

March 20, 2006
Via E-Mail



ATTORNEYS AT LAW

The Honorable Jon Dudas
Undersecretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
Box Comments
P.O. Box 1450
Alexandria, VA 22313-1450

The Honorable Gerard F. Rogers
Administrative Trademark Judge
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

Re: Comments on Proposed Rules: "Miscellaneous Changes
to Trademark Trial and Appeal Board Rules"
71 Federal Register 2498 (January 17, 2006)

Dear Undersecretary Dudas and Judge Rogers:

Our firm appreciates the opportunity to comment on the U.S. Patent and Trademark Office's ("PTO") proposal to Amend the Rules of Practice before the Trademark Trial and Appeal Board, which were published in the *Federal Register* on January 17, 2006 [71 F.R. No. 10, at 2498]. The following comments are provided based on our review and understanding of the proposed rules. The proposed rules raise numerous significant issues, which would benefit from additional discussion between the PTO and the attorneys and parties that will be affected.

Onerous Effects of Proposed Amendments

The changes which are proposed are in fact far reaching and substantive in nature and effect. Requirements imposed on parties in the early stages of proceeding are greatly increased and the procedure in general will entail greater costs, particularly in the early stages when it is unknown whether an applicant will seriously contest an opposition. The great majority of applications are filed under 15 U.S.C. § 1051(b) on the basis of a *bona fide* intention to use the mark of an application. Many of those applications are filed as trial balloons to see whether they will survive examination by the trademark examining attorneys and, thereafter, whether any other party will raise a serious objection. By imposing on opposers an obligation to make initial disclosures within one hundred days after the filing of an opposition (the institution of a proceeding, if filed electronically, usually occurs within twenty-four hours after the opposition is



transmitted electronically to the Trademark Trial and Appeal Board) would mean that preparations for making the initial disclosures would have to begin weeks before the opposition is filed when it would not even be known whether an applicant would contest an opposition. The marshalling of evidence, identification of witnesses, and searching of old records and files can be a time consuming and expensive exercise, all of which may be wasted if an applicant defaults by not answering an opposition or quickly enters into negotiations for an agreement that would avoid further proceedings.

The PTO characterizes the proposed amendments as “non-substantive changes to the rules” and states that the goals of the proposed amendments are to increase efficiency of the Board proceedings, enhance settlement prospects, lead to earlier settlement, and, for cases that do not settle, promote greater exchange of information leading to increased procedural fairness and greater likelihood that cases determined on their merits will be determined on a fairly created record.

The undersigned, who have been practicing before the Trademark Trial and Appeal Board (“TTAB”) for decades, and include a former Administrative Trademark Judge, are not aware of substantial criticism that the cases decided by the TTAB lack procedural fairness or are based on unfairly created records. Furthermore, the TTAB is already an effective alternative dispute resolution forum: approximately 95% of all cases are being resolved prior to final hearing. It is unlikely that the proposed amendments will have the intended effect on the remaining 5% -- however, they may undermine the current settlement-oriented nature of practice before the TTAB. In particular, the proposal that a suspension for settlement negotiation must precede the filing of an answer or await the discovery conference ignores the fact that settlement negotiations frequently start after an answer is filed but before discovery begins. If settlement negotiations are discouraged at that stage, an opportunity for an agreement may be deferred for a long time or lost.

A discovery conference, when both parties are jockeying for a favorable position to obtain as much information as possible while disclosing the least possible information, is not a hospitable atmosphere for even a preliminary settlement discussion.

Initial Disclosures

One of the reasons offered by the PTO for the institution of initial disclosures, which is one of the key elements of the proposed rule changes, is an article that was published in May 1998 entitled “An Empirical Study of Discovery and Disclosure Practice Under the 1993 Federal Rule Amendments,” cited at 71 F.R., No. 10 at Page



2500. This study does not offer support for the wide ranging changes that the PTO seeks to implement for Board practice, particularly the proposals for initial disclosures.

