

No. _____

IN THE
Supreme Court of the United States

CHESTEK PLLC,

Petitioner,

v.

KATHI VIDAL, DIRECTOR, UNITED STATES PATENT AND
TRADEMARK OFFICE,

Respondent.

**On Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit**

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

The Patent and Trademark Office’s organic statute authorizes the agency to “establish regulations” that “govern the conduct of proceedings in the Office.” 35 U.S.C. § 2(b)(2). That authority is limited to issuance of “procedural” rules. *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335 (Fed. Cir. 2008). In 1999, Congress amended the provision to specify that regulations “shall be made in accordance with section 553 of title 5,” which generally prescribes notice-and-comment procedures for rulemaking. Pub. L. No. 106-113, App. I, 113 Stat. 1501A-552, 572–73 (1999). In the decision below, the Federal Circuit held that the PTO need not provide notice and comment for procedural rules promulgated under section 2(b)(2), thereby nullifying the statutory command that such regulations “shall be made in accordance with section 553.”

Accordingly, the question presented is:

Whether the PTO is exempt from notice-and-comment requirements when exercising its rulemaking power under 35 U.S.C. § 2(b)(2).

**PARTIES TO THE PROCEEDING
AND RULE 29.6 STATEMENT**

Petitioner Chestek PLLC was the appellant in the court of appeals proceedings.

Respondent Kathi Vidal, Director of the United States Patent and Trademark Office, was the appellee in the court of appeals proceedings.

Because no petitioner is a corporation, a corporate disclosure statement is not required under Supreme Court Rule 29.6.

STATEMENT OF RELATED PROCEEDINGS

This case directly relates to the following proceedings:

United States Court of Appeals (Fed. Cir.):

In re: Chestek PLLC, No. 2022-1843.

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PETITION FOR WRIT OF CERTIORARI

Chestek PLLC respectfully petitions for a writ of certiorari to review the judgment of the Federal Circuit in this case.

OPINIONS BELOW

The Federal Circuit’s opinion is reported at 92 F.4th 1105 and reproduced at App. 1. The opinion of the Trademark Trial and Appeal Board is available at 2022 WL 1000226 and reproduced at App. 17.

JURISDICTION

The judgment of the court of appeals was entered on February 13, 2024. App. 1. This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Patent Act provides that the PTO “may establish regulations, not inconsistent with law, which— (A) shall govern the conduct of proceedings in the Office; [and] (B) shall be made in accordance with section 553 of title 5.” 35 U.S.C. § 2(b)(2). The complete texts of 35 U.S.C. §§ 2–3 and 5 U.S.C. § 553 are reproduced at App. 51.

STATEMENT

Is the PTO subject to notice-and-comment rulemaking? Basically not, according to the decision below. The PTO’s organic statute authorizes the agency to “establish regulations” that “govern the conduct of

proceedings in the Office.” 35 U.S.C. § 2(b)(2)(A). Most PTO regulations are issued under this provision, which by its terms authorizes only procedural rules. *See Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1335 (Fed. Cir. 2008). In 1999, Congress amended the section to specify that those regulations “shall be made in accordance with section 553 of title 5,” which generally prescribes notice-and-comment requirements. 35 U.S.C. § 2(b)(2)(B); Pub. L. No. 106-113, App. I, 113 Stat. 1501A-552, 572–73 (1999). This is Congress’s standard method of requiring notice-and-comment rulemaking in circumstances, such as with benefits programs, where it would otherwise not be required.

In the decision below, however, the Federal Circuit held that the provision’s requirement that the PTO make rules “in accordance with section 553” accomplishes nothing because of section 553’s exception for “rules of agency organization, procedure, or practice,” 5 U.S.C. § 553(b)(A). This decision absolves the PTO of the pesky burden of notice-and-comment rulemaking “in a puff of logic.” Joseph Scott Miller, *Substance, Procedure, and the Divided Patent Power*, 63 Admin. L. Rev. 31, 65 (2011).

The Federal Circuit’s holding flouts the “cardinal rule of statutory interpretation” that Congress intends its statutes to mean something. *Nielsen v. Preap*, 139 S. Ct. 954, 969 (2019) (quotation marks omitted). Here, Congress amended the Patent Act specifically to mandate notice-and-comment rulemaking, and the decision below deprives that amendment of any force, nullifying it. It gives the PTO a green

light to ignore public comments on its proposals or never solicit public comments in the first place. As the Court has explained, the “benefits [of notice-and-comment rulemaking] [are] especially valuable when it comes to a program where even minor changes to the agency’s approach can impact millions of people and billions of dollars in ways that are not always easy for regulators to anticipate.” *Azar v. Allina Health Servs.*, 587 U.S. 566, 582 (2019). That describes the patent and trademark systems to a ‘t.’

The facts of this case illustrate as much. Petitioner challenges the validity of a PTO rule requiring trademark applicants to disclose their “domicile address”—*i.e.*, their home address—to the PTO. The PTO issued this requirement without providing any notice of or opportunity to comment on it, and was thus utterly blind to the havoc that this seemingly small change would cause. Most significantly, because a separate regulation requires the PTO to make trademark applications public, the domicile-address rule required the PTO to publicize the home addresses of victims of domestic violence and stalking, as well as celebrities and other public figures. The PTO spent months scrambling to clean up the damage caused by its ill-considered rule.

Pursuant to its general rulemaking authority in section 2(b)(2), the PTO wields significant authority over millions of patent and trademark applicants and owners. Congress amended the section to mandate notice-and-comment rulemaking to ensure that the PTO wields this authority in a well-informed and prudent

manner, but the decision below vitiates this critical safeguard. The petition should be granted.

A. Statutory Background

Since 1870, Congress has authorized the PTO to “establish regulations, not inconsistent with law” that “govern the conduct of proceedings in the Office.” 35 U.S.C. § 2(b)(2)(A); Act of July 8, 1870, ch. 230, § 19, 16 Stat. 198, 200. Although section 2(b)(2) is part of the Patent Act, it governs the agency’s general authority, including with respect to trademarks. *See* 35 U.S.C. § 2. While “a few other” statutory provisions authorize the PTO to issue regulations in “more specialized areas,” section 2(b)(2) is the PTO’s broadest and most frequently used rulemaking authority. 1 Moy’s Walker on Patents § 2:50 (4th ed.).

The PTO’s section 2(b)(2) power is limited to making rules that “govern the conduct of proceedings in the Office”—*i.e.*, procedural rules. 35 U.S.C. § 2(b)(2). The Federal Circuit has repeatedly held that section 2(b)(2) “does NOT grant the Commissioner the authority to issue substantive rules.” *Merck & Co., Inc. v. Kessler*, 80 F.3d 1543, 1550 (Fed. Cir. 1996); *see also Animal Legal Def. Fund v. Quigg*, 932 F.2d 920, 930 (Fed. Cir. 1991). “To comply with section 2(b)(2)(A), a Patent Office rule must be ‘procedural’.” *Cooper Techs. Co.*, 536 F.3d at 1335; *see also* Michael J. Burstein, *Rules for Patents*, 52 Wm. & Mary L. Rev. 1747, 1755 n.35 (2011). Thus, “[i]t is settled that Congress has given the Patent Office the power to issue procedural rules for patent examination at the Office, not substantive rulemaking power of the sort federal

agencies typically possess.” Miller, *supra*, at 32–33 & n.9.

The American Inventors Protection Act of 1999 amended section 2(b)(2) to require that rules promulgated under that section “shall be made in accordance with section 553 of title 5.” 35 U.S.C. § 2(b)(2)(B).¹ Section 553(b) generally requires agencies to provide the public with “notice of proposed rule making,” and section 553(c) requires agencies to afford the public an opportunity to comment on noticed proposals. 5 U.S.C. § 553(b)–(c). However, section 553(b) provides that it “does not apply” to, *inter alia*, “rules of agency organization, procedure, or practice”—that is, procedural rules. *Id.* § 553(b)(A).

Although the Federal Circuit would not review that amendment for some years, patent-law commentators recognized that it mandated the PTO undertake notice-and-comment rulemaking for procedural rules—the only kind of rules that the PTO has the general power to promulgate. *See, e.g.*, Joseph Scott Miller & James A. Hilsenteger, *The Proven Key: Roles and Rules for Dictionaries at the Patent Office and the Courts*, 54 Am. U. L. Rev. 829, 888 (2005) (“When the Patent Office promulgates a rule under this grant of power, it must use notice-and-comment rulemaking in accordance with the Administrative Procedure Act.”); Scott A. Turk, *The Proper Method for Using Dictionaries to Construe Patent Claims*, 6 Chi.-Kent

¹ Compare American Inventors Protection Act, Pub. L. No. 106-113, App. I, 113 Stat. 1501A-552, 572–73 (1999), with 35 U.S.C. § 6(a) (1994).

J. Intell. Prop. 43, 62 (2006) (“For the USPTO to promulgate this rule, it must do so under the notice-and-comment rulemaking in accordance with the Administrative Procedure Act.”); Sapna Kumar, *The Accidental Agency?*, 65 Fla. L. Rev. 229, 237 (2013) (“These procedural rules are promulgated through notice-and-comment rulemaking...”). Likewise, the only court to construe the amended provision, up until the decision below, held it to require notice-and-comment rulemaking for procedural rules. *Tafas v. Dudas*, 541 F. Supp. 2d 805, 812 (E.D. Va. 2008) (“[T]he structure of Section 2(b)(2) makes it clear that the USPTO must engage in notice and comment rulemaking when promulgating rules it is otherwise empowered to make—namely, procedural rules.”).

B. Factual Background

This case challenges a small component of a larger rulemaking. In one of its “biggest policy changes in decades,” the PTO commenced a rulemaking in 2019 principally directed at requiring foreign applicants to engage U.S. counsel to submit a trademark application. Eric Perrott, *All Foreign Trademark Applicants Must Hire U.S. Attorneys*, Gerben.² As with most PTO rules, the PTO issued the final rule pursuant to its general rulemaking authority in 35 U.S.C. § 2(b)(2). *See Requirement of U.S. Licensed Attorney for Foreign*

² Available at <https://www.gerbenlaw.com/blog/pro-se-foreign-applicants-must-hire-u-s-attorneys/> (last visited May 8, 2024).

Trademark Applicants and Registrants, 84 Fed. Reg. 31498, 31510 (July 2, 2019).

Nothing in the PTO’s notice of proposed rulemaking suggested that the agency was considering requiring any applicants to provide their domicile address, or that it was considering amendments that would have any impact on U.S. applicants. To the contrary, the notice explained that the proposed rule “would not impact individuals or large or small entities with a domicile or principal place of business within the U.S.” *Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants*, 84 Fed. Reg. 4393, 4401 (Feb. 15, 2019); *see also id.* (“The costs to comply with the requirement proposed herein would be borne by foreign applicants, registrants, and parties.”). The notice also stated that the proposed rule would “impose[] no new reporting or recordkeeping requirements.” *Id.* at 4400. In the final rule, however, the PTO required all trademark applicants, including U.S. applicants, to disclose their domicile address to the PTO. *See* 84 Fed. Reg. at 31511 (amending 37 C.F.R. § 2.32(a)(2)).

The final rule’s domicile-address requirement—which was quickly dubbed the “tell us where you sleep at night rule”—shocked the trademark community. *See e.g.*, Carl Oppedahl, *Current status of “tell us where you sleep at night?”* (May 29, 2020).³ The PTO had never required trademark applicants to disclose

³ Available at <https://blog.oppedahl.com/current-status-of-tell-us-where-you-sleep-at-night/> (last visited May 8, 2024).

their home addresses to the agency. Instead, it permitted applicants to submit a “mailing address” which “may consist of a post office box” or a care-of address. Trademark Manual of Examining Procedure (“TMEP”) § 803.05 (Oct. 2012).⁴

Because the PTO failed to provide notice of the domicile-address requirement, “trademark practitioners and the public [were not] given any input into the [requirement] and the unintended consequences it may cause.” Tim Lince, “*Shaky legal ground*”—*the unintended consequences of USPTO requests for proof of legal residence*, World Trademark Review (Aug. 28, 2019).⁵ And without public participation, the PTO failed to appreciate the serious concerns raised by the new requirement.

Most notably, PTO regulations require the agency to *publicize* applicant address information. See 37 C.F.R. § 2.27. This practice was noncontroversial prior to the final rule because applicants with privacy concerns could provide a P.O. box or care-of address. The new domicile-address requirement, however, would cause the agency to publicize the *home addresses* of thousands of individuals each year. The requirement therefore endangered many individuals, including celebrities and victims of domestic violence or stalking, and put all applicants at risk of scammers

⁴ Available at <https://tmep.uspto.gov/RDMS/TMEP/Oct2012#/> (last visited May 8, 2024).

⁵ Available at <https://www.lexology.com/library/detail.aspx?g=f5a239f9-7004-4fbb-a36b-007390393835> (last visited May 8, 2024).

and identity theft. *See* COA App. 127–128; *see also* Tim Lince, “*Your very life may be at risk*”—*USPTO urged to reconsider domicile requirement due to safety concerns*, *World Trademark Review* (Sept. 20, 2019).⁶

The PTO had to scramble to address the fallout of the domicile-address requirement. Six months after issuing the final rule, the PTO revised its trademark application to permit applicants to submit their domicile address privately. COA App. 13. The PTO also revised its Exam Guide and, later, its Trademark Manual of Examining Procedure to permit petitions to waive the address-publication requirement in “extraordinary situations.” *Id.*; *see* TMEP § 1708.01.⁷

The PTO was also caught unaware by controversy over how the new requirement would interact with immigration law. Initially, the agency issued an examination guide stating that “[f]oreign citizens must comply with U.S. visa immigration laws to claim the U.S. as their permanent legal residence.” *See* PTO, Examination Guide 4-19, *Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants*, at 3 (Aug. 2019).⁸ This position “effectively bar[red] any immigrant who lacked a green

⁶ Available at <https://www.worldtrademarkreview.com/article/your-very-life-may-be-risk-petition-urges-uspto-reconsider-domicile-requirement-due-safety-concerns> (last visited May 8, 2024).

