

**TRADEMARK PUBLIC ADVISORY COMMITTEE  
ANNUAL REPORT 2020**



**UNITED STATES PATENT AND  
TRADEMARK OFFICE**



## TRADEMARK PUBLIC ADVISORY COMMITTEE OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

November 3, 2020  
The President of The United States  
The White House  
Washington, D.C. 20500

Dear Mr. President:

On behalf of the Trademark Public Advisory Committee (TPAC) of the United States Patent and Trademark Office (USPTO), it is my pleasure to present TPAC's Annual Report for Fiscal Year 2020. TPAC is the statutorily authorized committee representing the interests of diverse users of the USPTO with respect to trademarks. Its duties are to review the policies, goals, performance, budget, and user fees of the USPTO with respect to trademarks, and to advise the Under Secretary of Commerce for Intellectual Property and Director of the USPTO on these matters.

We have appreciated the opportunity to serve the USPTO over the past fiscal year.

Sincerely,

A handwritten signature in blue ink, reading "Elisabeth Roth Escobar".

Elisabeth Roth Escobar, Chair  
Trademark Public Advisory Committee

cc: The Honorable Wilbur Ross, U.S. Secretary of Commerce  
The Honorable Andrei Iancu, Under Secretary of Commerce for Intellectual Property and  
Director of the U.S. Patent and Trademark Office  
Committee on the Judiciary of the Senate  
Committee on the Judiciary of the House of Representatives

Enclosure: TPAC Annual Report for Fiscal Year 2020

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# Trademark Public Advisory Committee Fiscal Year 2020 Annual Report

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## I. Introduction

This is the twenty-first annual report of the Trademark Public Advisory Committee (“TPAC”). This report reviews the trademark organization of the United States Patent and Trademark Office (“USPTO” or “Office”) for the Fiscal Year ending September 30, 2020 (“FY 2020”).

Pursuant to 35 U.S.C. § 5(d)(2), this report is submitted within 60 days following the end of the federal fiscal year and is transmitted to the President, the Secretary of Commerce, and the Committees on the Judiciary of the Senate and the House of Representatives. This report is submitted for publication in the *Official Gazette* of the USPTO and will be available to the public on the USPTO website, [www.uspto.gov](http://www.uspto.gov).

The members of TPAC wish to express our sincere gratitude to Craig Morris, Managing Attorney for Trademark Outreach, for his invaluable assistance to TPAC in preparing this report.

## A. Members of TPAC

As of the end of FY 2020, the following individuals were members of TPAC:

- Elisabeth Roth Escobar (Chair), Vice President and Senior Counsel, Global Intellectual Property, Marriott International, Inc., Bethesda, Maryland (term ends December 1, 2020)
- Christopher Kelly (Vice Chair), Partner, Wiley Rein LLP, Washington, D.C. (term ends December 1, 2021)
- Stephanie H. Bald, Partner, Kelly IP, LLP, Washington, D.C. (term ends December 1, 2021)
- Jennifer Kovalcik, Vice President, Technology & IP Counsel, Community Health Systems, Franklin, Tennessee (term ends December 1, 2022)
- Anne Gilson LaLonde, Author, *Gilson on Trademarks*, South Burlington, Vermont (term ends December 1, 2020)
- Susan M. Natland, Partner, Knobbe Martens Olson & Bear LLP, Irvine, California (term ends December 1, 2022)
- Donna A. Tobin, Partner, Royer Cooper Cohen Braunfeld LLC, New York, New York (term ends December 1, 2020)

- Kelly D. Walton, Vice President, Trademarks and Copyrights, Dell Inc., Austin, Texas (term ends December 1, 2021)

In addition to the above voting members, the following non-voting TPAC members represent the membership of USPTO unions:

- Harold Ross of the National Treasury Employees Union (“NTEU”) Chapter 243
- Jay Besch, President of NTEU Chapter 245
- Pedro C. Fernandez of the Patent Office Professional Association

Tragically, TPAC member Dinisa Hardley Folmar lost her battle with breast cancer in 2020. Dinisa was appointed to TPAC in recognition of her deep expertise and extensive accomplishments in trademark law. Most recently, she served as Assistant General Counsel at The Hershey Company, where she led the company’s intellectual property matters throughout the world. Although she had only just joined TPAC at the end of 2019, Dinisa quickly established herself as a warm and enthusiastic member of our team. We mourn Dinisa’s untimely death and we send our deepest condolences to her husband, stepson, and family.