The analogy fails for two reasons. First, the initial disclosure rule in the Federal Rules of Civil Procedure, Rule 26(a)(1), F.R.Civ.P., provides for disclosure of four types of information: (1) the names, addresses, and telephone numbers of individuals likely to have discoverable information that the disclosing party may use to support its claims or defenses, unless solely for impeachment, with an identification of the subjects of the information; (2) a copy or description by category and location of all documents, date of compilations, and tangible things that are in the possession, custody, or control of the party and that the disclosing party may use to support its claims or defenses, unless solely for impeachment; (3) a computation of any category of damages claimed by the disclosing party; (4) a copy of any insurance agreement under which an insurer may be liable to satisfy part or all of a judgment or to indemnify or reimburse payments made to satisfy a judgment.

Of the four categories of disclosure in Rule 26(a)(1), categories 3 and 4 are irrelevant to Board practice because damages are outside the scope of the Board's jurisdiction.

The first two categories, which are essentially the identification of witnesses and identification of documents, must be disclosed only if they support the disclosing party's claims or defenses.

The PTO's proposal is unsupported by the experience of the Federal Courts under Rule 26(a)(1), F.R.Civ.P. The Federal Rule contemplates the disclosure of sources of information which a party may use to support a claim or defense on its own behalf. The PTO's proposed rules contemplate the disclosure of many categories of substantive information, going well beyond disclosure of source or location, including categories of information which would be detrimental to the disclosing party and not intended for use in supporting the disclosing party's claim or defense. The proposed initial disclosure rule is inconsistent with the explanation at 71 F.R. 2051: "For a variety of reasons related to the unique nature of Board proceedings, the intent of initial disclosure can be more limited than in the courts while still promoting the goals of increased fairness and efficiency." On the contrary, the rule, as explained at Page 2501, would require initial disclosures far exceeding initial disclosures in district court actions based on the Trademark Act.

The effect of the PTO's proposed rule, which appears to require the disclosure of admissions against interest, would evidently be to make parties very careful to limit and restrict their disclosure of any information which under any interpretation could be used



to the detriment of the disclosing party. This would not only defeat the purpose of the initial disclosure rule but would lead to a sharp increase in the number of motions filed at the Board to compel more complete disclosure, to preclude the introduction of testimony and evidence, or to strike testimony and evidence from the record. These motions would increase the cost of proceedings, the time of pendency of proceedings, and most importantly the demands on the Board's personnel to decide a multitude of motions which do not exist under the present practice.

It also appears from the Board's explanation at Page 2501 that the initial disclosures are described, at least in part, by general descriptions of categories of information rather than by the persons or places wherein the information may be known or recorded. For example, one of the items for initial disclosure is "evidence of actual confusion possessed by a party in regard to the involved marks." This does not define the evidence as being admissible or not or by the type of evidence which exists, (e.g., letters, memoranda, notes, recorded telephone conversations, records of telephone conversations, emails, information compiled as electronic data, or any other means of record keeping).

Similarly, the information described as "the party's awareness of third-party use or registration of marks that are the same or very similar for goods or services the same as or closely related to the involved marks and goods or services" would require a disclosing party to search all of its records of the type described in the preceding paragraph plus others (for example, search reports, which would not necessarily be limited to search reports on the mark in issue) and to interpret key words such as "awareness", and "very similar" for marks and "closely related" for goods or services. Some of these interpretations would require the exercise of keen legal judgment and could be the subject of second guessing at some later undetermined point in the proceedings if it became tactically advantageous for a party to challenge the adequacy of the disclosure.

Some of the information described as the subject of initial disclosure is so confidential and important that it is difficult to conceive that a party would voluntarily disgorge the information absent an order from the Board, which, of course, would entail additional motion practice. This information includes "plans for future use of any marks on which claims or defenses rely". Does this apply only to applicants relying on 15 U.S.C. § 1051(b), whose future plans bear on the *bona fides* of the intent to use the mark or also to opposers, whose future plans are irrelevant unless natural expansion of use is an issue? Plans for future use are often closely guarded trade secrets and whether or not they should be disclosed would be a rich source of controversy and motions to compel.



