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DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Parts 1 and 150

[Docket No.: PTO-C-2017-0033]

RIN 0651-AD24

Removal of Regulations Governing Requests for Presidential Proclamations under the Semiconductor Chip Protection Act of 1984 (SCPA) and Certain Rules of Practice Relating to Registration to Practice and Discipline

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Notice of proposed rulemaking and request for comments.

SUMMARY: In accordance with Executive Order 13777, “Enforcing the Regulatory Reform Agenda,” and Executive Order 13771, “Reducing Regulation and Controlling Regulatory Costs,” the United States Patent and Trademark Office (USPTO or Office) proposes to remove its regulations governing requests for Presidential Proclamations under the Semiconductor Chip Protection Act of 1984 (SCPA). In addition, this proposed rule would revise the rules of practice in patent cases to eliminate the requirement for handwritten personal signatures on correspondence relating to registration to practice before the Office, and other matters within the purview of the Office of Enrollment and Discipline (OED).

DATES: Written comments must be received on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Comments on the changes set forth in this proposed rulemaking should be sent by electronic mail message to: 2017-0033.Comments@uspto.gov. Comments may also be submitted by postal mail addressed to: Mail Stop OPIA, USPTO, P.O. Box 1450, Alexandria, VA, 22313-1450, ATTN: Docket No. PTO-C-2017-0033. Comments concerning ideas to improve, revise, and streamline other USPTO regulations, not discussed in this proposed rulemaking, should be submitted to: RegulatoryReformGroup@uspto.gov.

Comments may also be submitted via the Federal eRulemaking Portal at <http://www.regulations.gov>. See the Federal eRulemaking Portal Web site for additional instructions on providing comments via the Federal eRulemaking Portal.

Although comments may be submitted by postal mail, the Office prefers to receive comments by electronic mail message over the Internet because the Office may easily share such comments with the public. Electronic comments are preferred to be submitted in plain text, but also may be submitted in ADOBE[®] portable document format or MICROSOFT WORD[®] format. Comments not submitted electronically should be submitted on paper in a format that facilitates convenient digital scanning into ADOBE[®] portable document format.

The comments will be available for public inspection at the Office of Policy and International Affairs, currently located in Madison East, 600 Dulany Street, Alexandria, Virginia. Comments also will be available for viewing via the Office's Internet Web site

(<http://www.uspto.gov>) and at <http://www.regulations.gov>. Because comments will be made available for public inspection, information that the submitter does not desire to make public, such as an address or phone number, should not be included in the comments.

FOR FURTHER INFORMATION CONTACT: For questions on the changes to 37 CFR part 1, contact Howard Reitz at (571) 272-4097. For questions on changes to 37 CFR part 150, please contact Darren Pogoda at (571) 272-5519.

SUPPLEMENTARY INFORMATION:

I. Background

In accordance with Executive Order 13777, “Enforcing the Regulatory Reform Agenda,” the Department of Commerce established a Regulatory Reform Task Force (Task Force), comprising, among others, agency officials from the National Oceanic and Atmospheric Administration, the Bureau of Industry and Security, and the USPTO, and charged the Task Force with evaluating existing regulations and identifying those that should be repealed, replaced, or modified because they are potentially outdated, unnecessary, ineffective, costly, or unduly burdensome to both government and private sector operations.

To support its regulatory reform efforts on the Task Force, the USPTO assembled a Working Group on Regulatory Reform (Working Group)—consisting of subject-matter experts from each of the business units that implement the USPTO’s regulations—to

consider, review, and recommend ways that the regulations could be improved, revised, and streamlined. The Working Group reviewed existing regulations, both discretionary and required by statute or judicial order. The USPTO also solicited comments from stakeholders through a webpage established to provide information on the USPTO's regulatory reform efforts, and through the Department's *Federal Register* Notice titled "Impact of Federal Regulations on Domestic Manufacturing" (82 FR 12786, Mar. 7, 2017), which addressed the impact of regulatory burdens on domestic manufacturing. These efforts led to the development of candidate regulations for removal based on the USPTO's assessment that these regulations were not needed and/or that elimination could improve the USPTO's body of regulations. To facilitate review and public comment, the USPTO consolidates and proposes in this rule revisions to those regulations relating to requests for Presidential Proclamations under the Semiconductor Chip Protection Act of 1984 (SCPA) under 37 CFR part 150 and regulations governing the rules of practice in patent cases under 37 CFR part 1. Other proposals to remove regulations on other subject areas may be published separately.

II. Regulations Proposed for Removal

This proposed rule would remove the regulations concerning requests for Presidential Proclamations under the SCPA, 37 CFR part 150, specifically, the following sections: § 150.1 Definitions; § 150.2 Initiation of evaluation; § 150.3 Submission of requests; § 150.4 Evaluation; § 150.5 Duration of proclamation; and § 150.6 Mailing address.