**B. TPAC Subcommittees**

During FY 2020, TPAC had five subcommittees: Operations, Budget and Finance, Policy and International Affairs, IT and E-Government, and TTAB. The subcommittees met through conference calls and in-person meetings with USPTO officials responsible for the various functions to assist TPAC in meeting its mission and the USPTO in its proposals and initiatives. TPAC members assigned to each subcommittee were:

- Operations: Elisabeth Escobar (lead) and Christopher Kelly
- Budget and Finance: Susan Natland (lead) and Kelly Walton
- Policy and International Affairs: Stephanie Bald (lead)
- IT and E-Government: Donna Tobin (lead), Jennifer Kovalcik and Jay Besch
- TTAB: Christopher Kelly (lead) and Anne Gilson LaLonde

**C. Public Meetings**

During FY 2020, TPAC conducted four public meetings: on November 1, 2019; February 7, 2020; April 17, 2020; and July 24, 2020. The latter two were conducted virtually via Webex. TPAC greatly appreciates the Office’s invaluable assistance in helping TPAC organize and conduct these meetings, and TPAC especially thanks

the Office for the tremendous amount of preparation and organization that enabled the virtual public meetings to take place seamlessly.

**D. COVID-19**

The COVID-19 pandemic has abruptly and profoundly impacted every sphere of public and private life throughout the world. The USPTO, already a world leader in telework, was able to transition nearly all 13,000 employees to 100% remote work practically overnight. As discussed below, the Office provided equipment where needed within a matter of weeks and rapidly shifted to virtual training for new Examining Attorneys. As a result, the Office has remained fully functional throughout this difficult period.

In addition, the Office introduced several valuable measures to provide relief to trademark owners struggling with the effects of the pandemic, including waiving fees and filing deadlines and instituting a special examination program for applications for qualifying COVID-19 medical products and services.

The Office also instituted a number of measures to help its employees deal with the effects of the pandemic, including expanded work hours and additional leave options.

TPAC applauds the swift and innovative efforts of the Office to maintain full operations and address the challenges faced by its customers and employees during this unprecedented time.

**E. Transitions within the USPTO**

FY 2020 was a year of transitions within the leadership of the USPTO.

The Commissioner for Trademarks serves as the primary agency official for trademarks, domestically and internationally, and is responsible for all aspects of the Trademarks organization, including policy, operations, and budget relating to trademark examination, registration, and maintenance.

Mary Boney Denison retired as Commissioner for Trademarks at the end of 2019. Commissioner Denison ably led the Trademark Operations of the Office through a period of explosive growth and change, and her contributions to the Office and TPAC have been immeasurable. TPAC congratulates Commissioner Denison on her many years of outstanding service.

After the retirement of Ms. Denison, Meryl Hershkowitz assumed the role of Acting Commissioner for Trademarks. TPAC thanks Ms. Hershkowitz for her service and leadership during the interim period.

In February 2020, David S. Gooder was named the new Commissioner for Trademarks. Mr. Gooder worked for more than 25 years on intellectual property and brand-protection challenges facing iconic global brands, notably in the distilled spirits and wine industries. Before coming to the USPTO, he served as the founding Managing Director and Chief Trademark Counsel at Jack Daniel's Properties and

Chief Trademark Counsel for Brown-Forman Corporation, which owns over 30 distilled spirits and wine brands. Mr. Gooder has been an officer of the International Trademark Association (“INTA”) and served two terms on INTA’s Board of Directors. He has also served as Chairman of the INTA Foundation.

In FY 2020, Jay Hoffman was appointed the new Chief Financial Officer (“CFO”) of the USPTO. As CFO, Mr. Hoffman is the principal advisor to the USPTO Director in supporting and improving the accounting, budgeting, planning, contracting, and organizational performance systems of the USPTO. His responsibilities include managing the fiscal operations of the USPTO and providing leadership in areas defined by the Chief Financial Officers Act of 1990 and other legislation designed to improve integrity in federal financial management. As CFO, Mr. Hoffman oversees an annual budget exceeding \$3 billion. Mr. Hoffman previously served as the CFO of the U.S. Consumer Product Safety Commission, the Director of Program Analysis and Evaluation at the Department of Energy, and the Budget and Planning Director of the United States Mint.