Another category of information which a party might be very reluctant to disclose would be “market research conducted by the party in regard to any involved mark on which it will rely.” Major manufacturers of consumer goods frequently do market research to assess, among other things, the success or failure of a proposed or ongoing advertising or promotional campaign, to assess its relative position compared to competitors, to test- market a new product, or to test the aided or unaided recall of a mark by its present and potential customers. The vast majority of this ongoing market research would never find its way into the record of a proceeding before the Board, and disclosure to others, particularly to direct or even indirect competitors, could be very damaging. This, again, is an area which could produce a large increase in motions before the Board to test the adequacy of the disclosures made by a party.

Some of the information described in the initial disclosure explanation could simply be irrelevant. These might include the “origin of any mark on which the party relies, including adoption or creation of the mark and original plans for use of the mark” when an opposer is relying on a mark that has been in use and registered for many years. In addition, information about the origin and first use may have long since disappeared. This again could produce motions by applicants who contest the assertion that information about origin and first use is no longer available or is irrelevant.

Another category of information which could produce many motions is “information regarding...controversies in which the party has been involved, which were related to the involved marks or, if applicable, assertedly non-distinctive matter.” What is a “controversy” could be a very subjective judgment capable of wide or narrow interpretation, depending on the point of view of a party.

It is suggested that, to facilitate the orderly and expeditious progress of Board proceedings and to avoid the expansion of motion practice which can be anticipated if the proposal as published is adopted, the types of information to be required in initial disclosures should be the following (which would follow the requirements of rule 26(a)(1), F.R.Civ.P

- 1) The names of individuals of a party, and the contact information therefor, who are known to have the most extensive knowledge in support of a party's claims or defenses, and the nature and extent of that knowledge.
- 2) General descriptions of, and the probable locations of, documents and things in the possession, custody or control of the party, in support of a party's claims or defenses.



**Pro Se Adversaries Will Benefit Disproportionately
From the Proposed Amendments**

Our experience has been that we are, more and more, dealing with *pro se* adverse parties in opposition proceedings. *Pro se* parties, in general, do not understand trademark terminology or trademark law, and, of course, they do not understand TTAB procedures and rules. We may anticipate that, if the proposed rules are adopted in the form published in 71 F.R., there will be many cases pending at the Board where *pro se* parties do not comply with the initial disclosure requirements, may not even comply with the discovery conference requirement, and yet will receive lenient treatment because the Board historically has given *pro se* parties additional time and additional guidance. The result will be an imbalance in performance between parties represented by counsel and parties representing themselves, which will impose a greater burden on parties represented by counsel and, ultimately, a greater burden on the TTAB.

In its comments on page 2501, "the Board recognizes the existence of other issues relatively unique to the Board proceedings, for example, that a high percentage of applications involved in oppositions are not based on use of the applied-for mark in commerce, but rather, on intent to use, on a foreign registration or on an international registration." Clearly, the disclosures being required of these parties will be relatively nominal compared to individuals and companies that have extensive use of one or more marks that may serve as the bases for an opposition.

Shifting the Burden for the Service of the Notice of Opposition/Cancellation

The Board currently sends out scheduling orders on the same day or within 2 days of the filing of an opposition or petition for cancellation through ESTTA. Therefore, the proposed change will not end up in greater efficiencies, but may actually slow the institution of a proceeding while the Board awaits receipt of the pleading, fee, and proof of service.

The requirement for service of process by the plaintiff could create additional burdens on the party filing the action, especially in the event that the documents are returned as undeliverable. For example, although "undeliverable" mail does not usually include a delivery date, under the proposed rules the plaintiff must take further affirmative action, the timing of which is dependent on when the undelivered copy is received. It is unclear if the plaintiff has an affirmative duty to make a further investigation or if it is sufficient to advise the Board of the returned document. What



happens if the returned letter includes a new address? Must the plaintiff re-serve the document, and then what happens with the dates that previously were set by the Board? Is it the plaintiff's duty to inform the Board that it re-served the document at a new address? It appears that the Board will still be required to issue new discovery and trial schedules, so even the Board would not always benefit from this proposed new procedure.