These regulations establish procedures by which protection of semiconductor chips, under Title 17, may be extended to nationals, domiciliaries, and sovereign authorities of foreign nations. Part 150 sets forth the avenue for foreign governments and related parties to request, through the Secretary of Commerce, a Presidential Proclamation regarding the scope of protection for semiconductor chips, pursuant to the Semiconductor Chip Protection Act of 1984 (17 U.S.C. 901-914) and Executive Order 12504. Part 150 also addresses the Secretary of Commerce's now-expired authority to issue orders extending interim protection to foreign owners of semiconductor chips upon the satisfaction of certain conditions.

As the desire to protect semiconductor chips under Title 17 has steadily diminished over time, and as most nations are already covered by President Proclamation 6780 (which indicated that once the TRIPS Agreement became effective, all WTO members would become eligible for full protection under chapter 9 of title 17, United States Code), there have been no recent requests made pursuant to the regulations. If these regulations are removed, it would still be possible for a foreign government or related party to file a request regarding a Presidential Proclamation. Given the diminished practical relevance of semiconductor chip protection and the existence of President Proclamation 6780, the USPTO expects such requests to be very rare.

This proposed rule would also remove 37 CFR 1.4(e)(1), which requires handwritten personal signatures in dark ink on correspondence relating to registration to practice before the Office, and other matters within the purview of the OED. Elimination

of this provision would allow, for example, the use of facsimile transmissions and S-signatures in enrollment and disciplinary matters before the OED. Elimination of this provision would also facilitate implementation of an electronic filing system within the OED.

The regulations proposed in this rule for removal and cost-savings achieve the objective of making the USPTO's regulations more effective and less burdensome, while enabling the USPTO to fulfill its mission goals. The USPTO's economic analysis shows that even though removal of these regulations is not expected to substantially reduce the burden on the impacted community, the regulations are nonetheless being eliminated because they are "outdated, unnecessary, or ineffective" regulations encompassed by the directives in Executive Order 13777.

III. Discussion of Proposed Rules Changes

The proposed rule would remove and reserve part 150 of 37 CFR. In removing part 150, the following sections will be removed and reserved: § 150.1 Definitions, which sets forth the meaning of terms of art regarding requests for Presidential Proclamations under the SCPA; § 150.2 Initiation of evaluation, which sets forth the manner by which the Under Secretary of Commerce for Intellectual Property and Director of the USPTO may initiate an evaluation of the propriety of recommending the issuance of a Presidential Proclamations under the SCPA; § 150.3 Submission of requests, which sets forth the form and manner by which foreign governments may request the issuance of a Presidential Proclamations under the SCPA; § 150.4 Evaluation, which sets forth the manner by which the Under Secretary of Commerce for Intellectual

Property and Director of the USPTO was previously authorized to evaluate requests for orders extending interim protection to foreign owners of semiconductor chips, the manner by which it may evaluate requests regarding the issuance or revocation of a Presidential Proclamation under the SCPA, and the manner by which it may forward a recommendation regarding the issuance of a proclamation to the President; § 150.5 Duration of proclamation, which sets forth the manner by which the Under Secretary of Commerce for Intellectual Property and Director of the USPTO may recommend the inclusion of terms and conditions on the duration of, or revocation of, a proclamation; and § 150.6 Mailing address, which sets forth the address to be used for all requests and correspondence for requests for Presidential Proclamations under the SCPA.

The proposed rule would also remove and reserve 37 CFR 1.4(e)(1), which sets forth certain correspondence and signature requirements.

Rulemaking Considerations:

A. Administrative Procedure Act: The changes in this proposed rulemaking involve rules of agency practice and procedure, and/or interpretive rules. *See Perez v. Mortg. Bankers Ass'n*, 135 S. Ct. 1199, 1204 (2015) (Interpretive rules “advise the public of the agency’s construction of the statutes and rules which it administers.” (citation and internal quotation marks omitted)); *Nat’l Org. of Veterans’ Advocates v. Sec’y of Veterans Affairs*, 260 F.3d 1365, 1375 (Fed. Cir. 2001) (Rule that clarifies interpretation of a statute is interpretive.); *Bachow Commc’ns Inc. v. FCC*, 237 F.3d 683, 690 (D.C. Cir. 2001) (Rules governing an application process are procedural under the Administrative Procedure Act.);

Inova Alexandria Hosp. v. Shalala, 244 F.3d 342, 350 (4th Cir. 2001) (Rules for handling appeals were procedural where they did not change the substantive standard for reviewing claims.).

Accordingly, prior notice and opportunity for public comment for the changes in this proposed rulemaking are not required pursuant to 5 U.S.C. 553(b) or (c), or any other law. *See Perez*, 135 S. Ct. at 1206 (Notice-and-comment procedures are required neither when an agency “issue[s] an initial interpretive rule” nor “when it amends or repeals that interpretive rule.”); *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336-37 (Fed. Cir. 2008) (stating 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, general statements of policy, or rules of agency organization, procedure, or practice” (quoting 5 U.S.C. 553(b)(A))). The Office, however, is publishing these proposed changes for comment as it seeks the benefit of the public’s views on the Office’s proposed implementation of the proposed rule changes.

