations it conducts, and are unlike those needed by these other agencies. The USPTO has been making good progress in modernizing its IT systems, adjusting its systems to handle the new demands created by the AIA, and developing information sharing systems that will improve patent quality through information sharing with the patent offices of the other IP5 countries. Its attention should not now be diverted from these critical projects by imposing shared services requirements that could slow the USPTO's progress and potentially diminish the quality of its work product. Similar concerns apply to the USPTO's procurement and human resources needs.

We appreciate the transparency which you have addressed this initiative thus far, and hope you will continue to share information about this initiative. Please let us know if IPO can be helpful as you decide how to proceed.

Sincerely,

[Handwritten signature of Philip S. Johnson]

Philip S. Johnson
President, IPO

cc: Bruce H. Andrews, Deputy Secretary of Commerce
Russ Slifer, Deputy Director U.S. Patent & Trademark Office

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