July 26, 2017

VIA ELECTRONIC SUBMISSION

Ann Marie Buerkle
Acting Chairman
Office of the Secretary
U.S. Consumer Product Safety Commission
Room 820
4330 East-West Highway
Bethesda, MD 20814


Dear Acting Chairman Buerkle:

On May 12, 2017, the Consumer Product Safety Commission (CPSC) published a proposed rule titled: Safety Standard Addressing Blade-Contact Injuries on Table Saws.1 The proposed rule would require table saw manufacturers to incorporate active injury mitigation (AIM) technology in all types of table saws.2 The U.S. Small Business Administration’s Office of Advocacy (Advocacy) applauds CPSC’s efforts to mitigate blade contact injuries from table saws, and submits the following comments in response to the proposed rule. Safety when using table saws is a priority for small businesses; however CPSC’s proposed rule is overly broad and imposes stringent and cost-prohibitive requirements that will cause most if not all small table saw manufacturers to exit the market. Advocacy urges CPSC to consider the following, and in doing so, publish a supplemental Initial Regulatory Flexibility Analysis (IRFA) for notice and comment in respect to: (1) use of proprietary technology; (2) significant alternatives that minimize the impact on small businesses; (3) a reanalysis of voluntary standards data to ensure

2 Id., at 22220.
accuracy; and (4) supplementing the additional presentations of cost and benefit analysis. In addition, Advocacy requests that CPSC extend the comment period for the proposed rule until the conclusion of the oral presentation of comments, and until the latest Underwriters Laboratory (UL) injury data report has been released, thus allowing the public adequate opportunity to comment on both.

**The Office of Advocacy**

Congress established Advocacy under Pub. L. 94-305 to represent the views of small entities before Federal agencies and Congress. Advocacy is an independent office within the U.S. Small Business Administration (SBA); as such the views expressed by Advocacy do not necessarily reflect the views of the SBA or the Administration. The Regulatory Flexibility Act (RFA), as amended by the Small Business Regulatory Enforcement Fairness Act (SBREFA), gives small entities a voice in the rulemaking process. For all rules that are expected to have a significant economic impact on a substantial number of small entities, federal agencies are required by the RFA to assess the impact of the proposed rule on small entities and to consider less burdensome alternatives.

The Small Business Jobs Act of 2010 requires agencies to give every appropriate consideration to comments provided by Advocacy. The agency must include, in any explanation or discussion accompanying the final rule’s publication in the Federal Register, the agency’s response to these written comments submitted by Advocacy on the proposed rule, unless the agency certifies that the public interest is not served by doing so.

**Background and Statutory Authority**

Table saws are stationary power tools used for straight sawing of wood. They fall into three main types: bench saws, contractor saws, and cabinet saws. Bench saws are transportable, and tend to be small, lightweight and inexpensive. They run on standard house voltage and the prices for this type of saw range from $129-$1,499. Contractor saws are found in home workshops and are non-portable, less expensive alternatives to cabinet saws. They run on standard house voltage as well, and cost $500-$2,000. Cabinet saws are the highest grade saw found in home wood working shops. They are expected to last a lifetime and cost $1,200-$5,000.

The Consumer Product Safety Act (CPSA) authorizes the Commission to promulgate mandatory product safety standards that set performance requirements for consumer products, such as table saws, and/or requirements that a product be marked or accompanied by clear and adequate warnings. The standard must be reasonably necessary to prevent or reduce an

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6 Id.
7 Id. at 22191.
8 Id.
9 Id.
10 Id.
unreasonable risk or injury. According to section (9)(f)(1) of the CPSA, before promulgating a consumer safety rule, the Commission must consider and make findings on the following: (1) the degree and nature of the risk of injury that the rule is designed to eliminate or reduce; (2) the approximate number of consumer products subject to the rule; (3) the need of the public for the products subject to the rule and the probable effect the rule will have on utility, cost, or availability of such products; and (4) the means to achieve the objective of the rule while minimizing adverse effects on competition, manufacturing, and commercial practices. CPSC discusses each of these factors in its proposed rulemaking. Section 9 of the Act also specifies the procedure the Commission must follow to issue a safety standard. The Commission may commence a rulemaking by issuing an Advanced Notice of Proposed Rulemaking (ANPRM).

On April 15, 2003, petitioners, members of SawStop, LLC, requested that CPSC require performance standards for table saws to reduce injuries from blade contact. On October 11, 2011, CPSC issued an ANPRM to determine whether there may be an unreasonable risk of injury associated with blade contact in table saws. CPSC received 1,600 comments in response to the ANPRM.

