Richard B. Belzer

October 16, 2008

Mr. Nicholas A. Fraser
Desk Officer for the U.S. Patent and Trademark Office
Office of Information and Regulatory Affairs
Office of Management and Budget
Washington, DC 20503

RE: U.S. Patent and Trademark Office
Examination of Patent Applications That Include Claims Containing Alternative Language, RIN 0651-AC00

Dear Mr. Fraser:

I am writing to alert you to a serious problem concerning noncompliance by the U.S. Patent and Trademark Office (PTO) with the Paperwork Reduction Act (44 U.S.C. Chapter 35) and OMB's Information Collection Rule (5 C.F.R. Part 1320). On August 10, 2007, PTO published the above-referenced notice of proposed rulemaking in violation of 5 C.F.R. §§ 1320.8 and 1320.11.[1] Section 1320.8 concerns agencies' general duties for information collection review; subsection (a)(4) requires agencies to prepare "[a] specific, objectively supported estimate of burden." Section 1320.11 concerns agencies specific duties with respect to individual information collection requests; subsection (a) requires that the preambles to proposed rules include statements about practical utility and burden and invite the public to submit comments on these statements, both to the agency and to OMB.

PTO sidestepped both of these requirements in its notice of proposed rulemaking. The preamble contains a "certification" that the rule, if promulgated, contains no new paperwork burdens:

> The collections of information involved in this notice have been reviewed and previously approved by OMB under OMB control numbers: 0651-0031, and 0651-0032. The United States Patent and Trademark Office is not resubmitting the other information collections listed above to OMB for its review and approval because the changes in this notice do not affect the information collection

[1] U.S. Patent and Trademark Office, "Examination of Patent Applications That Include Claims Containing Alternative Language; Notice of proposed rule making," 72 Fed. Reg. 44992 (August 10, 2007).

> requirements associated with the information collections under these OMB control numbers.[2]

Certifications such as this comply with §§ 1320.8 and 1320.11 provided they are truthful.

PTO received numerous public comments contesting the validity of this certification, and PTO has implicitly conceded that it was false. On March 10, 2008, PTO published a notice and request for comment on an Initial Regulatory Flexibility Act (IRFA).[3] The notice does not reference the Paperwork Reduction Act at all, but nonetheless the IRFA acknowledges that the proposed rule contains significant information collection requirements and attendant paperwork burdens. Thus, even though this notice is styled as a second request for comment on the proposed rule, it also violates §§ 1320.8 and 1320.11:

- It does not contain burden estimates that comply with § 1320.8(a)(4);
- It does not include any request for comments on these paperwork burdens, as required by § 1320.11(a); and
- It does not include an invitation to submit such comments to OMB, also as required by § 1320.11(a).

Recently, PTO submitted a draft final rule for this regulatory action to OMB for review under Executive Order 12866. OMB cleared this rule, apparently unaware of PTO's serial Paperwork Act violations and previous violation of the Executive Order.[4] How this occurred is unclear. It is inconceivable, however, that OMB would knowingly consent to the abrogation of the law and its own regulations, and do so

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[2] 72 Fed. Reg. 44999.

[3] U.S. Patent and Trademark Office, "Examination of Patent Applications That Include Claims Containing Alternative Language; Proposed rule and request for comment on initial regulatory flexibility analysis," 73 Fed. Reg. 12679 (March 10, 2008).

[4] PTO published the notice of proposed rulemaking without submitting it to OMB for review under Executive Order 12866. OMB appears to have required PTO to submit the draft final rule for review, but failed to realize that the rule is economically significant. A review of the IRFA and public comments submitted to PTO show that the paperwork burdens alone likely exceed $100 million, with potentially billions of dollars in economic costs not accounted for, either because they are "indirect costs" (and thus exempt from the Regulatory Flexibility Act by operation of case law) or because they affect large entities.

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without advising the agency that it would be illegal to proceed without first curing its Paperwork Reduction Act violations.