⁷ Available at https://tmep.uspto.gov/RDMS/TMEP/current#/current/ch1700_d3839d_11a25_261.html (last visited May 8, 2024).

⁸ Available at <https://files.lbr.cloud/public/2019-09/Exam%20Guide%200419%20v2.pdf> (last visited May 8, 2024).

card from getting a trademark registration.” Bill Donahue, *USPTO Alters Trademark Rules After Immigration Backlash*, Law360 (Sept. 6, 2019).⁹ Facing a backlash, the PTO revised the guide to “ma[ke] clear that U.S. residence could be proven by documents not linked to immigration status, like a utility bill or a lease.” *Id.*

The trademark community’s concerns about the domicile-address requirement were borne out, when, in June 2023, the PTO disclosed a “data security incident”: the agency had inadvertently made every single applicant’s domicile address, including those the PTO had promised to keep private, available for download for over three years. COA Dkt. No. 40; Carl Oppedahl, *USPTO breaks its promise about protecting “where you sleep at night” domicile addresses* (June 9, 2023); Carl Oppedahl, *USPTO comes clean (sort of) to the CAFC about its “where you sleep at night” blunder* (June 9, 2023).¹⁰

C. Procedural History

Petitioner Chestek PLLC (“Chestek”) is a law firm specializing in trademark law that serves, among others, open-source software projects and their developers. Chestek filed a trademark application to register “CHESTEK LEGAL.” App. 4. In the “domicile address” field of the application, Chestek provided a

⁹ Available at <https://www.law360.com/articles/1196383/uspto-alterns-trademark-rules-after-immigration-backlash> (last visited May 8, 2024).

¹⁰ Available at <https://blog.oppedahl.com/?p=9605> and <https://blog.oppedahl.com/?p=9608> (last visited May 8, 2024).

P.O. box. App. 4. As relevant here, Chestek contended that the domicile-address requirement was invalid because the PTO failed to provide notice of the requirement and an opportunity to comment on it. App. 4. The examiner refused to register Chestek's trademark solely for failure to comply with the domicile-address requirement. App. 4. Chestek appealed to the Trademark Trial and Appeal Board, which affirmed the examiner. App. 4.

The Federal Circuit affirmed. App. 17. As relevant here, the panel concluded that the PTO was not "required to promulgate the domicile address requirement through notice-and-comment rulemaking." App. 5–6. It held that the requirement was a "procedural" rule that is "excepted from notice-and-comment rulemaking as a 'rule[] of agency organization, procedure, or practice'" under 5 U.S.C. § 553(b)(A) because the rule did not "affect[] the substantive trademark standards by which the Office examines a party's application." App. 7, 9.

The panel rejected Chestek's argument that "35 U.S.C. § 2 of the Patent Act expressly requires the USPTO to undertake notice-and-comment rulemaking because a cross-reference to § 553 of the APA is Congress's standard way of mandating notice-and-comment rulemaking." App. 10. The panel did not acknowledge the fact that the PTO has no authority to issue rules that "affect[] the substantive trademark standards," App. 9, and thus that *every* PTO rule issued under section 2(b)(2) would be exempt from notice-and-comment requirements under the panel's

construction. Nor did the panel attempt to explain what section 2(b)(2)'s cross-reference to section 553 could possibly mean if it does not require notice-and-comment rulemaking.

REASONS FOR GRANTING THE PETITION

The Federal Circuit's decision in this case generally exempts the PTO from notice-and-comment rulemaking. The PTO's organic statute authorizes the agency to "establish regulations" that "govern the conduct of proceedings in the Office"—*i.e.*, procedural rules. 35 U.S.C. § 2(b)(2)(A). However, it further specifies that those regulations must be "made in accordance with section 553 of title 5," which generally prescribes notice-and-comment requirements. *Id.* § 2(b)(2)(B). The Federal Circuit's decision holding that this incorporation encompasses section 553's inapplicability to "rules of agency organization, procedure, or practice" renders the cross-reference a nullity: all rules issued under section 2(b)(2) are procedural, and all procedural rules are exempt from notice-and-comment rulemaking under section 553, so therefore (according to the Federal Circuit) Congress's direction that these procedural rules must be "made in accordance with section 553 of title 5" means nothing. This holding violates the "cardinal rule of statutory interpretation," which presumes that Congress intends statutes to mean something. *Nielsen*, 139 at 969 (quotation marks omitted).

Section 2(b)(2) is the PTO's general rulemaking authority. Most PTO regulations are issued pursuant to

the section, under which the PTO wields substantial authority over millions of patent and trademark applicants and owners. Accordingly, the question whether the PTO is subject to notice-and-comment requirements when exercising its general rulemaking authority warrants this Court's review.

I. The Federal Circuit's Holding Exempting the PTO from Notice-and-Comment Rulemaking Conflicts with This Court's Interpretative Precedents and Decisions of Other Courts of Appeals

The Federal Circuit's decision that the PTO is not subject to notice-and-comment requirements when issuing rules pursuant to 35 U.S.C. § 2(b)(2) conflicts with this Court's interpretive precedents applying the anti-superfluity canon. Under the panel's construction, section 2(b)(2)'s cross-reference to section 553 means nothing. That is why other courts of appeals interpreting materially similar cross-references to section 553 have held that they mandate notice-and-comment rulemaking.

1. As an initial matter, the decision below conflicts with this Court's holdings applying the anti-superfluity canon of statutory construction. That canon embodies the principle that "every word and every provision is to be given effect [and that n]one should needlessly be given an interpretation that causes it to duplicate another provision or to have no consequence." *Nielsen*, 139 S. Ct. at 969 (quoting A. Scalia & B. Garner, *Reading Law: The Interpretation of Legal Texts* 174 (2012)).

Without even acknowledging this “cardinal rule of statutory interpretation,” *id.* (quoting *Kungys v. United States*, 485 U.S. 759, 778 (1988) (plurality opinion of Scalia, J.)), the Federal Circuit’s decision nullifies section 2(b)(2)’s requirement that the PTO make rules “in accordance with section 553.” As discussed above, *see pp. 4–6, supra*, section 2(b)(2)(A) authorizes the PTO to issue only procedural rules, and section 2(b)(2)(B) provides that those rules “shall be made in accordance with section 553 of title 5.” If the notice-and-comment requirements of section 553 do not apply to procedural rules issued pursuant to section 2(b)(2), then section 2(b)(2)’s cross-reference to section 553 is superfluous.

This Court has emphasized that “the canon against surplusage applies with special force” when a statutory construction “renders an entire subparagraph meaningless.” *Pulsifer v. United States*, 144 S. Ct. 718, 732 (2024) (quotation marks omitted). The Court therefore rejected a construction in *Pulsifer* under which an entire subparagraph “does no independent work.” *Id.* at 731. Likewise, section 2(b)(2)’s cross-reference to section 553—which constitutes the entirety of subparagraph 2(b)(2)(B)—similarly “does no independent work” under the panel’s construction. “Remove it from the statute, and what is left” will provide “the exact same” limitations on the PTO’s general rulemaking authority. *Id.*

“The canon against surplusage is strongest” where, as here, “an interpretation would render superfluous another part of the same statutory scheme.” *City of*

Chicago, Illinois v. Fulton, 592 U.S. 154, 159 (2021) (quotation marks omitted). Section 3(a)(2)(B) of Title 35 directs the PTO to consult with a public advisory committee when “changing or proposing to change...regulations which are subject to the requirement to provide notice and opportunity for public comment under section 553 of title 5.” 35 U.S.C. § 3(a)(2)(B). This consultation requirement contemplates that regulations promulgated pursuant to section 2(b)(2) will be subject to the APA’s notice-and-comment requirements; under the holding of the decision below, however, it is entirely superfluous.

Compounding the panel’s error is the fact that section 2(b)(2)’s cross-reference to section 553 “is so evidently designed to serve a concrete function.” *Pulsifer*, 144 S. Ct. at 732. Even before Congress added subparagraph 2(b)(2)(B) to the statute, the law was clear that the PTO was an “agency” subject to the APA. See *Dickinson v. Zurko*, 527 U.S. 150, 154 (1999); 5 U.S.C. § 701 (defining “agency” as an “authority of the Government of the United States”). As such, the PTO’s regulations were already subject to section 553, except to the extent it, by default, “does not apply” to the procedural rules that section 2(b)(2) gives the PTO the power to promulgate. 5 U.S.C. § 553(b). Yet Congress nevertheless amended section 2(b)(2) to specify that the PTO’s procedural rules “shall be made in accordance with section 553 of title 5.” Pub. L. No. 106-113, App. I, 113 Stat. 1501A-552, 572–73. The evident function of this amendment was to override section

553’s default inapplicability to the procedural rules authorized by section 2(b)(2).

The Federal Circuit’s holding that this amendment changed nothing also flies in the face of the presumption that Congress “intends its amendments to have real and substantial effect.” *Intel Corp. v. Advanced Micro Devices, Inc.*, 542 U.S. 241, 259 (2004) (quotation marks omitted). Case after case recognizes, as a basic interpretative principle, that a legislature alters the details of a statute for the purpose of changing the law. For example, when Congress amended an anti-hacking statute to remove a reference to accessing computer systems for unauthorized purposes, the amendment “cut[] *against* reading the statute to capture that very concept,” as the government had urged. *Van Buren v. United States*, 593 U.S. 374, 393 (2021) (quotation marks omitted).¹¹ Indeed, the imperative to give statutory amendments real and substantial effect is so paramount that it overrides the application of other canons of construction that would deny them that. *See, e.g., Pierce Cnty. v. Guillen*, 537 U.S. 129, 145 (2003) (rejecting application of other canons of construction that would have rendered statutory amendment “an exercise in futility”). To do otherwise

¹¹ *See also Intel Corp. Inv. Policy Comm. v. Sulyma*, 140 S. Ct. 768, 779 (2020) (same reasoning, where Congress amended statute to remove reference to constructive knowledge); *United States v. Quality Stores, Inc.*, 572 U.S. 141, 148 (2014) (same reasoning, where Congress repealed statutory exception); *Intel Corp.*, 542 U.S. at 258–59 (same reasoning, where Congress removed restriction on judicial-assistance statute that a foreign proceeding be “pending”).

would flout the basic legislative purpose behind every statutory amendment: to change the law.

Even if the statutory language were ambiguous, the presumption in favor of notice-and-comment rule-making also should have favored Chestek’s construction. *See generally, Am. Fed’n of Gov’t Emp., AFL-CIO v. Block*, 655 F.2d 1153, 1156 (D.C. Cir. 1981) (“exceptions to the provisions of section 553 will be narrowly construed and only reluctantly countenanced” (quotation marks omitted)); *Mack Trucks, Inc. v. E.P.A.*, 682 F.3d 87, 93 (D.C. Cir. 2012) (similar). “[I]t should be clear beyond contradiction or cavil” that notice-and-comment rulemaking is the default requirement for federal agencies, and courts have a “particular obligation to enforce the APA through a meticulous and demanding interpretation of its terms.” *State of N.J., Dep’t of Env’t Prot. v. U.S. Env’t Prot. Agency*, 626 F.2d 1038, 1046 (D.C. Cir. 1980). The decision below flouts this obligation not only by failing to provide a “meticulous and demanding” interpretation of section 2(b)(2)(B), but also by interpreting the section to mean absolutely nothing.

2. By interpreting section 2(b)(2)’s cross-reference to section 553 to be meaningless, the decision below also conflicts with the decisions of other courts of appeals interpreting similar cross-references to section 553 to override that section’s generally applicable exceptions.

Congress often cross-references section 553 to require notice-and-comment procedures in circumstances where they would otherwise not be required.