Mr. Hoffman has attended many of TPAC’s public meetings and meetings of TPAC’s Budget and Finance Subcommittee. He has also sought to improve the quantity and quality of the information that the Office of the Chief Financial Officer provides to TPAC, and to educate TPAC members about the methodology and significance of its financial and budgetary measurements and analysis. TPAC greatly appreciates his efforts in this regard.

## **II. Report Highlights**

### **A. Trademark Operations**

In FY 2020, a year of record filings, Trademark Operations continued its long track record of meeting or exceeding virtually all of its performance goals, despite the extraordinary challenges presented by the COVID-19 pandemic. TPAC commends the management team for their leadership and the hundreds of employees in Trademark Operations for their hard work that made these results possible. TPAC also applauds Trademark Operations for introducing and continuing initiatives to improve the customer experience through efforts within and outside the Office and to address the many challenges caused by continuing filing increases from the United States and abroad.

### **B. IT and E-Government Issues**

TPAC has previously addressed the delays and costs in replacing legacy systems with a full suite of IT products to the Trademark and TTAB business units. To ensure focus on the best approach to its IT programs and processes, the USPTO completed an evaluation from a third-party consultant and received recommendations. In a joint effort, the Office of the Chief Information Officer (“OCIO”) and Trademarks began preparations to develop modernized products in FY 2020 utilizing the recommendations.



In the months right after the pandemic began, the USPTO saw a significant decrease in trademark filings, spurring it to conduct additional budget analyses. In response to this initial decrease, the USPTO changed its priorities for certain IT projects to adjust to the challenges presented by COVID-19, and the Trademarks IT budget was drastically reduced by 53%. The effort to develop a full end-to-end modernized solution was postponed. To maintain momentum, the OCIO and Trademarks began making significant changes in how systems are maintained and how new technology is used. In addition, the USPTO began undergoing a significant organizational IT transformation to an agile product Development, Security and Operations (“DevSecOps”) model. DevSecOps unifies software development (Dev), security (Sec) and support/operations (Ops).

The agile methodology allows external and internal users to capitalize on the quick and frequent delivery of a secure solution. An iterative approach with short development cycles allows teams to seek continual improvement for the development and delivery of quality systems. Integrating the DevSecOps model into the agile methodology allows for the focus to be on collaboration instead of on weighty processes and encourages team-level ownership.

As a parallel effort, existing development teams pivoted their focus to lay the foundation for future IT solutions. Teams also continued to stabilize and enhance existing legacy systems in order to support the Mandatory Electronic Filing rulemaking, Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) Act deadline changes, and the COVID-19 Prioritized Examination program.

To protect the health and safety of its staff, the USPTO began mandatory telework in mid-March. The OCIO immediately supported telework for the USPTO’s roughly 13,000 employees. All employees were able to efficiently telework without disruptions to internal trademark processing, and disruptions to external users were minimized.

**C. Budget and Funding Issues**

Total trademark fees collected in FY 2020 increased by 4.3%, which was within 1% of planned collections. TPAC commends the Office for its perceptive monitoring of fee revenues and forecasting filings in a year of great uncertainty. TPAC notes that the Trademark Operations budgeting success depends upon its continued ability to adjust fees to account for filing trends and practices.

A biennial review of fees, costs, and revenues that began in FY 2019 found that fee adjustments are necessary to provide the resources to improve trademark operations, including implementing the USPTO 2018-2022 Strategic Plan. The USPTO issued a Notice of Proposed Rulemaking (“NPRM”) on June 19, 2020, soliciting comments on the proposed fee schedule. In response, the USPTO received comments from 19 commenters, including four IP organizations. At the close of the fiscal year, the USPTO was considering all comments received.