On May 12, 2017, the Commission issued this proposed rule, which sets forth a mandatory safety standard, and responds to the public comments submitted on the ANPRM. The proposed rule limits the depth of cut to 3.5mm or less when a human body part or finger contacts the spinning blade at a radial approach rate of one meter per second (m/s). Only saws equipped with SawStop’s AIM technology can meet this requirement. In essence, it requires that all table saws employ SawStop’s AIM technology. CPSC also scheduled an oral hearing on the proposed rule, on August 9, 2017, after the deadline for written comments on the proposed rule.

CPSC estimates that there are approximately 54,800 medically treated blade contact injuries annually, based on 2015 injury data. The Commission states that almost 23 percent of the injuries involve fractures, and that amputations account for 14 percent of injuries, while lacerations account for 57 percent.

Current safety devices on table saws reduce contact between the saw blade and the operator, and reduce kickback. These devices fall into two categories, blade guards and kickback-

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12 Id.
13 15 U.S.C. §2058 (f) (1) et seq.
15 Prior to the closing of the public comment period on July 26, 2017, Advocacy learned that SawStop had been acquired by the German company, TTS, Tooltechnic Systems, a parent company of Festool. Advocacy contacted CPSC with this information. The Commission stated that it did not think that the acquisition would have an impact on the proposed rulemaking, therefore for purposes of this comment letter, and to maintain consistency with the proposed rule, Advocacy shall herein refer to the petitioning entity as SawStop.
17 Id. at 22190.
19 Id. at 22192.
CPSC's proposed rule would require that all three types of saws have AIM technology installed. This technology would detect human contact with the saw blade, and perform an action to mitigate the severity of injury. Current AIM technology removes a spinning blade from the point of contact within milliseconds, thus reducing the severity of injury. The technology does not, however, work with conductive material, and thus the SawStop technology has a bypass mode to allow the user to cut conductive material as well as wet wood. According to the Commission, unlike a blade guard which is a passive system meaning that it does not react to blade contact, AIM is active because it reacts in a way to minimize injury to the user. Additionally, the AIM technology will work even if a blade guard is removed from a saw.

In its proposed rule, CPSC states that to comply with the requirements of the rule, entities would need to license AIM technology by paying a royalty to SawStop. CPSC admits that royalty costs are uncertain and that there is no certainty that SawStop would actually license the technology under terms that would be fair and not cost prohibitive to other businesses. Furthermore, CPSC estimates that to develop its own AIM technology a company would have to pay anywhere from $100,000 to perhaps several million dollars, while still ensuring that any such development does not infringe on SawStop's existing patents, thus making the company vulnerable to litigation.

Even after acquiring the AIM technology either through licensing of the patent, or the development of its own AIM technology, the company would need to redesign its table saws and retool manufacturing facilities to incorporate the technology. According to CPSC, in most instances this would require a redesign of each table saw, and estimates for redesign and retooling could range from approximately $100,000 per model to $700,000 per model and is expected to take between one to three years.

**Pending Litigation**

Currently, there are two companies on the market that produce AIM technology; SawStop and the Robert Bosch Tool Corporation (Bosch). On July 16, 2015, SawStop filed a complaint against Bosch for patent infringement and requested that the U.S. International Trade Commission (ITC) order U.S. Customs to bar Bosch REAXX™ saws from entering the U.S. market. SawStop on that same date, filed a complaint against Robert Bosch Tool Corporation in federal court. On September 28, 2015, the Oregon District Court stayed the proceedings.

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20 Id.
21 Id.
22 Id. at 22193.
23 Id. at 22194.
24 Id. at 22192.
25 Id.
26 Id.
27 Id.
28 Id.
29 Id.
30 Id. at 22194 (citing In the Matter of Certain Table Saws Incorporating Active Injury Mitigation Technology and Components Thereof, Inv. No. 337-TA-925 (July 16, 2015)).
pending final resolution of the ITC’s investigation.\textsuperscript{32} The ITC has issued a limited exclusion order and cease and desist order against Bosch. Bosch has filed an appeal in the U.S. Court of Appeals for the Federal Circuit.\textsuperscript{33} Due to the ongoing litigation in these matters, CPSC is unable to ascertain whether businesses will be able to develop their own AIM technology without otherwise infringing on SawStop’s numerous patents, some of which will not expire for another decade.

\textbf{The Proposed Rule will be Detrimental to Small Businesses}

The Commission in its IRFA states that there are approximately 22 firms that supply table saws on the U.S. market, and that of those firms between eight and ten are small businesses.\textsuperscript{34} Advocacy contacted CPSC regarding the small firms and was provided with a list of those firms the Commission had identified as small.