B. Regulatory Flexibility Act: For the reasons set forth herein, the Senior Counsel for Regulatory and Legislative Affairs, Office of General Law, of the USPTO has certified to the Chief Counsel for Advocacy of the Small Business Administration that changes proposed in this notice will not have a significant economic impact on a substantial number of small entities. *See* 5 U.S.C. 605(b).

This proposed rule would remove regulations governing the procedures by which protection of semiconductor chips, under Title 17, may be extended to nationals, domiciliaries, and sovereign authorities of foreign nations because they are not necessary. Part 150 sets forth the avenue for foreign governments and related parties to request, through the Secretary of Commerce, a Presidential Proclamation regarding the scope of protection for semiconductor chips, pursuant to the Semiconductor Chip Protection Act of 1984 (17 U.S.C. 901-914) and Executive Order 12504. Part 150 also addresses the Secretary of Commerce's now-expired authority to issue orders extending interim protection to foreign owners of semiconductor chips upon the satisfaction of certain conditions.

These regulations are proposed to be removed because there has been a steady decline in requests, and no recent requests, received by the USPTO to protect semiconductor chips under Title 17. The removal of these regulations is not expected to substantively impact regulated entities as it would still be possible for a foreign government or related party to file a request regarding a Presidential Proclamation without the regulations.

This proposed rule would also remove 37 CFR 1.4(e)(1), which requires handwritten personal signatures in dark ink on correspondence relating to registration to practice before the Office, and other matters in the purview of the OED. Elimination of this provision would allow, for example, the use of facsimile transmissions and S-signatures in enrollment and disciplinary matters before the OED, thereby providing a

modest benefit to impacted parties. For these reasons, this rulemaking will not have a significant economic impact on a substantial number of small entities.

C. Executive Order 12866 (Regulatory Planning and Review): This rulemaking has been determined to be not significant for purposes of Executive Order 12866.

D. Executive Order 13563 (Improving Regulation and Regulatory Review): The Office has complied with Executive Order 13563. Specifically, the Office has, to the extent feasible and applicable: (1) made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector and the public as a whole, and provided on-line access to the rulemaking docket; (7) attempted to promote coordination, simplification, and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

E. Executive Order 13771 (Reducing Regulation and Controlling Regulatory

Costs): This proposed rule is expected to be an Executive Order 13771 deregulatory action.

F. Executive Order 13132 (Federalism): This rulemaking does not contain policies with federalism implications sufficient to warrant preparation of a Federalism

Assessment under Executive Order 13132 (Aug. 4, 1999).

G. Executive Order 13175 (Tribal Consultation): This rulemaking will not: (1) have substantial direct effects on one or more Indian tribes; (2) impose substantial direct compliance costs on Indian tribal governments; or (3) preempt tribal law. Therefore, a tribal summary impact statement is not required under Executive Order 13175 (Nov. 6, 2000).

H. Executive Order 13211 (Energy Effects): This rulemaking is not a significant energy action under Executive Order 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

I. Executive Order 12988 (Civil Justice Reform): This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (Feb. 5, 1996).

J. Executive Order 13045 (Protection of Children): This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (Apr. 21, 1997).

K. Executive Order 12630 (Taking of Private Property): This rulemaking will not affect a taking of private property or otherwise have taking implications under Executive Order 12630 (Mar. 15, 1988).

L. Congressional Review Act: Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 *et seq.*), prior to issuing any final rule, the USPTO will submit a report containing the final rule and other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this notice are not expected to result in an annual effect on the economy of 100 million dollars or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. Therefore, this notice is not expected to result in a “major rule” as defined in 5 U.S.C. 804(2).

M. Unfunded Mandates Reform Act of 1995: The changes set forth in this notice do not involve a Federal intergovernmental mandate that will result in the expenditure by

State, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501 *et seq.*

N. National Environmental Policy Act: This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321 *et seq.*

O. National Technology Transfer and Advancement Act: The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions that involve the use of technical standards.

P. Paperwork Reduction Act: The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) requires that the Office consider the impact of paperwork and other information collection burdens imposed on the public. This rulemaking involves information collections that are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3549). The information collections affected are 0651-0012 and 0651-0017.

Notwithstanding any other provision of law, no person is required to respond to nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

List of Subjects

37 CFR Part 1

Administrative practice and procedure, Biologics, Courts, Freedom of information, Inventions and patents, Reporting and recordkeeping requirements, Small businesses.

37 CFR Part 150

Administrative practice and procedure, Computer technology, Foreign relations, Proclamations, Science and technology, Semiconductor chip products.

For the reasons stated in the preamble, the USPTO proposes to amend chapter 1 of title 37 as follows:

PART 1—RULES OF PRACTICE IN PATENT CASES

1. The authority citation for part 1 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2), unless otherwise noted.

§ 1.4 [Amended]

2. Section 1.4 is amended by removing and reserving paragraph (e)(1).

PART 150—[Removed and Reserved]

3. Under the authority of 35 U.S.C. 2(b)(2), part 150, consisting of §§ 150.1 through 150.6, is removed and reserved.

Dated: November 7, 2019.

Andrei Iancu,

*Under Secretary of Commerce for Intellectual
Property and Director of the United States Patent
and Trademark Office.*

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