For example, Congress has required the Secretary of State to issue regulations concerning “the rules of procedure of the Inter-American Commercial Arbitration Commission...by regulation in accordance with section 553 of title 5.” 9 U.S.C. § 306(b). Similarly, Congress has required “[t]he head of each Federal agency to which the President delegates authority” under the Defense Production Act to “to issue...final rules, in accordance with section 553 of Title 5, that establish standards and procedures by which the priorities and allocations authority under this section is used to promote the national defense.” 50 U.S.C. § 4511.¹²

Courts understand that these sorts of cross-references to section 553 are Congress’s way of requiring agencies to observe notice-and-comment procedures. For example, the Food Stamp Act authorizes an agency to issue regulations “in accordance with the procedures set forth in section 553 of title 5.” 7 U.S.C. § 2013(c). But section 553 contains an explicit exception for any “matter relating to...grants [and] bene-

¹² *See also, e.g.*, 21 U.S.C. § 358(c) (designation of official names for drugs and devices); 2 U.S.C. § 1383(b) (procedural rules for Office of Compliance); 42 U.S.C. § 1437d(j)(2)(A)(i) (“procedures for designating troubled public housing agencies”); 12 U.S.C. § 1735f-17(a)(2) (procedures by which a person may ask agency to determine whether a mortgagee is in compliance with legal requirements); 39 U.S.C. § 504(g)(3)(A) (“a procedure for according appropriate confidentiality to information identified by the Postal Service”); 42 U.S.C. § 421(k)(1) (standards for “determining whether individuals are under disabilities” and therefore eligible for benefits); 42 U.S.C. § 902 (“rules and regulations...to carry out the functions of the Administration”).

fits,” which (if it applied) would render the cross-reference to section 553 a nullity. Consistent with the anti-superfluity canon, courts have understood the cross-reference to section 553 to mandate notice-and-comment rulemaking, notwithstanding section 553’s default inapplicability to benefits programs. *See, e.g., Levesque v. Block*, 723 F.2d 175, 177 (1st Cir. 1983) (“[D]espite the exemption from APA procedures for grant and benefit programs, 5 U.S.C. § 553(a)(2) (1982), food stamp regulations must be promulgated ‘in accordance with the procedures set forth in section 553 of title 5.’”); *see also, e.g., Gallegos v. Lyng*, 891 F.2d 788, 789 (10th Cir. 1989); *Klaips v. Bergland*, 715 F.2d 477, 482 (10th Cir. 1983); *D.C. v. U.S. Dep’t of Agric.*, 444 F. Supp. 3d 1, 7 (D.D.C. 2020).

The decision below attempted to distinguish *Levesque* and *Klaips* on the ground that they addressed the “subject matter exemptions” of section 553(a), not the “procedural exceptions” of section 553(b). App. 10. The difference, it reasoned, is that cross-references to section 553 do not “displace[] the procedural exceptions to notice-and-comment rulemaking contained within § 553(b).” App. 10. But the Federal Circuit offered no justification for distinguishing between the exceptions in subsections 553(a) and 553(b) in this manner. Instead, it observed that *Levesque* and *Klaips* “recognize that the procedural and good cause exceptions to notice-and-comment rulemaking...still apply to the Food Stamp Act despite the cross-reference to § 553.” App. 10. But, un-

like with the panel's take on section 2(b)(2), that interpretation does not negate all notice-and-comment obligations under the Food Stamp Act and thereby nullify the provision cross-referencing section 553.

In other words, even if it were appropriate to hold that a cross-reference to section 553 incorporates some, but not all, of section 553's exceptions to notice-and-comment rulemaking, it would be necessary to limit those exceptions to ones that would not *categorically eliminate the obligation to observe notice-and-comment requirements*. See generally *Ramey v. Dir., Office of Workers' Comp. Program*, 326 F.3d 474, 477 (4th Cir. 2003) (rejecting a similar "double incorporation" theory that would have rendered a statutory provision meaningless). The Federal Circuit's contrary approach would deprive dozens of cross-references to section 553 in provisions authorizing procedural rules of any legal effect. See p. 18 & n. 12, *supra* (citing statutory provisions that the Federal Circuit's approach would nullify).

The decision below also noted that the Federal Circuit previously held that "interpretive" rules issued pursuant to section 2(b)(2) are exempt from notice-and-comment requirements pursuant to section 553(b)(A). App. 7 (citing *Animal Legal Def. Fund*, 932 F.2d at 927, and *Cooper Techs. Co.*, 536 F.3d at 1336–37). But that does not nullify any part of the statute, as the PTO's rulemaking authority is not limited to interpretative rules. This rationale does not logically justify applying section 553's procedural-rule exception, which Congress necessarily acted to override by

requiring that a procedural-rulemaking authority be exercised “in accordance with section 553.”

The reasoning of those decisions has no application to the statutory question presented here. Neither attempts to interpret section 2(b)(2)’s cross-reference to section 553. *Animal Legal Defense Fund* predates the statutory amendment that added the cross-reference, and *Cooper* repeats *Animal Legal Defense Fund*’s rationale that requiring notice and comment for interpretative rules “would vitiate the statutory exceptions in section 553(b) itself.” 536 F.3d at 1337 (quoting 932 F.2d at 931). Giving force to section 2(b)(2)’s cross-reference to section 553 would not “vitalize” any part of section 553, a generally applicable provision with exceptions that apply by default to all agencies and rulemaking authorities.

II. Whether the PTO Is Subject to Notice-and-Comment Rulemaking Is an Exceptionally Important Question Warranting the Court’s Review

The question whether the PTO is subject to notice-and-comment requirements is exceptionally important. Section 2(b)(2) is the PTO’s primary rulemaking authority for both patents and trademarks, and most PTO regulations are issued pursuant to this general authority. *See* 1 Moy’s Walker on Patents § 2:50; *see also* *Stevens v. Tamai*, 366 F.3d 1325, 1333 (Fed. Cir. 2004) (describing section 2(b)(2) as “the broadest of the Office’s rulemaking powers”). Indeed, the section affords the PTO “plenary authority over

PTO practice.” *Stevens*, 366 F.3d at 1333 (quotation marks omitted).

The decision below exempts the PTO from “any need for notice-and-comment rulemaking in a puff of logic.” Miller, *supra*, at 65. As the Federal Circuit has recognized, all PTO rules pursuant to 35 U.S.C. § (2)(b)(2) are procedural. By holding that all procedural rules are exempt from notice-and-comment rulemaking under the APA, the decision below effectively holds that section 2(b)(2)’s cross-reference to section 553 means nothing. *Ipso facto*, the PTO is exempt from notice-and-comment rulemaking. This reasoning “render[s] the command to adhere to § 553 of the APA an empty gesture, if not an outright absurdity.” *Id.* at 63.

The panel’s exemption of the PTO from notice-and-comment rulemaking eviscerates a key check on the agency imposed by Congress to ensure reasoned rulemaking. The APA “create[s] safeguards...against arbitrary official encroachment on private rights.” *United States v. Morton Salt Co.*, 338 U.S. 632, 644 (1950). In particular, “[t]he rule-making provisions...were designed to assure fairness and mature consideration of rules of general application.” *NLRB v. Wyman-Gordon Co.*, 394 U.S. 759, 764 (1969). “Notice and comment gives affected parties fair warning of potential changes in the law and an opportunity to be heard on those changes—and it affords the agency a chance to avoid errors and make a more informed decision.” *Allina Health Servs.*, 587 U.S. at 582. The “benefits [of notice-and-comment rulemaking are] especially valuable when it comes to a program where

even minor changes to the agency’s approach can impact millions of people and billions of dollars in ways that are not always easy for regulators to anticipate.” *Id.*

The PTO’s promulgation of the domicile-address requirement epitomizes the pitfalls of agency rulemaking without notice and comment. The PTO issued the requirement utterly blind to the serious privacy concerns that it raised, such as the fact that it required the PTO to publicize the home addresses of victims of domestic violence and stalking and of celebrities and other public figures. *See* p. 3, *supra*. Had the PTO’s proposed rule provided notice of the requirement, commenters could have made the PTO aware of its consequences, and the PTO could have addressed them before it issued the final rule, rather than having to scramble after-the-fact to patch things up.

Pursuant to 35 U.S.C. § 2(b)(2), the PTO wields significant authority over patent and trademark applicants and owners. For example, the final rule at issue here requires all foreign trademark applicants to obtain U.S. counsel—imposing a substantial and potentially cost-prohibitive expense on applicants. The PTO’s “procedural” regulations under this section affect millions of U.S. patent and trademark owners and applicants, and consequently technological innovation and commercial investment in the country more generally. The PTO’s poorly-planned and ill-considered exercise of its rulemaking authority benefits no one. Whether the PTO is absolved from notice-and-

comment rulemaking is a question of exceptional importance.

III. This Case is the Ideal Vehicle To Resolve the Question Presented

Finally, this case presents an ideal vehicle to consider the question presented. The PTO rejected Chestek’s trademark application solely on the basis of the domicile-address requirement, which Chestek has consistently challenged throughout the proceedings below because of the PTO’s failure to provide notice of the requirement and an opportunity to comment on it. App. 4.

The decision below also squarely raises the question presented. The panel held that the “cross-reference to § 553” in 35 U.S.C. § 2(b)(2)(B) does not “mandat[e] notice-and-comment rulemaking.” App. 10. This holding was an essential component of the panel’s rejection of Chestek’s claim that the rule was invalid for lack of notice and comment. App. 11. And, as the panel acknowledged, that argument, if accepted, would constitute an “independent reason[.]” for reversing the PTO’s rejection of Chestek’s mark. App. 5.

Nor is there any reason to delay resolving the question presented to allow time for the issue to percolate in the courts of appeals. Because of the Federal Circuit’s unique jurisdictional authority, *see* 28 U.S.C. § 1295; 15 U.S.C. § 1071, a circuit split is highly unlikely to develop. *See* Christa J. Laser, *Certiorari in Patent Cases*, 48 AIPLA Q.J. 569, 584 (2020) (“With-

out circuit splits, in most cases, the only considerations listed in Supreme Court Rule 10 that will apply to Federal Circuit decisions are the presence of important, but unanswered, questions of federal law or departure from Supreme Court precedent.”).

In addition, the Federal Circuit’s exclusive jurisdiction over questions involving the Patent Act will dissuade litigants from challenging the PTO’s rulemaking procedures going forward, given that any such challenge would necessarily lose at the district court level and on appeal. The Court may *never* see another vehicle raising this important issue.

Absent further review in this Court, the decision below will likely be the final word on whether the PTO is subject to notice-and-comment requirements.

CONCLUSION

The Court should grant the petition.

Respectfully submitted,

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MAY 2024

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APPENDIX A

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

IN RE: CHESTEK PLLC,
Appellant

2022-1843

Appeal from the United States Patent and
Trademark Office, Trademark Trial and Appeal
Board in No. 88938938

Decided: February 13, 2024

ANDREW M. GROSSMAN, Baker & Hostetler LLP,
Washington, DC, argued for appellant. Also
represented by RENEE KNUDSEN, KRISTIN ANN
SHAPIRO.

MARY BETH WALKER, Office of the Solicitor, United
States Patent and Trademark Office, Alexandria,
VA, argued for appellant Katherine K. Vidal. Also
represented by CRISTINA J. HEIBER, FARHEENA
YASMEEN RASHEED.

DAVID E. BOUNDY, Potomac Law Group PLLC,
Newton, MA, as amicus curiae, pro se.

Before LOURIE, CHEN, and STOLL, *Circuit Judges*.

LOURIE, *Circuit Judge*.

App. 2

Chestek PLLC (“Chestek”) appeals from a Trademark Trial and Appeal Board (“the Board”) decision affirming the examiner’s refusal to register the mark CHESTEK LEGAL for failure to comply with the domicile address requirement of 37 C.F.R. §§ 2.32(a)(2) and 2.189. *In Re Chestek PLLC*, No. 88938938, 2022 WL 1000226 (T.T.A.B. Mar. 30, 2022) (“*Decision*”). Chestek challenges the procedural process by which the rules containing the domicile address requirement were promulgated. For the following reasons, we affirm.

BACKGROUND

In 2019, the United States Patent and Trademark Office (“the USPTO”) engaged in notice-and-comment rulemaking to require trademark applicants, registrants, or parties to a trademark proceeding with domiciles outside the United States or its territories to be represented by United States licensed counsel (“the U.S. counsel requirement”). *See* Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants, 84 Fed. Reg. 4393 (Feb. 15, 2019) (to be codified at 37 C.F.R. pts. 2, 11) (“*Proposed Rule*”); Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants, 84 Fed. Reg. 31498 (July 2, 2019) (to be codified at 37 C.F.R. pts. 2, 7, 11) (“*Final Rule*”). The USPTO explained that the rule was enacted to combat “the growing problem of foreign individuals, entities, and applicants failing to comply with U.S. law.” *Proposed Rule* at 4396; *Final Rule* at 31500. The USPTO further stated that the proposed changes were “rules of agency practice and procedure, and/or interpretive rules” exempt from the requirements of

notice-and-comment rulemaking but that it had nevertheless “chosen to seek public comment before implementing the rule to benefit from the public’s input.” *Proposed Rule* at 4399.

As part of the final rule adopting the U.S. counsel requirement, the USPTO revised 37 C.F.R. § 2.32 to require all applications to include “[t]he name and domicile address of each applicant” and added 37 C.F.R. § 2.189 to require “[a]n applicant or registrant [to] provide and keep current the address of its domicile” (“the domicile address requirement”). *Final Rule* at 31511. In the proposed rule, “domicile” was defined to mean “the permanent legal place of residence of a natural person,” *Proposed Rule* at 4402, and in the final rule, that definition was expanded to include “the principal place of business of a juristic entity.” *Final Rule* at 31510; 37 C.F.R. § 2.2(o). While the proposed rule did not expressly include the domicile address requirement, it provided that the USPTO may require an applicant to provide any information “reasonably necessary to the proper determination of whether the applicant . . . is subject to the [U.S. counsel] requirement[.]” *Proposed Rule* at 4402; *Final Rule* at 31510; 37 C.F.R. § 2.11(b). Previously, applicants were required to provide a mailing address, which could include a P.O. box, but the USPTO explained that, in adopting the U.S. counsel requirement, it was following the practice of other countries with similar domestic attorney requirements and conditioning it on domicile. *Proposed Rule* at 4396; *Final Rule* at 31500.