In addition to requiring plaintiff to serve the owner of record, the plaintiff is required to serve any "party the plaintiff believed had an ownership interest" even if that ownership interest is not recorded, although the requirement applies only when it was "known to plaintiff". Under these circumstances, if the proper party is not served and a default judgment is issued, any party with an ownership interest, which could include a licensee, an unrecorded assignee, or as receiver or trustee in bankruptcy, learning of the default judgment may bring an action against the plaintiff for not complying with the rules and serving the proper parties. Accordingly, the proposed rule exposes the plaintiff (and counsel) to liability or, alternatively, invites them to make sure to keep the blinders on.

In support of the proposed amendment, the PTO asserts that "plaintiffs and defendants often are in contact prior to a plaintiff's filing of its complaint or claim". However, unless the filing of an extension of time constitutes such "contact", more often than not, the parties are not in contact.

In light of the increasing use of ESTTA and electronic service of process by the PTO without human intervention, the proposed changes in the service of process are unnecessary.

Discovery Conference

In requiring the parties to conduct discovery conferences, the PTO is not recognizing the fact that an increasing proportion of the parties are *pro se* and/or foreign and are not familiar with the TTAB rules or proceedings. By requiring the parties to confer, those with counsel are being given the task of educating the *pro se* and/or foreign individuals and entities.

This potentially penalizes those who are represented by counsel because they have to take the time and effort to explain the rules, issues, and procedures — possibly to individuals for whom English is not a first language. In a recent case, even though an applicant filed an application in English, along with the declaration, when she was contacted about a possible consent judgment, she simply responded that she did not speak English, requiring us to hire foreign counsel in order to communicate with the



applicant. The proposed amendments fail to take into account such situations and are likely to lead to increased motion practice instead of increased efficiencies and settlements.

Attorneys admitted in the U.S. but who are unfamiliar with Board practice may be unable to contribute helpfully to a discovery conference. Litigants in district court actions generally retain experienced trial counsel. Trademark applicants, on the other hand, frequently retain business lawyers to file applications. When those lawyers suddenly find themselves in contested Board proceedings, they may be wholly unaware of discovery practice or how to litigate the issues. A discovery conference 30 days after the answer was due may be a futile exercise. If the discovery conference fails to produce an agreement, more motion practice will result. The proposal that the Board's judges and interlocutory attorneys will participate, when requested, in discovery conferences may result in an unsustainable burden on the Board's personnel.

Motions to Suspend Proceedings

Although settlement discussions sometimes begin prior to the answer's being filed, in many cases settlement is not discussed until after issue is joined by the filing of the defendant's answer. The answer is in the nature of a disclosure insofar as it lets the plaintiff know (i) whether the defendant is going to defend the case; (ii) whether the defendant is represented by counsel; (iii) what allegations the defendant denies; (iv) whether the defendant is asserting any affirmative defenses; and (v) whether the defendant is asserting any counterclaims. Thus, instead of encouraging settlement through the exchange of information, the requirement that the parties discuss settlement prior to answer in order to suspend the action ignores the utility of the exchange of information provided by an answer to an opposition or cancellation petition and will result in fewer settlements in the early stages.

Interrogatories

If a party is forced to take depositions to obtain information that may otherwise be available through additional interrogatories, the proposed amendments will increase the costs to both parties. Limiting the number of interrogatories to twenty-five (25) also ignores the fact that many parties are foreign individuals or entities, which are increasingly becoming parties in proceedings before the Board. Interrogatories are a convenient, efficient, and cost-effective means of obtaining information from foreign parties.