Advocacy spoke with small table saw suppliers who stated that in order to comply with the rule, they would need to redesign their entire product and that depending on the costs, this would likely put most of them out of business. They acknowledged that the SawStop technology does increase safety in table saws, but stated that part of the issue is end-user related, in that people are using old machinery and removing the guards, or simply aren’t trained or skilled in using the machinery. Table saws are designed so that they can last several years without needing to be replaced, thus many consumers are using very old technology in their table saws.

These same businesses stated that they attempted to work with SawStop to license the patent; but that SawStop made them guarantee excessive amounts in unit sales that they simply could not meet as a small entity, or in some cases SawStop was unwilling to negotiate all together. They further stated that they would be unable to create their own technology due to SawStop’s history of engaging in patent litigation with any member of the industry who tries. Small businesses are especially vulnerable to litigation due to the high cost. They are therefore more risk averse, and will not even attempt to redesign because of the history of litigation. In its proposed rule, the Commission states that several companies have attempted to license the technology without success.\textsuperscript{35}

Small suppliers stated that if everyone is required to buy the product, the cost to purchase SawStop technology will remain high as SawStop will have a monopoly on the product and thus no incentive to lower costs. This would put the small entities at a disadvantage over larger entities that may be able to pay the higher costs. Most businesses also estimated a 25-30 percent initial price increase to the consumer for their products but said that without knowing how much redesign and retooling would actually cost, this estimate may be too low. They stated that if saws

\textsuperscript{32} Id.
\textsuperscript{33} On September 9, 2016, an administrative law judge (ALJ) at the ITC made an initial determination that Bosch’s model likely infringes on SawStop patents.\textsuperscript{34} On November 10, 2016, the ITC requested that the interested parties provide written submissions on the issues related to remedies, the public interest, and bonding.\textsuperscript{35} Subsequently on January 27, 2017, the ITC issued a limited exclusion order and cease and desist order against Bosch, effective March 29, 2017.\textsuperscript{34} On April 6, 2017, Bosch filed an appeal of the ITC determination in the U.S. Court of Appeals for the Federal Circuit.
\textsuperscript{34} Id., at 22239.
\textsuperscript{35} Id., at 22239.
become as expensive as anticipated, consumers will go elsewhere to find cheaper and less safe alternatives. They stated that if they are required to comply with the proposed rule then it should only be enforced if SawStop licenses the product at a fair rate.

Finally, both small businesses and the trade association representing them stated that without the latest injury data report, the rule is too broad, and premature, and that the public should have the opportunity to see and comment on that report as a part of this rulemaking.

In a statement dated April 27, 2017, Acting Chairman Buerkle, stated that, “... the Commission majority refuses to wait for the results of these studies before proposing a standard. The result is a ‘one size fits all’ proposal that glosses over the differences among the saws in this broad category.”36 You go on to discuss that differences in physical characteristics, and the population of users that may affect the benefits and costs for each table saw type, and that the yet to be published report may be useful in determining whether or not the benefits actually exceed the costs for all table saws.37 Advocacy and small businesses are in agreement with these statements.

The Proposed Rule will Have a Significant Economic Impact on a Substantial Number of Small Entities; CPSC Should Republish an IRFA that Includes Further Analysis of the Use of Proprietary Technology, Significant Alternatives, Voluntary Standards, and Costs and Benefits.

Advocacy is supportive of CPSC’s goal to lower the injury rates associated with table saws; however the proposed rule is impractical, constricts competition, and is unduly burdensome to small businesses. The performance requirement laid out by CPSC’s proposed rule requires the use of proprietary technology. As CPSC properly recognizes, the proposed rule will impose a significant economic impact on small businesses.

Advocacy urges the Commission to reconsider this rulemaking, and republish its IRFA for notice and comment due to the following:

(1) The Rule Requires the Use of Proprietary Technology

The current proposed rule would require all table saw suppliers and manufactures to implement patented technology in their devices. The results of which create a monopoly. Commissioner Buerkle states, “In effect we may be creating a monopoly in favor of one company that could control the supply of table saws and charge whatever it wants without any effective competition.”38

Furthermore, there is no indication in the proposed rule that if implemented SawStop would license the technology at an affordable price. Chairman Buerkle states that when she and CPSC staff met with SawStop’s proprietors, they stated that any previous claims made regarding

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37 Id.
38 Id.
licensing the product would no longer stand without additional conditions. In addition, licensing the technology is not a requirement for enforcement of the rule, thus there is little to no reason why SawStop would choose to license the product assuming that it is able to meet the increased demand. The proposed rule thus imposes a requirement that may be impossible for small and large businesses alike to meet, without the cooperation of SawStop.