In May 2020, Chestek, a law firm that represents clients in trademark matters, applied for the mark

CHESTEK LEGAL and provided only a P.O. box as its domicile address. *Decision* at *1. The examiner refused Chestek's application for failure to comply with 37 C.F.R. §§ 2.32(a)(2) and 2.189. *Id.* Chestek declined to change its address and argued that the rules enforced against it were improperly promulgated under the Administrative Procedure Act ("the APA"). *Id.* The examiner made the refusal final, and Chestek appealed to the Board, where Chestek conceded its failure to comply with the domicile address requirement but maintained its argument that the rules enforced against it were improperly promulgated. *Id.* at *2. To address Chestek's procedural challenge, the Board incorporated by reference the USPTO's denial of an earlier petition for rulemaking submitted by Chestek on behalf of a third-party client that made similar arguments regarding the improper promulgation of the domicile address requirement. *Id.* at *3. The Board then affirmed the examiner's refusal based on Chestek's failure to comply with the domicile address requirement in 37 C.F.R. §§ 2.32(a)(2) and 2.189. *Id.* at *4. Chestek timely appealed. We have jurisdiction to consider Chestek's APA challenge to a USPTO rule adversely enforced against it. *See Abbott Lab's v. Gardner*, 387 U.S. 136, 140 (1967), *abrogated on other grounds by Califano v. Sanders*, 430 U.S. 99 (1977); *see, e.g., Aqua Prod., Inc. v. Matal*, 872 F.3d 1290, 1300–01 (Fed. Cir. 2017). We have jurisdiction over appeals from the Board under 28 U.S.C. § 1295(a)(4)(B) and 15 U.S.C. § 1071(a).

DISCUSSION

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We review agency procedures for compliance with the APA *de novo* and must “hold unlawful and set aside agency action, findings, and conclusions found to be . . . arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law . . . [or] without observance of procedure required by law.” 5 U.S.C. §§ 706(2)(A), (D); *EmeraChem Holdings, LLC v. Volkswagen Grp. of Am., Inc.*, 859 F.3d 1341, 1345 (Fed. Cir. 2017).

Chestek argues that the domicile address requirement was improperly promulgated for two independent reasons and that the Board’s decision enforcing the domicile address requirement should therefore be vacated. Chestek first argues that the USPTO was required to comply with the requirements of notice-and-comment rulemaking under 5 U.S.C. § 553 but failed to do so because the proposed rule did not provide notice of the domicile address requirement adopted in the final rule. Second, Chestek argues that the domicile address requirement is arbitrary and capricious because the final rule failed to offer a satisfactory explanation for the domicile address requirement and failed to consider important aspects of the problem it purports to address, such as privacy.

I

We first address whether or not the USPTO was required to promulgate the domicile address requirement through notice-and-comment rulemaking. Under 35 U.S.C. § 2(b)(2), the USPTO has authority to establish regulations to “govern the conduct of proceedings in the Office,” which “shall be made in accordance with section 553 of title 5.”

App. 6

Section 553, which generally prescribes notice-and-comment rulemaking, provides:

(a) This section applies, according to the provisions thereof, except to the extent that there is involved—

(1) a military or foreign affairs function of the United States; or

(2) a matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts.

(b) General notice of proposed rule making shall be published in the Federal Register, unless persons subject thereto are named and either personally served or otherwise have actual notice thereof in accordance with law. The notice shall include—

(1) a statement of the time, place, and nature of public rule making proceedings;

(2) reference to the legal authority under which the rule is proposed; [and]

(3) either the terms or substance of the proposed rule or a description of the subjects and issues involved; . . .

Except when notice or hearing is required by statute, this subsection does not apply—

(A) *to interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice; or*

(B) when the agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that

App. 7

notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.

5 U.S.C. § 553 (emphasis added).

As provided above, § 553(b)(A) does not require the formalities of notice-and-comment for “interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice.” *Id.* In the context of distinguishing between a “substantive” rule that requires notice-and-comment rulemaking and an “interpretive” rule that does not, this court has described a “substantive” rule as one that “effects a change in existing law or policy which affects individual rights and obligations.” *Animal Legal Def. Fund v. Quigg*, 932 F.2d 920, 927 (Fed. Cir. 1991) (cleaned up); *see also Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336–37 (Fed. Cir. 2008) (holding that the USPTO’s interpretation of “original application” was not subject to the formal notice-and-comment requirements of § 553 because it “merely clarifie[d]” existing law). This court has not, however, directly addressed when a rule is procedural and excepted from notice-and-comment rulemaking as a “rule[] of agency organization, procedure, or practice.”

Chestek argues that the domicile address requirement is a substantive rule and that the USPTO was therefore required to undertake notice-and-comment rulemaking to adopt it. In the alternative, Chestek argues that the USPTO is required to undertake notice-and-comment rulemaking for procedural rules. Both arguments are unpersuasive.

Chestek first argues that the domicile address requirement is a substantive rule because it imposes a new requirement on applicants to obtain a trademark—providing a domicile address rather than a mailing address—and therefore substantively alters the rights or interests of applicants. We disagree.

The parties each cite several cases from the United States Court of Appeals for the D.C. Circuit addressing the boundaries of substantive and procedural rules to support their respective positions. The most instructive case here is *JEM Broadcasting Co. v. F.C.C.*, 22 F.3d 320 (D.C. Cir. 1994), which states that the “critical feature of the procedural exception [of § 553(b)(A)] is that it covers agency actions that do not themselves alter the rights or interests of parties, although it may alter the manner in which the parties present themselves or their viewpoints to the agency.” *Id.* at 326 (internal quotation marks omitted) (citation omitted). The court recognized that nearly any procedural requirement that impacts outcomes could then be described as substantive, “but to pursue that line of analysis results in the obliteration of the distinction that Congress demanded.” *Id.*; see also *Am. Fed’n of Lab. & Cong. of Indus. Organizations v. Nat’l Lab. Rels. Bd.*, 57 F.4th 1023, 1034 (D.C. Cir. 2023) (describing “rules as procedural if they are primarily directed toward improving the efficient and effective operations of an agency.”) (internal quotation marks omitted) (citation omitted).

The key distinction here is similarly not whether compliance with the domicile address requirement affects a party’s ability to obtain a trademark, but

whether the requirement affects the substantive trademark standards by which the Office examines a party's application. See *JEM Broadcasting*, 22 F.3d at 327 (“The critical fact here, however, is that the [challenged] rules did not change the *substantive standards* by which the FCC evaluates license applications, *e.g.*, financial qualifications, proposed programming, *and transmitter location*. This fact is fatal to JEM's claim.”). Here, the new rule requires additional information about applicants, *i.e.*, their domicile address. Requiring different or additional information from applicants regarding their addresses merely “alter[s] the manner in which the [applicants] *present themselves . . . to the agency.*” *Id.* at 326 (emphasis added). It does not alter the substantive standards by which the USPTO evaluates trademark applications, *e.g.*, a mark's use in commerce or distinctiveness. The USPTO's requirement for applicants to provide a domicile address under 37 C.F.R. §§ 2.32(a)(2) and 2.189 is therefore a procedural rule that is excepted from notice-and-comment rulemaking.

Chestek alternatively argues that, even if the rule is procedural, 35 U.S.C. § 2 of the Patent Act expressly requires the USPTO to undertake notice-and-comment rulemaking because a cross-reference to § 553 of the APA is Congress's standard way of mandating notice-and-comment rulemaking and overriding § 553's carveouts. See 35 U.S.C. § 2(b)(2) (“regulations . . . shall be made in accordance with section 553 of title 5”). To support that argument, Chestek points to the Food Stamp Act which similarly authorizes an agency to issue regulations “in accordance with the procedures set forth in section

553 of title 5,” 7 U.S.C. § 2013(c), despite § 553(a)’s explicit exemption for “matter relating to . . . grants [and] benefits,” 5 U.S.C. § 553(a)(2).

As an initial matter, the relevant language of the Food Stamp Act and the Patent Act is not identical. The Food Stamp Act explicitly invokes “*the procedures set forth* in section 553,” 7 U.S.C. § 2013(c) (emphasis added) whereas 35 U.S.C. § 2 does not. Rather, 35 U.S.C. § 2 generally authorizes the USPTO to promulgate regulations “in accordance with section 553 of title 5.” 35 U.S.C. § 2(b)(2)(B). Additionally, Chestek’s arguments relating to the Food Stamp Act only address the subject matter exemptions under § 553(a) and fail to address the distinction between these subject matter exemptions and the procedural exceptions under § 553(b). In fact, several of the cases Chestek cited recognize that the procedural and good-cause exceptions to notice-and-comment rulemaking in §§ 553(b)(A) and (B) still apply to the Food Stamp Act despite the cross-reference to § 553. *See generally Levesque v. Block*, 723 F.2d 175, 179–85 (1st Cir. 1983) (recognizing that the interpretive rule and good-cause exceptions would still apply to rulemaking under the Food Stamp Act); *Klaips v. Bergland*, 715 F.2d 477, 482–83 (10th Cir. 1983) (discussing the 5 U.S.C. § 553(b) exceptions to notice-and-comment rulemaking in the context of the Food Stamp Act). Chestek has therefore offered no support for its position that the cross-reference to § 553 in 35 U.S.C. § 2(b) displaces the procedural exceptions to notice-and-comment rulemaking contained within § 553(b). That is particularly true when displacing that exception for procedural rules would be inconsistent with our holdings regarding interpretive rules under

the same provision of § 553(b). *See Cooper Techs.*, 536 F.3d at 1336–37 (holding that 5 U.S.C. § 553, and thus 35 U.S.C. § 2(b)(2)(B), does not require notice-and-comment rulemaking for interpretative rules); *Animal Legal Def. Fund*, 932 F.2d at 931. The procedural exception to notice-and-comment rulemaking under § 553(b) therefore applies to the domicile address requirement.

Having found the challenged rules within the procedural exception to notice-and-comment rulemaking, we need not address Chestek’s argument that the proposed rule failed to provide sufficient notice of the domicile address requirement.

II

Next, Chestek argues that the USPTO’s promulgation of the domicile address requirement was arbitrary and capricious. An agency rule is arbitrary and capricious if “the agency has relied on factors which Congress has not intended it to consider, entirely failed to consider an important aspect of the problem, 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.” *Motor Vehicle Mfrs. Ass’n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983). Courts must “uphold a decision of less than ideal clarity if the agency’s path may reasonably be discerned.” *Id.* (quoting *Bowman Transp., Inc. v. Arkansas-Best Freight Sys., Inc.*, 419 U.S. 281, 286 (1974)). But courts “may not supply a reasoned basis for the agency’s action that the agency itself has not

given.” *SEC v. Chenery Corp.*, 332 U.S. 194, 196 (1947).

Chestek argues that the final rule is arbitrary and capricious because it offers an insufficient justification for the domicile address requirement. It argues that the USPTO’s explanations for the changes from the proposed rule to the final rule were its only justification for the domicile address requirement and that they were insufficient because the USPTO stated only that “[f]or consistency with this [U.S. counsel] requirement, the USPTO has clarified that the address required in §§ 2.22(a)(1) and 2.32(a)(2) is the domicile address,” and that, “to authorize the domicile address, the USPTO codifies a new regulatory section at 37 CFR 2.189.” *See Final Rule* at 31500.

Chestek’s argument that the USPTO offered an insufficient justification for the domicile address requirement is incorrect. The USPTO adopted the domicile address requirement as part of a larger regulatory scheme to require foreign trademark applicants, registrants, or parties to a trademark proceeding to be represented by U.S. counsel. In the proposed rule, the USPTO explained that the U.S. counsel requirement was needed because of the influx of unauthorized practice of law by foreign parties improperly representing trademark applicants and purportedly *pro se* foreign applicants failing to comply with the requirements of the USPTO. *Proposed Rule* at 4394. It went on to explain the inadequacies of the current mechanisms and sanctions and provided statistics showing, among other things, the influx in *pro se* foreign applicants. *Id.* at 4395–96. The USPTO

then explained that a majority of other countries with similar domestic counsel requirements “condition the requirement on domicile” and that the USPTO “intends to follow this practice.” *Id.* at 4396. To condition the U.S. counsel requirement on domicile, the USPTO would necessarily need to know applicants’ domicile, which it defined in the final rule as “the permanent legal place of residence of a natural person or the principal place of business of a juristic entity.” *Final Rule* at 31510. Because the USPTO would need to know an applicant’s domicile address to determine if the U.S. counsel requirement applied, it reasonably required all applicants to provide their domicile address. The USPTO’s justification for all applicants to provide a domicile address is therefore at least reasonably discernable when considered in the full context of the U.S. attorney requirement and the decision to condition that requirement on domicile.

That the final rule represents a change in longstanding USPTO policy does not alter our conclusion. The USPTO “display[ed] awareness that it [was] changing position” and “show[ed] that there [were] good reasons for the new policy.” *Encino Motorcars, LLC v. Navarro*, 579 U.S. 211, 221 (2016) (quoting *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515 (2009)). As Chestek acknowledges, 37 C.F.R. § 2.32 has long required an applicant to provide an address. The USPTO understood that its final rule would enact a change in policy. *Final Rule* at 31500 (explaining that the domicile address requirement would revise “the address required in §§ 2.22(a)(1) and 2.32(a)(2) [to be] the domicile address” and acknowledging that the final rule would “authorize

the USPTO to require an applicant or registrant to provide and maintain a current domicile address.”). And, as discussed above, this is not a situation where an agency “gave almost no reasons at all” and offered only “conclusory statements” to explain its new policy. *Encino Motorcars*, 579 U.S. at 224.