**D. Trademark Trial and Appeal Board**

The overall workload of the Trademark Trial and Appeal Board (“TTAB” or “Board”) in FY 2020 remained daunting, yet the Board worked diligently and met or came close to its performance measures for the year. Even goals not attained in the full year were attained in various quarters, showing the gains realized since the beginning of the fiscal year. Although the level of incoming appeal and trial case filings was somewhat moderated, the Board continues to be challenged by the aftereffects of FY 2019’s staffing deficits and steep increase in filings, cases ready for decision (“RFD”), and motion practice. The ratio of appeals to trial cases maturing to RFD was also heavily tilted towards trial cases last fiscal year, presenting the Board’s staff of judges with more large-record cases than usual. In FY 2020, the Board continued to tackle its backlog, adding more attorneys and new judges to the staff. As of mid-year FY 2020, the Board had more than 40 combined attorneys and judges on staff, its highest level ever. The first half of FY 2020 saw continuing challenges burdening the caseload, but by the third quarter, decisions on motions and on the merits were all processed within their respective goals. The Board ended the fiscal year with full-year measures that were at or very close to goals for processing of contested motions and time to issuance of final decisions. The TTAB has been active beyond the heavy lift of managing its workload. It once again exceeded its target for the number of precedential decisions issued. At the mid-point of FY 2020, it completed a two-year pilot program that encouraged early resolution of cancellation cases involving only abandonment or non-use claims. The Board also began a detailed analysis of a multi-year collection of trial cases in which the parties had agreed to use some form of Accelerated Case Resolution (“ACR”) so that the Board can update information on the process on its website and more actively market ACR options to parties in trial cases. The Board also began outlining the contours for a new pilot project, expected to begin in FY 2021, that will focus on pre-trial conferencing with parties in selected cases. It refurbished its eFOIA page into a new virtual Reading Room where users can search many years’ worth of TTAB opinions, and its IT group has been active with stabilization and enhancements. TPAC looks forward to seeing further action and progress on these and other matters during FY 2021.

**E. Policy and International Affairs**

The Office participates in discussions and initiatives with trademark offices and governments in other countries, and with the World Intellectual Property Organization (“WIPO”), to help improve trademark office examination practice, harmonize certain trademark tools and practices, and coordinate compliance with treaties that relate to trademarks. Among other goals, these efforts are designed to improve the experience of U.S. citizens in registering and enforcing their marks in other countries. TPAC appreciates the work of the knowledgeable professionals who contribute to providing a better experience for U.S. citizens who utilize these services.

### III. Discussion of Specific Issues

#### A. Trademark Operations

##### 1. Performance Statistics

FY 2020 was another successful year for the USPTO's Trademark Operations.

##### a. Increase in Applications

Trademark application filings increased by 9.6% in FY 2020, which was much higher than Trademark Operations' original projection. Trademark Operations initially estimated it would receive 692,000 classes for registration in FY 2020. Midyear, the expected projection for filings was revised to 625,000 classes reflecting the shifting economic indicators and weak first quarter results. However, the actual number of classes filed in FY 2020 was 738,112, due to a surge in both domestic and foreign applications during the second half of the fiscal year. Trademark Operations continued to receive notable increases in filings originating from mainland China. Nearly 14% of total classes filed came from China, the largest share of filings from any foreign country. This represents an increase of almost 1,521% from seven years ago, far outpacing growth from any other country. Despite a slow start for the year, Chinese filings increased by 34.2% from FY 2019 to FY 2020. This growth is significant, and even exceeds the FY 2019 increase, when Chinese filings were 31.9% above FY 2018 totals. Trademark Operations monitors filings and continues to consult with other IP organizations to gain better insight for future planning. The new U.S. Counsel rule, which went into effect August 3, 2019, had an immediate impact on foreign pro se filings. Since then, foreign pro se applications, which have historically been the source of a large portion of deficient or suspicious filings, have decreased dramatically. Such filings comprised only 1% of total foreign filings in FY 2020, down from 44% in July 2019.

##### b. Electronic Filing and Communication

Trademark Operations is close to achieving its longstanding goal of having all trademark applications and other filings submitted electronically. More than 99.99% of all new applications were submitted electronically in FY 2020. The requirement for mandatory electronic filing became effective in February 2020. For the rest of the fiscal year, the Office received only one paper application. Now, all trademark filings (with a few treaty exceptions) are electronic. End-to-end two-way electronic filing and communication, which engenders more cost-effective processing, now comprises 88.7% of all applications processed to disposal in FY 2020, exceeding the Office's target of 88%. TPAC continues to

support the Office's goal of increasing the percentage of trademark applications that are processed electronically from end-to-end.