Taking depositions is not always an option. Because of limited funds, many individuals and entities choose not to take depositions of the other side. Also, in contrast to Federal Court litigation, the TTAB may not compel a party outside of the U.S. to appear for a deposition. While depositions on written questions or letters rogatory are possible alternatives, they are complicated, time-consuming, and expensive procedures.

With the seventy-five (75) interrogatories limit, the parties can more easily remain within the limit without engaging in motion practice. In contrast, with the lower number, more conflicts are likely, especially when there are multiple issues, multiple marks, etc.

Twenty-five (25) interrogatories are too few. The limit of seventy-five (75) interrogatories appears to be working well, and rather than attempting to specify different numerical limits for interrogatories depending on the issues in a proceeding, it is suggested that the limit for the number of interrogatories be kept at seventy-five (75). This would be particularly important if the initial disclosures are limited to the subjects suggested in this comment.

Protective Order

With approximately 40% of all filings being made by *pro se* applicants, the requirement that the parties enter into a standard protective order could gravely prejudice parties that are adverse to direct competitors. Referring to a decision on this very issue in the case of *Geoffrey, Inc. v. Floors 'R' Us, Incorporated*, Opposition No. 90,662, (Slip opinion, TTAB, May 1, 1995), the Board stated:

As pointed out by opposer, since applicant is not represented by counsel, a protective order would be totally ineffective in preventing disclosure of confidential information to anyone other than attorneys. In a situation such as the present one, opposer cannot be required to disclose highly confidential material directly to applicant. Furthermore, most material of this nature would not appear to be sufficiently relevant to this proceeding to warrant the potential harm which might result from disclosure. Accordingly, the Board's order is amended so as to require only that the parties get together to work out suitable supplementation and/or clarification by opposer, without requiring opposer to produce any confidential information or documents.

See Attachment A.



Consequently, the automatic entry of the Board's standard protective order will not provide adequate protection to confidential information in a significant percentage of the case. The parties' option to negotiate their own protective orders will not solve the problem when there is an impasse over who would be entitled to see the information. Hence, the Board will still have to decide motions to enter protective orders, and this will delay initial disclosures and everything that follows.

Inclusion in Rule of Proposed Schedule and Disclosure Subjects

The rules of the Board, as codified in Title 37 C.F.R., have the force of law. Interpretative comments published in the preamble to proposed new rules do not have the force of law. While the Court of Appeals for the Federal Circuit and federal courts, generally, give appropriate weight to the Code of Federal Regulations, they are not obligated to, and very often do not, give weight to interpretative comments. Consequently, the discovery and trial schedule and the subjects of initial disclosure should be in the Rules. Secondly, for the convenience of the Board, attorneys, and parties (particularly *pro se* parties), the scheduling outline and disclosure should be codified in the Rules. The rules are collected and published in C.F.R. (the interpretative comments are not) and would be readily accessible to be consulted. *Pro se* applicants, in general, have no knowledge of the existence or contents or means of accessing the Federal Register.

The rules should contain a specific provision for suspending the schedule if a party files any potentially dispositive motion, a motion to strike, or a motion to join a party. Any of these motions may affect the continued viability of the proceeding, or the issues in the proceeding, or the parties to the proceeding. These matters should be determined before there is any further activity, including the initial disclosures.

Notice Requirements for Later Changes

The Proposed Amendment announces in part "and further explained in documents posted on the Web site of the Office". This implies that new procedures and practices may be posted to the PTO website without notice in the *Federal Register* and *Official Gazette*.

In addition to creating uncertainty and the need for busy practitioners to consult the PTO website daily, the open-ended possibility of making additional changes by announcement raises a serious question of procedural due process. Later changes in



practice should be the subjects of proposed amendments and should be published in the Federal Register and Official Gazette for public comment.

Miscellaneous

Rule 2.101(b) – The reference to § 2.192(c)(1)(iii) should be corrected to: § 2.193(c)(1)(iii).

Rule 2.120(e)(2) – The rule should specify whether a suspension of proceedings precludes the serving of additional discovery requests.