Additionally, the USPTO’s statements that the revisions from the proposed rule to the final rule were “[f]or consistency” were not offered as justification for the domicile address requirement, as suggested by *Chestek*. Those statements were an explanation for the changes from the proposed rule to the final rule. *See Final Rule* at 31500. Those statements were adequate to explain its shift in position from the proposed rule to the final rule because, contrary to *Chestek*’s position, the USPTO did not drastically shift that position. In the proposed rule, the USPTO indicated that it would follow other countries’ practices and condition the U.S. counsel requirement on domicile. *Proposed Rule* at 4396. It then defined domicile under 37 C.F.R. § 2.2(o) to include “the permanent legal place of residence of a natural person.” *Id.* at 4402. The USPTO also included in the proposed rule revisions to 37 C.F.R. § 2.32(a) to require applicants to provide “[t]he address of the applicant” and to 37 C.F.R. § 2.11(b) to state that it could request any information necessary from applicants to determine if the U.S. counsel requirement applied. *Id.* at 4402–03. The information necessary to determine the applicability of the U.S. counsel requirement would logically include information verifying the applicants domicile address. Accordingly, the proposed rule clearly indicated that the USPTO may request that

information from applicants and that it would require applicants to provide an address. The final rule then clarified that the required address was the domicile address and that all applicants must, rather than may be required to, provide it, *see Final Rule* at 31500, 31511, which was not a drastic shift in policy from the proposed rule. The USPTO's decision to require the address provided by all applicants to be a domicile address was therefore not arbitrary or capricious for failure to provide a reasoned justification.

Finally, Chestek argues that the domicile address requirement was arbitrary and capricious because the final rule failed to consider privacy and other concerns introduced by the requirement, such as its impact on victims of domestic violence or on homeless individuals. However, an agency is not required "to consider all policy alternatives in reaching decision." *State Farm*, 463 U.S. at 51. On appeal, courts must "judge the reasonableness of an agency's decision on the basis of the record before the agency at the time it made its decision." *Rural Cellular Ass'n v. F.C.C.*, 588 F.3d 1095, 1107 (D.C. Cir. 2009). That is particularly true where, as here, the policy concerns Chestek raises now were not raised before the agency. Indeed, Chestek does not contend that those concerns were before the agency at the time it promulgated the final rule. In fact, the only concerns before the USPTO regarding the domicile address requirement were raised in comments relating to foreign applicants potentially filing fraudulent addresses, which the USPTO considered and addressed. *Final Rule* at 31505. The USPTO did not receive comments from

parties expressing the privacy and other concerns raised by Chestek in this case.

Separately, that situation is unlike the situation in *State Farm*, where the agency regulating vehicle safety standards failed to consider the impact of two different styles of seatbelts on seatbelt usage, because there, unlike here, the record contained information on “precisely the type of issue” the agency was expected to “bring its expertise to bear.” *See* 463 U.S. at 53–54. We therefore find that the USPTO did not act arbitrarily or capriciously by failing to consider an important aspect of the problem based on the record before it. *See id.* at 51 (“[R]ulemaking cannot be found wanting simply because the agency failed to include every alternative . . .”) (internal quotation marks omitted) (citation omitted).

CONCLUSION

Because we conclude the USPTO properly promulgated the domicile address requirement and Chestek failed to comply with this requirement, we affirm the Board’s refusal to register Chestek’s mark. We have considered Chestek’s remaining arguments and find them unpersuasive.

AFFIRMED

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APPENDIX B

<p>This Opinion is a Precedent of the TTAB</p>
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Mailed: March 30, 2022

UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

In re Chestek PLLC

Serial No. 88938938

Pamela Chestek of Chestek PLLC
For Chestek PLLC

Charles L. Jenkins, Jr., Trademark Examining
Attorney, Law Office 112, Renee Servance,
Managing Attorney.

Before Thurmon, Deputy Chief Administrative
Trademark Judge, and Kuhlke and Lynch,
Administrative Trademark Judges.

Opinion by Lynch, Administrative Trademark
Judge:

I. Background

Chestek PLLC (“Applicant”), a professional limited liability company organized under the laws of North Carolina, seeks registration on the Principal Register of the mark CHESTEK LEGAL in standard characters for “legal services” in International Class 45.¹ The application includes a claim of acquired distinctiveness as to the mark as a whole under Trademark Act Section 2(f), 15 U.S.C. § 1052(f), and a disclaimer of LEGAL. The Examining Attorney refused registration because Applicant declined to provide a valid domicile address, which is an application requirement under Trademark Rule 2.189, 37 C.F.R. § 2.189 and Trademark Rule 2.32(a)(2), 37 C.F.R. § 2.32(a)(2).

In the application, signed by Applicant’s owner, Pamela S. Chestek, Applicant provided a post office box number in Raleigh, North Carolina as its domicile address.² The Examining Attorney indicated that “[i]n most cases, a post office box is not acceptable. An address that is not a street address is not acceptable as a domicile address because it does not identify the location of applicant’s headquarters where the

¹ Application Serial No. 88938938 was filed on May 29, 2020, under Section 1(a) of the Trademark Act, 15 U.S.C. § 1051(a), based on allegations of first use and first use in commerce on January 1, 2013.

² TSDR May 29, 2020 Application at 1. Citations to the examination record refer to the USPTO’s online Trademark Status and Document Retrieval system (TSDR). Citations to the briefs are to the Board’s online database, TTABVUE. Before the TTABVUE designation is the docket entry number, and after this designation are the page references, if applicable.

entity's senior executives or officers ordinarily direct and control the entity's activities."³ The Examining Attorney therefore required Applicant to provide its domicile street address or "demonstrate that the listed address is, in fact, the applicant's domicile."⁴

Applicant declined to do either, and instead maintained during prosecution, as it does on appeal, that the applicable rules requiring the domicile address and the accompanying guidance were unlawfully promulgated and should not be enforced.⁵ Although the United States Patent and Trademark Office ("USPTO") offers procedures by which applicants and registrants may seek to avoid making the domicile address public,⁶ Applicant, a professional limited liability company, explicitly disavows any interest in the procedures, indicating that it does not wish to avail itself of them, and only wishes to challenge the enforcement of the rules.⁷

³ TSDR December 7, 2020 Office Action at 1.

⁴ *Id.*

⁵ Although Applicant's opening Brief cites Trademark Rule 2.63(b), 37 C.F.R. § 2.63(b), as "Not Validly Promulgated," this longstanding rule merely provides that a requirement not complied with may result in the issuance of a final Office action refusing registration. We read Applicant's complaints regarding the rulemaking process as relating not to this rule, but rather to Trademark Rules 2.189, 2.2(o), and 2.2(p), 37 C.F.R. §§ 2.189, 2.2(o), and 2.2(p), which specifically concern the domicile address. Other portions of the Applicant's Brief are consistent with this reading of its position.

⁶ See TRADEMARK MANUAL OF EXAMINING PROCEDURE ("TMEP") § 601.01(d) (2021).

⁷ 4 TTABVUE 4 (Applicant's Brief).

After the Examining Attorney made the refusal final, Applicant appealed. The appeal has been fully briefed.

Applicant asserts that “there are two errors in the Final Office Action”:⁸ (1) the rules requiring a street address were not validly promulgated; and (2) “unlawful nonfeasance” in connection with a third-party petition for rulemaking.

We address each in turn, and for the reasons set forth below, we affirm the refusal to register.

II. Analysis

A. Applicable Rules

Section 1(a)(2) of the Trademark Act provides that “[t]he application shall include specification of the applicant’s domicile” 15 U.S.C. § 1051(a)(2). Trademark Rule 2.189 sets forth the requirement that “[a]n applicant or registrant must provide and keep current the address of its domicile, as defined in § 2.2(o).” 37 C.F.R. § 2.189. Trademark Rule 2.32(a)(2) lists an applicant’s domicile address among the requirements for a complete application. 37 C.F.R. § 2.32(a)(2). According to the Trademark Rules of Practice, “[t]he 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.” 37 C.F.R. § 2.2(o). The TMEP further states that “[a]n applicant generally must provide its

⁸ 4 TTABVUE 3 (Applicant’s Brief).

domicile street address.... In most cases, a post-office box, a ‘care of’ (*c/o*) address, the address of a mail forwarding service, or other similar variation cannot be a domicile address.” TMEP § 803.05(a) (2021).

One reason for the domicile requirement is to distinguish between domestic and foreign filers, because an applicant “whose domicile is not located within the United States or its territories must be represented by an attorney, as defined in § 11.1 of this chapter, who is qualified to practice under § 11.14 of this chapter.” 37 C.F.R. § 2.11(a); *see also* 37 C.F.R. § 2.22(a)(20). Applicants domiciled outside the United States also may designate domestic representatives. *See* 15 U.S.C. § 1051(e) (“If the applicant is not domiciled in the United States the applicant may designate ... the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark.”); 15 U.S.C. §§ 1058(f), 1059(c), & 1060(b) (comparable provisions for registration owners and assignees). The various reasons for the collection of domicile address information, the benefits to the public, and the measures in place to shield domicile address information from public view are addressed in more detail in the Office’s decision on the third-party petition for rulemaking referenced above.⁹ Applicant raises the petition in this case, and so both

⁹ 6 TTABVUE 8-16 (decision on “petition for rulemaking” by the Software Freedom Conservancy, Inc., an exhibit to the Examining Attorney’s Brief).

the petition and resulting decision are discussed below.

In this case, Applicant concedes that it has not complied with the requirement to provide the domicile address of its “principal place of business” as a juristic entity.¹⁰ See 37 C.F.R. §§ 2.2(o) & (p). Applicant’s appeal rests exclusively on its contention that the Board should reject enforcement of the applicable rules. We conclude that an appeal to this Board is not the proper forum; the proper course for such a challenge would have been a petition for rulemaking. See 5 USC § 553(e) (“Each agency shall give an interested person the right to petition for the issuance, amendment, or repeal of a rule.”). While Applicant cites the APA,¹¹ Applicant offers no authority for making an APA challenge in an administrative forum that is part of the same agency that adopted the rules and policy guidance.¹²

¹⁰ 4 TTABVUE 3 (Applicant’s Brief).

¹¹ 4 TTABVUE 10-11 (Applicant’s Brief).

¹² While Applicant cites 44 U.S.C. §§ 3507(a) and 3512, the former involves requirements for an agency’s information collection and the latter involves the failure to display a valid Office of Management and Budget control number for an information collection. Neither statutory provisions states or suggests that an administrative agency board such as this one may decline to enforce the agency’s rules. Applicant’s reliance on *United States v. Arthrex*, 141 S.Ct. 1970, 2021 USPQ2d 662 (2021) is also inapposite. That case involved a challenge in an Article III court to the constitutionality of a statute, not the authority of an administrative panel to review agency regulations under the APA.

Both Applicant and the Examining Attorney addressed the “Petition for Rulemaking” by the Software Freedom Conservancy, Inc.¹³ and the resulting petition decision.¹⁴

The Software Freedom Conservancy’s petition sought a suspension of the USPTO’s implementation of Trademark Rules 2.189 and 2.2(o) and (p) and “a new notice and rulemaking process to add more appropriately constrained rules,”¹⁵ and raised many of the same arguments that Applicant makes in this appeal about the unenforceability of rules based on allegedly improper rulemaking procedures. The petition decision addressed the USPTO’s compliance with the APA, the Paperwork Reduction Act, the Regulatory Flexibility Act, and Executive Order 13771 (now revoked) in connection with the challenged rules. Because the petition decision represents the USPTO’s views on the arguments Applicant now makes about the Trademark Rules, we incorporate it by reference in this decision and attach

¹³ 4 TTABVUE 19-34 (Applicant’s Brief, Exhibit B). The petition was signed by Applicant’s owner, Pamela S. Chestek, as the petitioner’s attorney.

¹⁴ 6 TTABVUE 7-16. Applicant attached to its Brief the third-party petition. The Examining Attorney attached to his Brief the USPTO’s decision denying the petition. Although the record in an application should be complete prior to the filing of an ex parte appeal to the Board, Trademark Rule 2.142(d), 37 C.F.R. § 2.142(d), evidence submitted after an appeal may be considered by the Board when there is no objection to the evidence and it is either discussed or otherwise affirmatively treated as being of record by the nonoffering party. TBMP § 1207.03.

¹⁵ 4 TTABVUE 34 (Applicant’s Brief, Exhibit B).

it as an appendix.¹⁶ For the reasons explained in the petition decision, the arguments set forth in the petition and Applicant's briefs in this case are not a basis to avoid the domicile address requirement.

We also find unpersuasive Applicant's privacy arguments. In the Commissioner for Trademarks' August 11, 2021 cover letter to the petition decision, he noted that the majority of the USPTO's TEAS forms, including the application and change of address/representation forms, feature a special field for entry of the domicile address. Use of the field ensures that the domicile address "will not be publicly viewable nor retrievable in bulk-data downloads."¹⁷ *See also* TMEP § 803.05(a) (noting that the domicile address information on the TEAS application form is "hidden from public view"). Nonetheless, Applicant, a business entity, asserts that "[i]f a person needs to keep their street address a secret for their personal protection, the only way to make sure it remains a secret is never to disclose it.... It is unacceptable to have to rely on a government agency for one's personal safety"¹⁸ However, Applicant did not assert any such need for secrecy and, as noted above, explicitly disavows any interest in availing itself of the USPTO's established procedure for requesting a waiver of the rule.¹⁹ *See* 37 C.F.R. §§ 2.146(a)(5) & 2.148; TMEP § 1708.