c. **Balanced Disposals**

The Office completed 1,333,375 Balanced Disposals in FY 2020. This was about 1% less than the 1,346,700 Balanced Disposals planned for the year and 3.9% less than the amount completed in FY 2019. A Balanced Disposal occurs when either (1) a First Office Action issues; (2) the application is approved for publication; or (3) the application is abandoned prior to publication.

d. **Total Office Disposals**

Total Office Disposals refers to the number of applications that resulted in either registration or abandonment. There were 647,891 Total Office Disposals in FY 2020, significantly higher than the 609,124 disposals in FY 2019. The trend for Total Office Disposals has declined relative to new application filings as the percentage of first action approvals for publication increases and fewer applications are abandoned.

e. **Average First-Action Pendency**

First Action Pendency is reported monthly as the average time between the filing of a trademark application and the USPTO's substantive review of that application, which typically results in either a Notice of Publication or a First Office Action. The Average First Action Pendency increased to 3.0 months by the end of FY 2020 but remained comfortably at the midpoint of the target range of 2.5 to 3.5 months. TPAC has supported this target range for several years, as a balance between meeting customer needs and managing incoming filings, and TPAC commends the Office for continuing to meet this range as it has done for many years.

f. **Average Total Pendency**

Trademark Operations exceeded its target goals on Average Total Pendency for FY 2020. Average Total Pendency, the average time between the filing of a trademark application and the final disposition of that application (through registration, abandonment, or issuance of a Notice of Allowance), continued to remain quite low. Average Total Pendency was 9.5 months if suspended and inter partes cases are excluded and 11.1 months if those cases are included. (An application is suspended where the outcome of another matter must be determined before further action on the application can be taken. This can occur if there is a previously-filed application still under examination. An inter partes case is an opposition or cancellation proceeding before the TTAB.) Both of these numbers are only slightly higher than in FY 2019 (9.3 months and 10.7 months, respectively).

g. **Overall**

During FY 2020 Trademark Operations met or exceeded all of its performance goals. TPAC commends Commissioner Gooder and his management team for their leadership in making these results possible through a very challenging time for the agency. Most importantly, these consistently excellent results would not be possible without a dedicated team of nearly 1,000 employees in Trademark Operations, who all contribute to providing service to customers in a complex and dynamic system.

2. **Quality and Training**

Quantitative measures are essential to Trademark Operations, but of even greater value to the public is the high quality with which work is done to ensure that the Trademark Register is an accurate reflection of trademark owners' important substantive rights. Once again, the USPTO has met or exceeded its targets in this critical area. Maintaining and exceeding high quality goals this year while managing the complexities of a global pandemic and an unexpected surge in trademark filings have been particularly daunting. In response, the performance of USPTO's Trademark Operations staff has been nothing short of remarkable.

a. **Compliance Rate**

Examination quality is measured by evaluating random samples of applications at two different points during the examination process. The compliance rate is the percentage of actions or decisions that have been determined to have been made correctly, with no deficiencies or errors. The first point of review looks at initial Office Actions that reject applications for registration or raise other issues regarding formalities that require amendment to the application. The second point of review takes place at "final disposition" of an application, either a final refusal to register or a decision to approve the application for publication. The goal at both points is to determine whether the Examining Attorneys' decisions and written Office Actions comport with the bases of refusal under the Lanham Act. The Office's goal for FY 2020 was a compliance rate of 95.5% for the First Office Action and a compliance rate of 97% for final disposition. The Office exceeded each of these targets: For First Office Actions, the compliance rate was 95.7%, and for final disposition, the rate was 98%.

b. **Exceptional Office Action Standard**

The Exceptional Office Action standard has the following four criteria: the appropriateness of the likelihood of confusion search, the quality of the evidence provided, the clarity of the writing, and the quality of the decision-making. In FY 2020, Trademark Operations exceeded the goal of 50%, with 51% of Office Actions meeting the criteria.

c. **New Examining Attorneys**

In FY 2020, a total of 27 new Examining Attorneys were hired to backfill vacancies in the traditional law offices. At the end of FY 2020, there were 622 Examining Attorneys, a net decrease of four from FY 2019.