The CPSA requires CPSC to consider “any means of achieving the objective of the order while minimizing adverse effects on competition or disruption or dislocation of manufacturing and other commercial practices consistent with the public health and safety.” As CPSC recognizes, the proposed rule will have a dramatic effect on the table saw industry and have a large impact on small manufacturers. Further, it will immediately hurt the competition in the table saw sector as only one company currently can produce table saws with AIM technology. The proposed rule as currently written directly contradicts the goals outlined in the CPSA.

Advocacy urges CPSC to eliminate the requirement to use AIM technology in all table saws unless there is an additional requirement that SawStop license the technology, or in the alternative unless the Commission decides not to enforce the rule until and unless the technology is licensed at a fair price. Furthermore, CPSC may wish to postpone implementation of the rule until the patents expire, or until the Court has made final judgment on the pending litigation. At such time, the market will either be allowed to attempt to devise its own technology, or in the case of the expiration of the patent, CPSC can monitor the private market’s adoption of AIM technology and continue working with the small business community to develop practical voluntary standards.

(2) The Rule Lacks an Analysis of Significant Alternatives Consistent with the RFA

To fulfill the requirements of the RFA and fully consider small business impacts, the CPSC must bolster their RFA analysis by including a full consideration of alternatives. CPSC should publish for notice and comment a supplemental IRFA that includes feasible alternatives, cost analyses that are specific to small business, and reasons as to why the alternatives were not chosen.

Furthermore, if CPSC decides to go forward with finalizing this rulemaking. Advocacy urges CPSC to choose an alternative that minimizes the burden to small business, or in this instance saves most if not all of the small businesses from having to close.

CPSC should incorporate the following in its supplemental alternatives analysis:

(a) Alternatives should be analyzed for their impacts on small businesses specifically. In the current rule, CPSC only refers to the full regulatory impact analysis in section XI.I. and information provided in the staff briefing package. However, the alternatives section of

39 Id.
the regulatory impact analysis (RIA) is limited. For example, the analysis of later effective dates is not a quantitative evaluation and does not show the effects on costs or benefits. Further, the RIA does not provide information on how each alternative impacts small businesses specifically. CPSC should perform a cost analysis for every alternative in the IRFA to fully understand how this proposed rule can be altered to provide relief to small businesses.

(b) Alternatives in the proposed rule’s IRFA are taken from the RIA. While alternatives may overlap and be considered in both analyses, the alternatives in the IRFA must be, “significant alternatives to the proposed rule which accomplish the stated objectives of applicable statutes and which minimize any significant economic impact of the proposed rule on small entities.” In this context, the alternatives considered are incomplete.

CPSC should include alternatives that specifically provide relief to small businesses; these alternatives may be derivatives of the alternatives considered in the RIA. For example, alternatives in the RIA, which would allow manufacturers to continue producing and selling table saws without AIM technology if they had a model with licensed AIM technology, should be considered and analyzed as a small-businesses-only option in the IRFA.

(c) CPSC should analyze and consider feasible alternatives that help to minimize the impacts to small businesses. Such alternatives may include but are not limited to:

   i. Delaying the effective date of the proposed rule until and unless SawStop licenses the AIM technology thus ensuring that the cost of compliance is not so high as to force small entities out of the market.

   ii. Delaying the effective date of the proposed rule until the patent expires thus allowing other entities to develop their own AIM technology and remain competitive in the industry.

   iii. Allowing for voluntary compliance with the proposed rule so long as entities carry both AIM and non-AIM technology products and inform customers of this technology.

   iv. Reanalyzing and removing certain types of table saws from the proposed rule based on the latest injury data report in an effort to make the rule less broad.

   v. Requiring that consumers who own table saws older than a certain date have their devices re-outfitted with the latest injury prevention technology, as table saw longevity outlasts updates to safety technology, or if this is not within the authority of the Commission, require that manufacturers provide guards and other safety measures for older saws at little or no cost to consumers.

   vi. Increasing consumer knowledge of safety features currently available on table saws through the use of safety campaigns, mandatory literature in stores, and

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43 Id. at 22237.
44 5 U.S.C. § 603 (c).
training classes, and requiring that operators of the saws understand the risks and implications of removing such devices before they are allowed to purchase a saw.

Alternatives such as these help achieve CPSC’s long term objective of lowering the injuries associated with table saws while still complying with the RFA and providing relief to small businesses. Currently, the alternatives included are incomplete and not fully analyzed.