¹⁶ 6 TTABVUE 8-16.

¹⁷ 6 TTABVUE 7.

¹⁸ 7 TTABVUE 9 (Applicant's Reply Brief).

¹⁹ 4 TTABVUE 4 (Applicant's Brief).

B. Unlawful Nonfeasance

Applicant asserts that the final refusal to register at issue in this appeal should be reversed because of so-called “nonfeasance” in connection with the third-party petition for rulemaking, based on “failing to decide” that petition.²⁰ Applicant does not claim to be in privity with the Software Freedom Conservancy, Inc. The third-party petition is dated September 18, 2019. The denial decision is dated March 11, 2020, prior to Applicant’s Brief. However, a cover letter from the USPTO’s Commissioner for Trademarks to Ms. Chestek dated August 11, 2021, after Applicant’s Brief, indicates that while the denial decision was signed on the earlier date, “the physical mailing of the response [to Ms. Chestek as counsel for the petitioner] slipped through the cracks as [the USPTO] quickly transitioned to an all virtual work environment [at the onset of the pandemic].”²¹

We reject Applicant’s contention that the timing and content of the USPTO’s decision on a third-party petition entitle Applicant to a reversal of the refusal to register in this case. We do not agree that the USPTO’s handling of the petition, either in procedure or substance, constitutes what Applicant has called “unlawful nonfeasance.”²² Nor does the USPTO’s

²⁰ 4 TTABVUE 5 (Applicant’s Brief)

²¹ 6 TTABVUE 7 (August 11, 2021 letter from David S. Gooder to Pamela S. Chestek). Because the petition for rulemaking was not associated with a particular application or registration, the decision did not process and issue electronically.

²² 4 TTABVUE 5 (Applicant’s Brief).

handling of the petition from any other basis for reversal of the requirement in this case. Regardless, a proper challenge to the USPTO's handling of the petition must be brought by the party who could potentially claim the injury, *i.e.*, the petitioner. Applicant fails to convince us that it would be proper to address its assertion of so-called "unlawful nonfeasance" by the Office in an unrelated petition matter involving a third-party not in privity with Applicant.²³

²³ Even when a petition is filed by an applicant, rather than a third party, the petition does not stay the period for replying to an Office action and does not act as a stay in any appeal. 37 C.F.R. § 2.146(g).

App. 27

United States Patent and Trademark Office
Office of the Commissioner for Trademarks

August 11, 2021

Pamela S. Chestek, Esq.
Chestek Legal
P.O. Box 2492
Raleigh, NC 27602

Dear Ms. Chestek,

Thank you for your recent correspondence to the USPTO regarding your petition filed on September 19, 2019. Please accept my sincere apologies on behalf of the agency for our significantly delayed response. The Office did in fact prepare the attached response, which was signed by me on March 11, 2020.

When we received your recent communication, we searched our files and saw that our response was prepared around the time that our workforce moved to mandatory telework as a result of the pandemic. Because that change had a significant impact on our mailing operations, it appears likely that the physical mailing of the response slipped through the cracks as we quickly transitioned to an all virtual work environment.

With regard to the substance of your inquiry, I hope that the attached addresses your questions and concerns regarding the final rule entitled *Requirement of U.S. Licensed Attorney for Foreign*

Trademark Applicants and Registrants, 84 FR 31498 (July 2, 2019). I'd also like to take this opportunity to provide an update on the steps we've taken to further shield applicant's domicile address since the drafting of the attached letter.

Specifically, in Section I.C. of our response, we noted revisions to our new application and change of address/representation forms deployed on February 15, 2020 with the implementation of mandatory electronic filing. I'm pleased to share that we have now revised the majority of our TEAS forms to include a second address field for entering the owner's domicile address, which will not be publicly viewable nor retrievable in bulk-data downloads. This includes post-registration forms, response to Office action forms, and certain petition forms. More information is on the TEAS release highlights webpage. Lastly, we note that the Executive Order 13771, cited in your petition and addressed in our response, has since been revoked.¹

I trust that the above answers your questions and do again apologize for the delay in sending you our March 11, 2020 response to your petition.

Best regards,

/s/ David S. Gooder

David S. Gooder

¹ Executive Order 13992 Revocation of Certain Executive Orders Concerning Federal Regulation, 86 FR 7049 (Jan. 25, 2021).

App. 29

Commissioner for Trademarks

United States Patent and Trademark Office
Office of the Commissioner for Trademarks

March 11, 2020

Pamela S. Chestek, Esq.
Chestek Legal
P.O. Box 2492
Raleigh, NC 27602

Dear Ms. Chestek,

Thank you for the September 18, 2019 petition for rulemaking submitted by Software Freedom Conservancy, Inc., addressed to Andrei Iancu, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (USPTO or the Office). The petition under 5 U.S.C. § 553(e) was forwarded to the undersigned for consideration.

The petition asserted (1) policy concerns related to the USPTO's rulemaking entitled Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants (U.S. Counsel rule), and (2) that the U.S. Counsel rule failed to observe various procedural requirements of the rulemaking process. The Office's responses to these assertions pursuant to 5 U.S.C. § 555(e) are set forth below.

I. Policy Issues

The petition asserts that the USPTO's implementation of the U.S. Counsel rule requirement that applicants and registrants provide their domicile addresses results in risks of harm that outweigh any of the rule's benefits to the U.S. trademark system. According to the petition, the risk of harm takes many forms, including the potential for personal harm based on public disclosure of domicile address information,¹ the impact on business efficiency and expenses, as well as general privacy concerns. As a result, the petition requests that the rule be suspended and that new rulemaking addressing these privacy concerns be undertaken.

As discussed below, the USPTO must strike an appropriate balance between the concerns raised in the petition, its statutory obligation to collect owner domicile information, and its regulatory and treaty obligations to make owner address information publicly available. The USPTO has implemented procedures to address the privacy concerns raised while maintaining that balance.

Also discussed below, it has always been the case, for example, that if an applicant has only one address and that address is their domicile address, the USPTO is required under the Lanham Act and its implementing regulations, as well as relevant treaty

¹ The USPTO understands the petition's use of "address," "physical address," and "residential address" to refer to domicile address.

obligations, to collect that address and to publish it. However, the USPTO is sensitive to heightened privacy concerns stakeholders have regarding publication of an address designated as their domicile address.

The USPTO is actively pursuing measures beyond the existing rulemaking petition process in order to address those concerns, including IT system and form changes that have been implemented to allow owners to provide a mailing address that will be published in the USPTO's records and to separately provide their domicile address, if different from their mailing address, in a field that will not be published.

A. Domicile Information and Address Information Must be Provided to Comply with Various Laws, Regulations, and Treatises

The Lanham Act has always required specification of an applicant's domicile. Under section 1, 15 U.S.C. § 1051, an application for registration of a trademark “shall include specification of the applicant's domicile....” 15 U.S.C. § 1051(a)(2). The Act further provides that foreign domiciliaries may designate a domestic representative on whom may be served notices or process in proceedings affecting the mark. 15 U.S.C. §§ 1051(e), 1058(f), 1059(c). In addition, domicile or residency is a criterion that foreign trademark offices with local counsel requirements use to determine whether applicants must be represented before them.

Because the Lanham Act requires provision of domicile information, the USPTO reasonably chose domicile as the trigger for requiring representation by a U.S.-licensed attorney in trademark matters before the USPTO.

The USPTO is required to publish or otherwise make available address information for applicants under the Lanham Act's implementing regulations and U.S. treaty obligations. Since 1955, Trademark Rule 2.27 has provided that:

- (a) An index of pending applications including the name and address of the applicant...will be available for public inspection as soon as practicable after filing.

- (d) (formerly appeared in subsection (b)) Except as provided in paragraph (e) of this section, the official records of applications and all proceedings relating thereto are available for public inspection....

37 CFR 2.27(a), (d).

Similarly, treaties contemplate that owner contact addresses be made publicly available. For example, the Madrid Protocol requires an international applicant to provide its name and postal address, with an option for an additional correspondence address. See Rule 9(4)(a) of the *Common Regulations under the*

Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement (“The international application shall contain or indicate ... (ii) the address of the applicant, given in accordance with the Administrative Instructions”); Section 12(d) of the *Administrative Instructions for the Application of the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating Thereto* (“An address shall be given in such a way as to satisfy the customary requirements for prompt postal delivery and shall consist, at least, of all the relevant administrative units up to, and including, the house number, if any; in addition, telephone and telefacsimile numbers, an e-mail address as well as a different address for correspondence may be indicated.”). This information is published in the International Register.

B. Benefits of Collecting Domicile and Address Information

Collecting and making address information publicly available benefits the intellectual property community and the public. An address serves as a means to identify and contact the owner for various legitimate business and legal purposes. For example, the public may use the address information available on the USPTO's public databases to contact application and registration owners about licenses, consent agreements, assignments, and other business interests. The public also relies on the public availability of address information in the USPTO's

records to enforce trademark rights via cease-and-desist letters or to effect proper service of process in civil litigation.²

As explained in the NPRM and the final rule, the requirement of *domicile* address information benefits the U.S. trademark system by distinguishing between domestic and foreign filers. Without the U.S. Counsel Rule, which requires domicile address information, many foreign filers were evading statutory and regulatory requirements in trademark registration matters. Additionally, foreign parties were engaged in the unauthorized practice of law (UPL), improperly representing applicants, registrants, or parties before the Office. By requiring foreign-domiciled applicants, registrants, and parties to Trademark Trial and Appeal Board proceedings to be represented by U.S.-licensed attorneys, who are subject to the USPTO's disciplinary jurisdiction, the USPTO helps ensure that those attorneys, and by extension those they represent, fulfill their obligations to comply with U.S. legal requirements, thereby protecting the integrity of the U.S. trademark register.

² The petition highlights the European Union's efforts to protect personal information via the General Data Protection Regulation (GDPR). However, even the European Union Intellectual Property Office, which is subject to the GDPR, makes owner address information publicly available.

**C. Measures in Place to Shield Domicile
Address Information**

The concerns raised in the petition appear to be predicated on the final rule requiring provision of the owner's domicile address and not allowing a post-office box or “care-of” address to satisfy the domicile address requirement. While requiring domicile address information is warranted based on the compliance problems noted above, the privacy concerns raised in the petition are addressed by several means. First, a party can petition the Director to request waiver of the requirement to make a domicile address public. Second, the USPTO has revised the new application and change of address or representation forms to include two address fields—one field for entering the address where the owner receives mail, which can be a post-office box or “care-of” address that will be displayed in the USPTO's public records, and a second field for entering the “domicile address(es)” for the owner(s), the contents of which will not be displayed in the USPTO's public records. If these forms are used to provide a separate domicile address, it will not be publicly viewable and also will not be retrievable in bulk-data downloads. The changes were deployed with the implementation of mandatory electronic filing on February 15, 2020.

Given the benefit of requiring domicile address information and the ability to shield that information, suspending the U.S. Counsel rule and engaging in a new rulemaking to address these privacy concerns is not warranted.

II. Administrative Law Issues

The petition asserts that the U.S. Counsel rule is unenforceable because the rulemaking process did not meet the requirements of the Administrative Procedure Act (APA), the Paperwork Reduction Act (PRA), the Regulatory Flexibility Act (RFA), and Executive Order 13771. For the reasons set forth below, we do not agree with these assertions.

A. Administrative Procedure Act

1. The Rulemaking Was not Arbitrary and Capricious

The petition alleges that the U.S. Counsel rule was arbitrary and capricious for requiring every applicant to provide a domicile address, because prior to this rulemaking a mailing address, which could be a residential address or a post office box, was all that was needed for a complete application. Further, the petition argues that any address, whether street address³ or post office box, has no relationship to

³ The final rule defines domicile as the permanent legal place of residence of a natural person or the principal place of business of a juristic entity. The USPTO's Examination Guide 4-19 specifies that a person's "permanent legal place of residence" is the place the person resides and intends to be the person's principal home. The initial determination of whether an applicant's, registrant's, or party's domicile is within or outside the U.S. is based on its street address. In most cases, a post-office box, a "care of" (c/o) address, or other similar variation cannot be a domicile address because it generally does not identify the location of the place the person resides and intends to be the

whether an applicant or registrant has retained a lawyer.

We disagree with the assertion that the U.S. Counsel rule violated the APA by requiring that every applicant provide a domicile address. The USPTO has always required an address for the owners and has not changed this requirement, but rather the U.S. Counsel rule amended the regulations to require that applicants specifically identify their domicile address.

The proposed rule provided a reasoned explanation for requiring domicile address that satisfies the requirements of the APA. The USPTO explained that domicile address was required to identify those applicants and registrants who were not located in the U.S. and thus required to retain a qualified attorney. The primary purpose for requiring foreign-domiciled applicants to retain a U.S. attorney was to combat the growing problem of foreign individuals, entities, and applicants failing to comply with U.S. law. Moreover, this requirement is consistent with the practice of countries with a similar requirement who also condition the requirement on domicile.

person's principal home (for a natural person). *Examination Guide 4-19 Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants* (Sept. 2019), available at <https://www.uspto.gov/sites/default/files/documents/Exam%20Guide%2004-19.pdf>

The USPTO understands that Petitioner uses the term, “street address” to refer to the final rule's “permanent legal place of residence” requirement.