The new Examining Attorneys began work in March 2020, two weeks before the USPTO required all employees to telework full time. As a result, the new hires were sent home with a laptop and peripherals and continued their intensive training program virtually. This was the first time the USPTO conducted virtual training of new Examining Attorneys and it admirably converted the six-week classroom in-person training to all-remote learning. The new Examining Attorneys adjusted well and were assigned remote mentors to work with them on cases after the virtual classroom sessions were completed. They were placed on production for the fourth quarter of FY 2020, while still working at home full time.

d. **Examining Attorney Training**

Training sessions held in FY 2020 focused on examination procedures related to: (1) the Madrid Protocol-USPTO as the Office of Origin; (2) copyright basics for trademarks; (3) ethics issues focusing on the USPTO's rules covering attorney recognition, signatures, and declarations, as well as trademark practitioners' responsibilities when preparing applications and other submissions to the Office; (4) Nice Classification 11<sup>th</sup> Edition training, highlighting changes in the International Classification system brought about by the implementation of the 2020 version; (5) TMEP update overview; (6) mandatory electronic filing; and (7) specimens of use. Further, the Office of Trademark Quality Review published three editions of its *Two Quick Reminders* newsletter. In addition, the International Trademark Association provided speakers on trademark issues regarding blockchains and cryptocurrencies.

3. **Initiatives Completed in FY 2020**

a. **Examination Guides**

Between updates to the Trademark Manual of Examining Procedure ("TMEP"), the Office occasionally provides guidance on specific issues through the issuance of Examination Guides. Typically, Examination Guides supersede the current edition of the TMEP to the extent there are any inconsistencies. They are usually incorporated into the next edition of the TMEP.

In February 2020, an Examination Guide was issued to clarify examination procedures in connection with the final rule that (1) required applicants and registrants to file all trademark

submissions electronically using the Trademark Electronic Application System (“TEAS”) and to provide an email address for receiving USPTO correspondence, and (2) amended the requirements for specimens.

In May 2020, an Examination Guide was issued regarding procedures for examining applications for cheeses and processed meats in which the mark includes geographic wording that does not indicate geographic origin, but otherwise may be a generic designation for such goods.

b. **ID Manual**

The Acceptable Identification of Goods and Services Manual (“ID Manual”) lists identifications of goods or services and their respective classifications that Examining Attorneys will accept without further inquiry if the specimens of record support the identification and classification. Although the listing of acceptable identifications is not exhaustive, it serves as a guide for Examining Attorneys and those preparing trademark applications on what constitutes a sufficiently “definite” identification.

On January 1, 2020, the Eleventh Edition of the Nice Classification, version 2020, came into force. Changes in the Eleventh Edition had an impact on the USPTO’s examination policy and practice. A complete list of those changes can be found by setting the “Effective Date” field in the ID Manual to Operator “=”, typing the date “01/01/2020” and pressing the “Search” button.

The USPTO continues to receive feedback from internal and external customers regarding the ID Manual and has implemented several of the suggested changes. Some of the enhancements added this year include: the ability for users to see the Nice Class Headings when holding the mouse over the International Class field for individual entries; implementation of a warning message when incorrect truncation is used in certain search modes; and additions to automatic searching of alternate spellings for some terms.

c. **Rulemaking**

In FY 2020, Trademark Operations issued an NPRM and a final rule to change the Rules of Practice.

(1) **International Trademark Classification Changes**

The USPTO published a final rule to amend the Rules of Practice to modify the class headings incorporated into the Nice Agreement during the 29th Session of the Committee of Experts, from April 29 to May 3, 2019. Specifically, this rule added some new goods and services and deleted some

existing goods and services from seven class headings. The changes became effective on January 1, 2020.

(2) **Trademark Fee Adjustment**

On June 19, 2020, the USPTO issued an NPRM to amend the Rules of Practice to set or adjust certain trademark fees, as authorized by the Leahy-Smith America Invents Act (“AIA”), as amended by the Study of Underrepresented Classes Chasing Engineering and Science Success Act of 2018 (“SUCCESS Act”). The proposed fees are intended to recover the aggregate costs of future strategic and operational Trademark and TTAB goals (based on workload projections included in the USPTO FY 2021 Congressional Justification), including associated administrative costs. The proposed fees will further USPTO strategic objectives by better aligning fees with costs, protecting the integrity of the Trademark Register, improving the efficiency of agency processes, and ensuring financial sustainability to facilitate effective trademark operations. The NPRM produced four comments from IP stakeholder organizations and fifteen comments from individuals, small business owners, and law firms. At the close of the fiscal year, the USPTO was considering all comments received.