(3) The Analysis of Voluntary Standards is Incomplete

The Commission in its proposed rule completes a Trend Analysis to understand the impacts of the voluntary safety standards for Table Saws. The analysis evaluates two standards, the modular blade guard standards implemented in 2010 and the riving knives standard in 2014. The trend analysis compares the period 2004-2009 and 2010-2015. However, due to the lifespan of table saws and the implementation dates, the trend analysis is incomplete.

The time period of the trend analysis is too small to fully understand how these voluntary standards impacted injuries. Through 2015, the latest year for which we have injury data, the first standard had been implemented for six years and the second standard for only two years. The Commission estimates that the average product life of a table saw is 13.3 years. Assuming an even distribution of table saws by age and that retiring table saws are replaced with new saws, only 45 percent of all active table saws would be compliant with the first standard and less than 15 percent with the second standard. A consideration of this fact is missing from the trend analysis discussion, and makes its conclusions inaccurate. CPSC should consider redoing this analysis to include this critical piece of information, and republishing the data for notice and comment.

(4) The Presentation of Costs and Benefits is Unclear

CPSC should provide clarification in its Economic Analysis regarding the current universe of table saws, the replacement rate of table saws, and the costs and benefits of the proposed rule over time. Currently, the rule presents the majority of costs and benefits per table saw over the course of the product lifetime. However, for clarity, the Commission should consider showing the costs and benefits in aggregate over time. By presenting this data, it will be easier to understand how the benefits and costs flow over time as the proposed rule is implemented and the newly compliant products reach the market. This analysis may illuminate potential alternatives, and provide easier analysis of delayed implementation dates.

CPSC also should discuss key baseline assumptions about the table saw market and its future. Specifically, if the price of table saws rises dramatically due to the regulation, consumers may be reasonably expected to keep their older table saws longer, instead of replacing them. Older table

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46 Id., at 22198.
47 Id.
48 Id.
49 Id., at 22225.
50 Calculated by dividing the years since implementation of the standard including 2015 by the average lifespan of table saws.
Further, patents on the SawStop will expire in the future, which will lead to more saws with AIM technology entering the market. An industry desire to increase the market share of saws with AIM technology has already been shown by Bosch and others. The current no-rule baseline scenario should include an expected decrease in table saw injuries after the patents expire. Under this baseline scenario, the benefits of this rule would also be reduced.

**CPSC Should Extend the Comment Period Deadline**

Finally, Advocacy urges CPSC to extend the comment period deadline, as there is simply not adequate information at this time to go forward with the rulemaking. The Commission should extend the deadline until both the oral comments hearing has taken place, and until the latest injury data report has been released, thus allowing the public the opportunity to comment on both.

Currently the proposed rule requires all table saws of varying types to install SawStop technology. However, without proper data regarding which saws actually produce the most injury, as well as the varying costs of compliance, and cost-benefit analyses of each type of saw, the rule is incomplete and the public does not have all the necessary information on which to comment.

Commissioner Buerkle, in your statement you say, ". . . promulgating the same standard for three different types of saws may well impose costs that are not justified by the benefits. The proposed generic standard is expected to wreak havoc on the table saw market."51 You go on to say that some saws may more than double in price and that manufacturers will exit the market as a result. Finally you state, "Under these circumstances, the Commission should not be taking shortcuts, but getting the data that is needed to make responsible decisions."52

Both small entities and Advocacy agree with your position, and request that CPSC extend the comment period deadline, or in the alternative withdraw the proposed rulemaking and submit a new or amended proposed rule once the data has been released.

**Conclusions and Recommendations**

Safety when using table saws is a priority for small businesses. However, CPSC's proposed rule in addition to being overly broad, imposes such stringent and cost-prohibitive requirements that it will cause most if not all small table saw manufacturers to exit the market. Advocacy urges the Commission to consider the following and in doing so, publish a supplemental IRFA for notice and comment that would include (1) use of proprietary technology; (2) significant alternatives that minimize the impact on small businesses; (3) reanalysis of voluntary standards data to

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52 Id.
ensure accuracy; (4) supplemental presentations of cost and benefit analysis. In addition Advocacy requests that CPSC extend the comment period deadline until the conclusion of the oral comments hearing, and until the latest injury data report has been released, thus allowing the public adequate opportunity to comment on both.

Advocacy urges CPSC to give full consideration to the above issues and recommendations. If you have any questions or require additional information please contact me or Assistant Chief Counsel Prianka Sharma at (202) 205-6938 or by email at prianka.sharma@sba.gov.

Sincerely,

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