The petition also alleges that the USPTO's rulemaking was insufficient because it provided no empirical data on whether or how the absence of street addresses is related to the problem to be solved by the rulemaking. The petition also claims there is no explanation of 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. The arguments appear premised on a misunderstanding of the purpose of the collection of domicile addresses. The purpose of the domicile address was to determine those applicants and registrants who were not domiciled in the U.S., and thus subject to the requirement to retain a qualified attorney, which was fully discussed in the NPRM and final rule and supported by empirical data.

Finally, the petition alleges that the USPTO failed to invite comment on, consider, or weigh any countervailing reasons why it would be inadvisable to require a street address, and therefore the rulemaking was not properly promulgated. The USPTO complied with the requirement of the APA in undertaking this rulemaking, and sought comment on the proposed regulations concerning collection of addresses consistent with normal rulemaking procedures. The APA does not require an agency to explicitly invite countervailing arguments against a rule proposal. A proposed rule that provides either the terms or substance of the proposed rule or a description of the subjects and issues involved

satisfies the procedural requirements of the AP A. *See* 5 U.S.C. § 553(6)(3). The APA contains no requirement that a proposed rule specifically invite comment on countervailing reasons why it would be inadvisable to require a street address in order for the rulemaking to be properly promulgated. We also allowed for comment on the proposed regulation, which stated that the Office may require an applicant to furnish information reasonably necessary to determine whether they are subject to the domicile requirements. In the proposed rule, the USPTO specifically stated the proposed definition of domicile was the permanent legal place of residence. This was consistent with the APA and provided the public with adequate notice that the USPTO was open to comments of all sorts on the rule proposal, including countervailing arguments against the proposal. Given this, we do not agree with the arguments made in the petition that the rulemaking was arbitrary and capricious.

2. The Final Rule Was a Logical Outgrowth of the NPRM

The petition asserts that the U.S. Counsel final rule was not a logical outgrowth of the NPRM because it was unforeseeable that U.S. applicants would be required to provide domicile address based on the content of the NPRM. Specifically, it is asserted that the addition of 37 CFR 2.189 in the final rule, which requires applicants and registrants to provide and keep current the domicile address, was not included in the NPRM.

Logical outgrowth issues arise only where a final rule differs to such a great extent from the proposed rule that it can be said that the public was not apprised of the issues in the proceeding. But, this does not forbid the agency from altering the proposed rule in its final rule. *See Alto Diary v. Veneman*, 336 F.3d 560, 569-70 (7th Cir. 2003) (“The purpose of a rulemaking proceeding is not merely to vote up or down the specific proposals advanced before the proceeding begins, but to refine, modify, and supplement the proposals in the light of evidence and arguments presented in the course of the proceeding. If every modification is to require a further hearing at which that modification is set forth in the notice, agencies will be loath to modify initial proposals, and the rulemaking process will be degraded.”)

The legal standard for a violation of the APA for when a final rule fails to be a logical outgrowth of the NPRM is whether the notice adequately alerted the interested parties of the possibility of the changes that were eventually adopted. *See National Mining Ass 'n v. Mine Safety and Health Administration*, 512 F.3d 696, 699 (D.C. Cir. 2008).

A final rule qualifies as a logical outgrowth “if interested parties ‘should have anticipated’ that the change was possible, and thus reasonably should have filed their comments on the subject during the notice-and-comment period.” *Ne. Md. Waste Disposal Auth. v. EPA*,

358 F.3d 936, 952 (D.C. Cir. 2004) (citations omitted). By contrast, a final rule fails the logical outgrowth test and thus violates the APA's notice requirement where "interested parties would have had to 'divine [the agency's] unspoken thoughts,' because the final rule was surprisingly distant from the proposed rule." *Int'l Union, United Mine Workers of Am. v. Mine Safety & Health Admin.*, 407 F.3d 1250, 1259-60 (D.C. Cir. 2005) (internal citations omitted).

CSX Transp., Inc. v. Surface Transp. Bd., 584 F.3d 1076, 1079-80 (D.C. Cir. 2009).

The requirements of logical outgrowth are satisfied if there is reasonable anticipation of the new provision in the final rule. In addition, whether and in what circumstances a court will find agency notice to be adequate is a fact-driven inquiry. Here, the USPTO provided adequate notice of the domicile address requirement in the preamble to the NPRM. The proposed definition of domicile was "the permanent legal place of residence of a natural person." In the final rule, the USPTO only slightly expanded the definition to alternatively include "a principle place of business of a juristic entity" as a domicile. The proposed definition of "domicile" was largely unchanged and clear that the USPTO would be collecting a physical address of an owner. In addition, the NPRM also stated that the Office may require an applicant or registrant to furnish such information or

declarations as may be reasonably necessary to the proper determination of whether an applicant or registrant whose domicile or principal place of business is not located within the United States or its territories must be represented by an attorney. *See* 37 CFR 2.11(b). Based on the language in the NPRM, it is clear that the public could reasonably anticipate that both foreign and U.S. applicants and registrants would have to provide domicile address. Consequently, the USPTO does not agree that any logical outgrowth concerns are present in this rule.

B. USPTO Complied with the Paperwork Reduction Act

The petition asserts that the USPTO violated the requirements of the Paperwork Reduction Act (PRA) by failing to receive approval from the Office of Management and Budget for the collection of attorney bar information and associated documentation, the collection of domicile address and associated documentation, and the submission of petitions requesting waiver of the requirement to make a domicile address public.

The USPTO has complied with all requirements of the PRA, including coordination with and review by OMB of any adjustments to existing OMB control numbers impacted by the final rule. OMB determined that no new OMB control numbers were required, and that existing forms impacted by the final rule were not substantially changed. The adjustments made by UPSTO to existing OMB control numbers update the

respondent estimates and burden hours for affected forms. The requirement for the domicile address in particular is not a change to the collection of this information. The USPTO has always collected address information from an applicant or registrant.

The burdens associated with the collection of address information is accounted for in the respondent estimates and burden hours reported to and approved by OMB (Control No. 0651-0009). No changes are required for this collection. Regarding the burdens associated with the submission of petitions requesting that the domicile address be withheld from public view, such petitions are made under the general petition provision at 37 CFR 2.146(a)(5), which is approved by OMB (Control No. 0651-0054, 0651-0050). However, a change worksheet was submitted to OMB to adjust the respondent estimates and burden hours in light of the possibility of an increase in the number of petitions requesting such action by the USPTO. Regarding the respondent burdens associated with the collection of attorney bar information, a change worksheet was submitted to OMB (Control No. 0651-0009) to adjust the respondent estimates and burden hours for this information collection.

With respect to complaints raised about post-application follow-up, any follow-up questions and documentation that may be collected to clarify attorney bar information or domicile address is considered to be exempt from the Paperwork Reduction Act under 5 CFR 1320(h)(9), which

expressly excludes from the definition of “information” any facts or opinions obtained or solicited through nonstandardized follow-up questions designed to clarify responses to approved collections of information. Because any follow-up or clarification questions regarding attorney bar information or domicile address would be obtained or solicited through nonstandardized follow-up questions, it is not considered to be “information” under the PRA and thus is exempt from its requirements. The USPTO's handling such potential follow-up questions and documentations is consistent with the PRA.

C. USPTO Complied with the Regulatory Flexibility Act

The petition alleges that the USPTO's analysis violated the Regulatory Flexibility Act (RFA), for failing to consider the costs that would be borne by U.S domiciled applicants and registrants who would now have to provide their domicile address and for providing attorney bar information.

The USPTO considered the impact on U.S. domiciled applicants and determined that no additional cost burdens would be incurred for providing a domicile address. The USPTO has always collected address information from an applicant or registrant, and the change for applicants to specifically identify their domicile address imposes no new costs. The costs for providing attorney bar information is de minimis, and would have no impact on the certification that this

rule would not have a significant economic impact on a substantial number of small entities.

Regarding the argument that there will be a burden on small firm lawyers based on costs that may not be recoverable (for example, under fixed fee arrangements), the petition does not provide an estimate of the impact other than to argue that the rule may create substantial new malpractice liability that should be considered in the analysis but that were omitted. The rule does not directly regulate the conduct of small firm lawyers. Further, the USPTO does not have data that supports the conclusion that small firm lawyers will be subject to additional liability through potential business they may take on as a result of more clients seeking legal services following implementation of this rule. The USPTO conducts its rulemaking in compliance with the relevant laws and guidance that require it to estimate burdens on small entities, where applicable. While the USPTO is sensitive to any burdens that might arise directly from its rules, particularly for small entities, the USPTO did not receive public comment during the rulemaking process providing any information that suggested the rule would produce the argued impact on such practitioners. Any expense potentially incurred for malpractice liability arising from increased business would be costs that are outside the scope of this rulemaking.

**D. USPTO Complied with Executive Order
13771**

Finally, the petition also alleges that the USPTO's rulemaking for the U.S. Counsel rule failed to comply with Executive Order (E.O.) 13771 for several reasons: (1) adding a new regulation without repealing two others; (2) failing to inform OMB or the Department of Commerce that it was “not in compliance with the President's regulatory budget concept”; and (3) omitting or failing to consider significant costs.

The USPTO, as part of the Department of Commerce, complied with all requirements of E.O. 13771 in the development of the U.S. Counsel rule, and all of the allegations in the petition concerning the Executive Order are without merit. This rulemaking was determined to be a significant regulatory action under E.O. 12866 by OMB's Office of Information and Regulatory Affairs (OIRA). Pursuant to that designation, the USPTO submitted both the NPRM and final rule to OIRA for review, and it was determined that the rule was not subject to the requirements of E.O. 13771. OIRA maintains the discretion to exempt any category of rulemakings from the requirements of E.O. 13771. *See* Section 4, E.O. 13771. *See also* Memorandum M-17-21 from Dominic J. Mancini, Acting Administrator of the Office of Information and Regulatory Affairs to Regulatory Policy Officers at Executive Departments and Agencies and Managing and Executive Directors of Certain Agencies and Commissions, “Guidance

Implementing E.O. 13771, Titled ‘Reducing Regulation and Controlling Regulatory Costs,’ April 5, 2017. Such determination was properly disclosed in the ‘Rulemaking Requirements’ section of the NPRM and final rule. Furthermore, because compliance with E.O. 13771 is assessed on an agency-wide basis,⁴ rather than on a rule-by-rule basis, it is misleading to speak of an individual rule ‘complying’ with E.O. 13771.

Notwithstanding the above, E.O. 13771 contains no private right of action to enforce the order as law. Specifically, section 5(c) of E.O. 13771 clearly states “[t]his order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.” Thus, an agency’s failure to comply with any of the requirements of the E.O. is not judicially reviewable. The unreviewability of an executive order is supported in case law. See *Independent Meat Packers Ass’n v. Butz*, 526 F.2d 228 (8th Cir. 1975) (no judicial enforcement of executive order requiring consideration of inflationary impact of regulations, in part because such order had not been issued pursuant to delegation from Congress). Thus, the determination of compliance with E.O. 13771 is solely within the discretion of OIRA.

⁴ Here, the Department of Commerce, not the USPTO, is the relevant ‘agency.’

III. Conclusion

The September 19, 2019 petition for rulemaking of Software Freedom Conservancy has been considered and denied. As discussed above, the Office does not agree that the rulemaking process for this rule violated the APA or any other relevant requirements of statute, regulation or guidance, and the Office will not be vacating or suspending implementation of the U.S. Counsel rule. In light of concerns raised in the petition and by other members of the public since publication of the U.S. Counsel rule, the Office has determined that certain revisions to the USPTO's procedures concerning the collection and publication of domicile addresses are warranted.

The Office has made available the petition procedures, as warranted, to address the Petitioner's privacy concerns, and also undertook additional changes, as described above, when the USPTO's Mandatory Electronic Filing final rule became effective on February 15, 2020. As always, the USPTO continues to assess its electronic systems and procedures to determine where improvements are needed to address concerns raised by the public and our stakeholders.

If you have any further questions related to this matter, please contact the Deputy Commissioner for Trademark Examination Policy, Sharon R. Marsh.

I hope this information is helpful in addressing your concerns.

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Sincerely,

/s/ David S. Gooder
David S. Gooder
Commissioner for Trademarks

APPENDIX C

RELEVANT STATUTORY PROVISIONS

5 U.S.C. § 553 – Rule making

- (a) This section applies, according to the provisions thereof, except to the extent that there is involved—
 - (1) a military or foreign affairs function of the United States; or
 - (2) a matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts.
- (b) General notice of proposed rule making shall be published in the Federal Register, unless persons subject thereto are named and either personally served or otherwise have actual notice thereof in accordance with law. The notice shall include—
 - (1) a statement of the time, place, and nature of public rule making proceedings;
 - (2) reference to the legal authority under which the rule is proposed;
 - (3) either the terms or substance of the proposed rule or a description of the subjects and issues involved; and
 - (4) the internet address of a summary of not more than 100 words in length of the proposed rule, in plain language, that shall be posted on the Internet website under section 206(d) of the E-Government Act of

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2002 (44 U.S.C. 3501 note) (commonly known as regulations.gov).