4. **Ongoing Initiatives**

a. **Efforts to Improve the Accuracy of Identifications of Goods or Services in Registrations**

During FY 2020, the USPTO continued to conduct random audits of “proof of use” declarations, as authorized by 37 C.F.R. §§ 2.161(h) and 7.37(h). The goal of the program is to improve the integrity of the Trademark Register by cancelling registrations with unsubstantiated use claims and removing unsupported goods and services from audited registrations.

In FY 2020, Trademark Examining Attorneys and Trademark Quality Review program analysts conducted audits of more than 5,000 cases in which Post-Registration maintenance affidavits were filed. For each audited file, the Office requested additional evidence from the registrant to substantiate claims of use. As of October 1, 2020, in 56% of the audited registrations, either a response deleting goods or services was filed or the entire registration was canceled. In 81% of audited registrations, registrants were represented by counsel.



b. **Fraudulent Solicitations**

Through notices and warnings sent to its customers, the USPTO has continued to increase awareness of solicitations from companies fraudulently offering to protect trademarks. The USPTO also co-leads a project on fraudulent and misleading solicitations at a forum of the five largest trademark offices in the world (“TM5”).

In addition, although the USPTO does not have the legal authority to sue or prosecute those who attempt to defraud its customers, or to stop private companies from sending trademark-related offers and notices, the Office actively engages with other federal agencies, such as the Department of Justice (“DOJ”), the Federal Trade Commission, and the United States Postal Inspection Service (“USPIS”). For example, in 2018 the DOJ invited the USPTO to provide two IP attorneys to a two-year “detailee” program to support the investigation and prosecution of offenders. USPTO detailees have assisted in several investigations. One investigation led by Homeland Security Investigations in conjunction with USPIS resulted in the recent arrest of an individual who allegedly defrauded trademark owners out of more than \$1 million by offering bogus services that were falsely associated with the USPTO.

In FY 2020, Trademark employees spoke at various events about the issue of fraudulent solicitations to increase customer awareness. Also in FY 2020, the USPTO updated a [webpage on misleading notices](#) that explains how to recognize fraudulent solicitations six times with new examples of scams identified by its customers.

Since July 2020, the USPTO has encouraged customers to submit examples of fraudulent solicitations directly to [TMscams@uspto.gov](mailto:TMscams@uspto.gov) to expedite the posting of examples on its website. Also, the Office sent a trademark alert to 53,205 subscribers on September 10, 2020 to warn customers of email scams. The alert describes how to identify a scam, verify a legitimate communication and report a scam.

c. **Special Task Force on Improper Activities**

The USPTO’s Trademarks Special Task Force on Improper Activities (“STIA”) continues to develop policies, procedures, and technology solutions to identify, reduce, and mitigate unauthorized submissions and other improper activities related to trademark filings. The task force includes attorneys from Trademarks, as well as key personnel from other areas of the Office. The improper activities addressed by the task force include the submission of false or invalid attorney information, owner information, and domicile addresses; unauthorized use of attorney names and credentials;

unauthorized changes of correspondence or attorney information; improper signatures; and digitally altered or fabricated specimens.

As a result of the task force's efforts during FY 2020, the Commissioner for Trademarks issued more than 490 show cause orders in connection with over 770 applications. These orders identified apparent efforts to circumvent the Office's Rules of Practice and required applicants to show cause why the USPTO should not impose sanctions, which may include striking the relevant submissions or terminating the application. Also in FY 2020, the task force identified instances in which at least two dozen attorneys' names, bar information, and/or signatures were used in trademark submissions without their knowledge or consent. When possible, task force attorneys worked with the affected attorneys to address the issue.

d. **Specimen Database**

The USPTO has recognized that the problem of trademark applicants and registrants submitting fraudulent specimens is significant enough to warrant a proactive response and began the Automated Specimen Analysis Project ("ASAP"). As part of the project, Trademarks has procured a commercial, off-the-shelf image analysis tool that permits the automated integrated analysis of trademark specimens. The tool utilizes a combination of rapid image matching, AI-assisted filtering, and other methodologies to compare and contrast incoming specimens, either individually or in bulk, against other specimens. As of the end of FY 2020, the USPTO had concluded beta testing of the ASAP tool and planned to deploy the first iteration of the tool for use in special projects by the STIA at the end of October 2020.