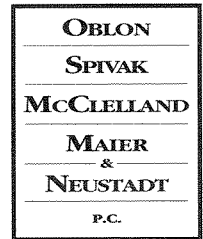
Rule 2.120(g) – No explanation is offered why a motion for sanctions to be imposed against a party for its failure to participate in the required discovery conference must be filed prior to the deadline for any party to make initial disclosures. The reasoning should be explained. If the Patent and Trademark Office retains the requirement that a motion for sanctions must be filed prior to the deadline for making initial disclosures, the filing of a motion for sanctions (a potentially dispositive motion) should automatically suspend all further proceedings and result in a resetting of all dates when the motion is decided.

Rule 2.120(h)(2) – The rule should specify whether, if a proceeding is suspended pending a ruling on a discovery motion, the parties are precluded from serving additional discovery.

Rule 2.121(a) – The trial order should state the entire schedule, starting with the due date for an answer and the deadline for a discovery conference and continuing through all of the stages described at 71 F.R. Page 2500.

Rule 2.122(d) – The rule should provide that a party may prove the existence and ownership of a registration by filing copies of data from the TARR database and from the assignment database when the TARR report shows that a registration or application has been assigned. Certification should not be required since these documents come from the Patent and Trademark Office.

Rule 2.127(e)(1) - The rule should state that a summary judgment motion based on claim preclusion, issue preclusion, or lack of jurisdiction may be filed before the party makes its initial disclosures.



Conclusion

The likely effects of the proposed amendments are far broader and more significant than anticipated by the PTO. While it is our understanding that the PTO has considered the proposed amendments for more than a year, practitioners, professional organizations, and businesses have been provided with only two months to consider and comment upon the proposed amendments. Although numerous organizations will be commenting on the proposed amendments in a timely manner, there are many who have not had the time or resources to consider and comment. While we have reviewed the proposed amendments, more time to reflect upon and examine their likely consequences will be very well spent.

Finally, we request that the period for comment be extended by 60 days and that a public hearing be held before any of the proposed rules is adopted.

Respectfully submitted,

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ATTACHMENT A

Fleming

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

MAILED

MAY 01 1995

PAT. & T.M. OFFICE

Opposition No. 90,662

Geoffrey, Inc.

vs.

Floors 'R' Us,
Incorporated

#27

Opposer, on March 10, 1995, has filed a request for modification of the Board's order of February 24, 1995, insofar as it directed the parties to work out a protective order so that opposer might produce confidential material thereunder.

Opposer's request is granted. As pointed out by opposer, since applicant is not represented by counsel, a protective order would be totally ineffective in preventing disclosure of confidential information to anyone other than attorneys. In a situation such as the present one, opposer cannot be required to disclose highly confidential material directly to applicant. Furthermore, most material of this nature would not appear to be sufficiently relevant to this proceeding to warrant the potential harm which might result from disclosure. Accordingly, the Board's order is amended so as to require only that the parties get together to work out suitable supplementation and/or clarification by opposer, without requiring opposer to produce any

confidential information or documents. In view of this modification, the time for the parties to resolve the outstanding discovery matters is extended until thirty days from the date hereof.

Trial dates are rescheduled as follows:

IN EACH INSTANCE, a copy of the transcript of testimony together with copies of documentary exhibits, must be served on the adverse party **WITHIN THIRTY DAYS** after completion of the taking of testimony. Rule 2.125.

THE PERIOD FOR DISCOVERY TO CLOSE: May 27, 1995
(for opposer only)

Testimony period for party in position of plaintiff to close: July 26, 1995
(opening thirty days prior thereto)

Testimony period for party in position of defendant to close: September 24, 1995
(opening thirty days prior thereto)

Rebuttal testimony period to close: November 18, 1995
(opening fifteen days prior thereto)

Briefs shall be filed in accordance with Rule 2.128(a) and (b). An oral hearing will be set only upon request filed as provided by Rule 2.129.

H. Wendel
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Attorney,
Trademark Trial and
Appeal Board