Except when notice or hearing is required by statute, this subsection does not apply—

- (A) to interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice; or
 - (B) when the agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.
- (c) After notice required by this section, the agency shall give interested persons an opportunity to participate in the rule making through submission of written data, views, or arguments with or without opportunity for oral presentation. After consideration of the relevant matter presented, the agency shall incorporate in the rules adopted a concise general statement of their basis and purpose. When rules are required by statute to be made on the record after opportunity for an agency hearing, sections 556 and 557 of this title apply instead of this subsection.
- (d) The required publication or service of a substantive rule shall be made not less than 30 days before its effective date, except—

- (1) a substantive rule which grants or recognizes an exemption or relieves a restriction;
 - (2) interpretative rules and statements of policy; or
 - (3) as otherwise provided by the agency for good cause found and published with the rule.
- (e) Each agency shall give an interested person the right to petition for the issuance, amendment, or repeal of a rule.

35 U.S.C. § 2 – Powers and duties

- (a) **In General.**—The United States Patent and Trademark Office, subject to the policy direction of the Secretary of Commerce—
- (1) shall be responsible for the granting and issuing of patents and the registration of trademarks; and
 - (2) shall be responsible for disseminating to the public information with respect to patents and trademarks.
- (b) **Specific Powers.**—The Office—
- (1) shall adopt and use a seal of the Office, which shall be judicially noticed and with which letters patent, certificates of trademark registrations, and papers issued by the Office shall be authenticated;

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- (2) may establish regulations, not inconsistent with law, which—
 - (A) shall govern the conduct of proceedings in the Office;
 - (B) shall be made in accordance with section 553 of title 5;
 - (C) shall facilitate and expedite the processing of patent applications, particularly those which can be filed, stored, processed, searched, and retrieved electronically, subject to the provisions of section 122 relating to the confidential status of applications;
 - (D) may govern the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office, and may require them, before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office;
 - (E) shall recognize the public interest in continuing to safeguard broad access to the United States patent system through

the reduced fee structure for small entities under section 41(h)(1);

- (F) provide for the development of a performance-based process that includes quantitative and qualitative measures and standards for evaluating cost-effectiveness and is consistent with the principles of impartiality and competitiveness; and
 - (G) may, subject to any conditions prescribed by the Director and at the request of the patent applicant, provide or prioritization of examination of applications for products, processes, or technologies that are important to the national economy or national competitiveness without recovering the aggregate extra cost of providing such polarization, notwithstanding section 41 or any other provisions of law.
- (3) may acquire, construct, purchase, lease, hold, manage, operate, improve, alter, and renovate any real, personal, or mixed property, or any interest therein, as it considers necessary to carry out its functions;
- (4)
- (A) may make such purchases, contracts for the construction, maintenance, or management and operation of facilities, and contracts for supplies or services,

without regard to the provisions of subtitle I and chapter 33 of title 40, division C (except sections 3302, 3501(b), 3509, 3906, 4710, and 4711) of subtitle I of title 41, and the McKinney-Cento Homeless Assistance Act (42 U.S.C. 11301 et seq.); and

- (B) may enter into and perform such purchases and contracts for printing services, including the process of composition, platemaking, presswork, silk screen processes, binding, microform, and the products of such processes, as it considers necessary to carry out the functions of the Office, without regard to sections 501 through 517 and 1101 through 1123 of title 44;
- (5) may use, with their consent, services, equipment, personnel, and facilities of other departments, agencies, and instrumentalities of the Federal Government, on a reimbursable basis, and cooperate with such other departments, agencies, and instrumentalities in the establishment and use of services, equipment, and facilities of the Office;
- (6) may, when the Director determines that it is practicable, efficient, and cost-effective to do so, use, with the consent of the United States and the agency, instrumentality, Patent and Trademark Office, or international organization concerned, the

services, records, facilities, or personnel of any State or local government agency or instrumentality or foreign patent and trademark office or international organization to perform functions on its behalf;

- (7) may retain and use all of its revenues and receipts, including revenues from the sale, lease, or disposal of any real, personal, or mixed property, or any interest therein, of the Office;
- (8) shall advise the President, through the Secretary of Commerce, on national and certain international intellectual property policy issues;
- (9) shall advise Federal departments and agencies on matters of intellectual property policy in the United States and intellectual property protection in other countries;
- (10) shall provide guidance, as appropriate, with respect to proposals by agencies to assist foreign governments and international intergovernmental organizations on matters of intellectual property protection;
- (11) may conduct programs, studies, or exchanges of items or services regarding domestic and international intellectual property law and the effectiveness of intellectual property protection domestically and throughout the world, and

the Office is authorized to expend funds to cover the subsistence expenses and travel-related expenses, including per diem, lodging costs, and transportation costs, of persons attending such programs who are not Federal employees;

(12)

(A) shall advise the Secretary of Commerce on programs and studies relating to intellectual property policy that are conducted, or authorized to be conducted, cooperatively with foreign intellectual property offices and international intergovernmental organizations; and

(B) may conduct programs and studies described in subparagraph (A); and

(13)

(A) in coordination with the Department of State, may conduct programs and studies cooperatively with foreign intellectual property offices and international intergovernmental organizations; and

(B) with the concurrence of the Secretary of State, may authorize the transfer of not to exceed \$100,000 in any year to the Department of State for the purpose of making special payments to international intergovernmental organizations for studies and programs

for advancing international cooperation concerning patents, trademarks, and other matters.

(c) Clarification of Specific Powers.—

- (1) The special payments under subsection (b)(13)(B) shall be in addition to any other payments or contributions to international organizations described in subsection (b)(13)(B) and shall not be subject to any limitations imposed by law on the amounts of such other payments or contributions by the United States Government.
- (2) Nothing in subsection (b) shall derogate from the duties of the Secretary of State or from the duties of the United States Trade Representative as set forth in section 141 of the Trade Act of 1974 (19 U.S.C. 2171).
- (3) Nothing in subsection (b) shall derogate from the duties and functions of the Register of Copyrights or otherwise alter current authorities relating to copyright matters.
- (4) In exercising the Director's powers under paragraphs (3) and (4)(A) of subsection (b), the Director shall consult with the Administrator of General Services.
- (5) In exercising the Director's powers and duties under this section, the Director shall consult with the Register of Copyrights on all copyright related matters.

(d) Construction.—

Nothing in this section shall be construed to nullify, void, cancel, or interrupt any pending request-for-proposal let or contract issued by the General Services Administration for the specific purpose of relocating or leasing space to the United States Patent and Trademark Office.

35 U.S.C. § 3 – Officers and employees

(a) Under Secretary and Director.—

(1) In General.—

The powers and duties of the United States Patent and Trademark Office shall be vested in an Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (in this title referred to as the “Director”), who shall be a citizen of the United States and who shall be appointed by the President, by and with the advice and consent of the Senate. The Director shall be a person who has a professional background and experience in patent or trademark law.

(2) Duties.—

(A) In general.—

The Director shall be responsible for providing policy direction and management supervision for the Office and for the issuance of patents and the registration of

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trademarks. The Director shall perform these duties in a fair, impartial, and equitable manner.

(B) Consulting with the public advisory committee.—

The Director shall consult with the Patent Public Advisory Committee established in section 5 on a regular basis on matters relating to the patent operations of the Office, shall consult with the Trademark Public Advisory Committee established in section 5 on a regular basis on matters relating to the trademark operations of the Office, and shall consult with the respective Public Advisory Committee before submitting budgetary proposals to the Office of Management and Budget or changing or proposing to change patent or trademark user fees or patent or trademark regulations which are subject to the requirement to provide notice and opportunity for public comment under section 553 of title 5, as the case may be.

(3) **Oath.**—

The Director shall, before taking office, take an oath to discharge faithfully the duties of the Office.

(4) **Removal.**—

The Director may be removed from office by the President. The President shall provide

notification of any such removal to both Houses of Congress.

(b) Officers and Employees of the Office.—

(1) Deputy under secretary and deputy director.—

The Secretary of Commerce, upon nomination by the Director, shall appoint a Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office who shall be vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director. The Deputy Director shall be a citizen of the United States who has a professional background and experience in patent or trademark law.

(2) Commissioners.—

(A) Appointment and duties.—

The Secretary of Commerce shall appoint a Commissioner for Patents and a Commissioner for Trademarks, without regard to chapter 33, 51, or 53 of title 5. The Commissioner for Patents shall be a citizen of the United States with demonstrated management ability and professional background and experience in patent law and serve for a term of 5 years. The Commissioner for Trademarks shall be a citizen of the United States with demonstrated management ability and professional background and experience in

trademark law and serve for a term of 5 years. The Commissioner for Patents and the Commissioner for Trademarks shall serve as the chief operating officers for the operations of the Office relating to patents and trademarks, respectively, and shall be responsible for the management and direction of all aspects of the activities of the Office that affect the administration of patent and trademark operations, respectively. The Secretary may reappoint a Commissioner to subsequent terms of 5 years as long as the performance of the Commissioner as set forth in the performance agreement in subparagraph (B) is satisfactory.

(B) Salary and performance agreement.—

The Commissioners shall be paid an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service established under section 5382 of title 5, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of title 5. The compensation of the Commissioners shall be considered, for purposes of section 207(c)(2)(A) of title 18, to be the equivalent of that described under clause (ii) of section 207(c)(2)(A) of title 18. In addition, the Commissioners may receive a bonus in an amount of up to, but not in excess of, 50 percent of the Commissioners'

annual rate of basic pay, based upon an evaluation by the Secretary of Commerce, acting through the Director, of the Commissioners' performance as defined in an annual performance agreement between the Commissioners and the Secretary. The annual performance agreements shall incorporate measurable organization and individual goals in key operational areas as delineated in an annual performance plan agreed to by the Commissioners and the Secretary. Payment of a bonus under this subparagraph may be made to the Commissioners only to the extent that such payment does not cause the Commissioners' total aggregate compensation in a calendar year to equal or exceed the amount of the salary of the Vice President under section 104 of title 3.

(C) Removal.—

The Commissioners may be removed from office by the Secretary for misconduct or nonsatisfactory performance under the performance agreement described in subparagraph (B), without regard to the provisions of title 5. The Secretary shall provide notification of any such removal to both Houses of Congress.

(3) **Other officers and employees.**—The Director shall—

(A) appoint such officers, employees (including attorneys), and agents of the

Office as the Director considers necessary to carry out the functions of the Office; and

- (B) define the title, authority, and duties of such officers and employees and delegate to them such of the powers vested in the Office as the Director may determine.

The Office shall not be subject to any administratively or statutorily imposed limitation on positions or personnel, and no positions or personnel of the Office shall be taken into account for purposes of applying any such limitation.

(4) Training of examiners.—

The Office shall submit to the Congress a proposal to provide an incentive program to retain as employees patent and trademark examiners of the primary examiner grade or higher who are eligible for retirement, for the sole purpose of training patent and trademark examiners.

(5) National security positions.—

The Director, in consultation with the Director of the Office of Personnel Management, shall maintain a program for identifying national security positions and providing for appropriate security clearances, in order to maintain the secrecy of certain inventions, as described in section 181, and to

prevent disclosure of sensitive and strategic information in the interest of national security.

(6) Administrative patent judges and administrative trademark judges.—

The Director may fix the rate of basic pay for the administrative patent judges appointed pursuant to section 6 and the administrative trademark judges appointed pursuant to section 17 of the Trademark Act of 1946 (15 U.S.C. 1067) at not greater than the rate of basic pay payable for level III of the Executive Schedule under section 5314 of title 5. The payment of a rate of basic pay under this paragraph shall not be subject to the pay limitation under section 5306(e) or 5373 of title 5.

(c) Continued Applicability of Title 5.—

Officers and employees of the Office shall be subject to the provisions of title 5, relating to Federal employees.

(d) Adoption of Existing Labor Agreements.—

The Office shall adopt all labor agreements which are in effect, as of the day before the effective date of the Patent and Trademark Office Efficiency Act, with respect to such Office (as then in effect).

(e) Carryover of Personnel.—

(1) From PTO.—

Effective as of the effective date of the Patent and Trademark Office Efficiency Act, all

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officers and employees of the Patent and Trademark Office on the day before such effective date shall become officers and employees of the Office, without a break in service.

(2) **Other personnel.**—Any individual who, on the day before the effective date of the Patent and Trademark Office Efficiency Act, is an officer or employee of the Department of Commerce (other than an officer or employee under paragraph (1)) shall be transferred to the Office, as necessary to carry out the purposes of that Act, if—

- (A) such individual serves in a position for which a major function is the performance of work reimbursed by the Patent and Trademark Office, as determined by the Secretary of Commerce;
- (B) such individual serves in a position that performed work in support of the Patent and Trademark Office during at least half of the incumbent's work time, as determined by the Secretary of Commerce; or
- (C) such transfer would be in the interest of the Office, as determined by the Secretary of Commerce in consultation with the Director.

Any transfer under this paragraph shall be effective as of the same effective date as referred to in paragraph (1), and shall be made without a break in service.

(f) Transition Provisions.—

(1) Interim appointment of director.—

On or after the effective date of the Patent and Trademark Office Efficiency Act, the President shall appoint an individual to serve as the Director until the date on which a Director qualifies under subsection (a). The President shall not make more than one such appointment under this subsection.

(2) Continuation in office of certain officers.—

(A) The individual serving as the Assistant Commissioner for Patents on the day before the effective date of the Patent and Trademark Office Efficiency Act may serve as the Commissioner for Patents until the date on which a Commissioner for Patents is appointed under subsection (b).

(B) The individual serving as the Assistant Commissioner for Trademarks on the day before the effective date of the Patent and Trademark Office Efficiency Act may serve as the Commissioner for Trademarks until the date on which a Commissioner for

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Trademarks is appointed under
subsection (b).