PTO cannot legally enforce the paperwork requirements associated with a final rule if it is in violation of the Paperwork Reduction Act. The law is clear:

> (a) An agency shall not conduct or sponsor the collection of information unless in advance of the adoption or revision of the collection of information
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> (1) the agency has—
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> (A) conducted the review established under section 3506(c)(1);
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> (B) evaluated the public comments received under section 3506(c)(2);
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> (C) submitted to [OMB] the certification required under section 3506(c)(3), the proposed collection of information, copies of pertinent statutory authority, regulations, and other related materials as [OMB] may specify; and
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> (D) published a notice in the Federal Register—
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> (i) stating that the agency has made such submission; and
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> (ii) setting forth—
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> (I) a title for the collection of information;
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> (II) a summary of the collection of information;
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> (III) a brief description of the need for the information and the proposed use of the information;
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> (IV) a description of the likely respondents and proposed frequency of response to the collection of information;
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> (V) an estimate of the burden that shall result from the collection of information; and

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> (VI) notice that comments may be submitted to the agency and [OMB];…[5]

Considering just this subsection, (1) PTO did not competently conduct the review required by § 3507(a)(1)(A); (2) PTO's no-burden certification pursuant to § 3507(a)(1)(C) was false; (3) PTO did not evaluate public comments received on the proposed rule, as required by § 3507(a)(1)(B), because it never sought any; and (4) PTO did not publish the public notice required by § 3507(a)(1)(D).

Moreover, OMB cannot in good faith finesse PTO's multiple violations by belatedly and hastily approving an information collection (§ 3507(b)) and providing an OMB Control Number (§ 3507(c)). These are necessary, but they are not sufficient to make PTO's information collection legal. Subsections (a), (b), and (c) of § 3507 are linked by the conjunction "and," meaning that all three requirements must be satisfied.[6]

Good government requires that PTO fully comply with the Paperwork Reduction Act, and OMB is the Act's public guardian charged with enforcing agency compliance. Therefore, it is essential that PTO be formally and publicly directed not to promulgate the final rule, and instead to re-propose the rule in full compliance with the Paperwork Reduction Act.[7] If OMB fails to do so, PTO is likely to soon finalize an economically significant regulation containing an expensive and illegal information collection.[8] Patent applicants should be expected to defend the statutory rights granted by the law's public protection provisions.[9]

It has been federal policy for many years that the government's goal is to achieve zero illegal information collections. The frequency with which successive

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[5] 44 U.S.C § 3507(a).

[6] OMB's Information Collection Rule contains the same linkages. See 5 C.F.R. §§ 1320.5(a) and 1320.11(a).

[7] Good government also requires OMB to recognize that this rule is economically significant under Executive Order 12866, and direct PTO to prepare a Regulatory Impact Analysis as normally required for economically significant regulatory actions.

[8] OMB would be expected to include this rule in its annual report to Congress on the benefits and costs of federal regulation, Pub. L. No. 106-554, 31 U.S.C. § 1105 note.

[9] 44 U.S.C. § 3512, 5 C.F.R. § 1320.6. Providing an OMB Control Number despite PTO's serial violations of the law would eviscerate these public protection provisions.

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OIRA Administrators have had to remind senior agency officials of their responsibilities[10] indicates that mere memoranda provide insufficient encouragement. I am alerting you to these violations now to ensure that OMB can take more forceful action to prevent PTO from attempting to finalize this rule without having first published a proposed rule that fully complies with 44 U.S.C. §§ 3506 and 3707 (especially subsection (d)) and 5 C.F.R. §§ 1320.8 and 1320.11.

Sincerely,

[10] See, e.g., Donald R. Arbuckle (Acting Administrator, Office of Information and Regulatory Affairs), "Memorandum for Selected Chief Information Officers," May 10, 2006; John D. Graham (Administrator, Office of Information and Regulatory Affairs) and Jennifer Newstead (General Counsel), "Memorandum for Selected Chief Information Officers, General Counsels and Solicitors," March 12, 2005; John D. Graham (Administrator, Office of Information and Regulatory Affairs) and Jennifer Newstead (General Counsel), "Memorandum for Selected Chief Information Officers, General Counsels and Solicitors," September 27, 2004; John D. Graham (Administrator, Office of Information and Regulatory Affairs), "Memorandum for the Chief Information Officers," May 8, 2003; John D. Graham (Administrator, Office of Information and Regulatory Affairs), "Memorandum for Chief Information Officers," November 8, 2002; John D. Graham (Administrator, Office of Information and Regulatory Affairs), "Memorandum for Selected Chief Information Officers, General Counsels and Solicitors," June 6, 2002; and John D. Graham (Administrator, Office of Information and Regulatory Affairs) and Jay Lefkowitz (General Counsel), "Memorandum for Selected Chief Information Officers, General Counsels and Solicitors," November 14, 2001.

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