e. **IT Security Enhancements**

The USPTO has seen a striking increase in malicious and damaging uses of its systems. For example, changes to email addresses (primarily the correspondence address) have increased, leading to an extraordinary number of requests for the Office to correct records. In October 2019, the Office began requiring filers to log in to a USPTO.gov account with two-step authentication to use the TEAS and TEASi filing systems. These measures allow the Office to better track filing activity and reduce misuse of electronic forms. The Office is exploring ways to verify USPTO.gov accounts and to give customers more control over who can file documents using specific serial and registration numbers. This initiative will keep filings more secure. In the meantime, the Office emails the trademark owner or attorney, if one is of record, upon receipt of a request to change the primary email address used for correspondence in a file.

f. **TEAS Short Form Application**

In FY 2020, a TEAS Short Form application widget was provided to a diverse group of testers and was very well-received. The next step in development will be to move the widget into production. Due to the pandemic, the Office is currently reworking the long-term timeline for deployment of the widget.

g. **Response to COVID-19 for Trademark Users**

In response to the COVID-19 outbreak, the USPTO issued several notices providing guidance regarding relief available to affected trademark applicants and owners.

- On March 16, 2020, the USPTO issued a notice indicating that it would waive the petition fee to revive trademark applications and registrations that were abandoned or canceled/expired due to inability to timely respond to a trademark-related Office communication as a result of the effects of the outbreak.
- In connection with the CARES Act, which was signed on March 27, the USPTO issued a second notice on March 31, 2020 extending the time to file certain trademark-related documents or fees that were due from March 27 to April 30. The deadlines were extended by 30 days from the initial due date, provided the filing was accompanied by a statement that the delay in filing or payment was due to the COVID-19 outbreak.
- On April 6, 2020, the USPTO established a webpage with a series of answers to Frequently Asked Questions for trademark filers regarding the USPTO's previously announced extension of certain patent and trademark-related timing deadlines under the CARES Act.
- On April 28, 2020, the USPTO issued a notice that superseded the March 31 notice and further extended the time to file certain trademark-related documents or fees that were due from March 27 to May 31. Affected users were given until June 1, 2020 to file.
- Before the April 28 extension expired, the USPTO issued a notice on May 27, 2020, which stated that it would continue to waive the petition fee for petitions to revive applications or reinstate registrations that became abandoned or expired/cancelled as a result of the COVID-19 outbreak, with a statement that the delay in filing or payment was due to the COVID-19 outbreak. In proceedings before the TTAB, the parties could make a request (in ex parte appeals) or motion (in trial cases) for an extension or reopening of time, as appropriate. In addition, since the expiration of the extension, the USPTO has continued to accept petitions to the Director pursuant to 37 C.F.R. § 2.146(e) requesting relief under the CARES Act (e.g., to accept a late petition, reinstate a cancelled registration, accept

a late Section 8 filing, or accept a late Statement of Use) based on an extraordinary situation.

- On June 15, 2020, the USPTO announced a COVID-19 Prioritized Examination program for certain trademark and service mark applications. Under this new program, the USPTO is accepting petitions to advance the initial examination of applications for marks used to identify qualifying COVID-19 medical products and services. Additionally, the USPTO waived the fee for such petitions.

TPAC applauds the swift and innovative efforts of the Office to maintain full operations and address the challenges faced by its customers during this unprecedented time.

h. **Response to COVID-19 for Employees**

The pandemic has affected the USPTO's workforce just as it has affected stakeholders. Because Trademarks has been a leader in telework since 1997, it was not difficult to transition to a mandatory telework environment in March 2020. All employees in Trademarks became full-time telework employees, including the brand-new Examining Attorney hires who had only been on campus in Alexandria for about two weeks.

The USPTO made working at home even more flexible by expanding work hours and connectivity options. It provided equipment to assist working at home and additional benefits such as Emergency Sick Leave and Excused Absence for Dependent Care Leave. Paying even more attention to employee wellness, the USPTO provided resources to support mental and physical health and employee engagement. Trademarks made particular efforts to improve communication with those working at home.

TPAC commends the efforts of the Office to recognize and address the impact of the pandemic on its dedicated workforce.

**B. IT and E-Government: Organizational IT Transformation**

1. **The Office of the Chief Information Officer**

Among its many responsibilities, the OCIO provides personnel and technology to support the USPTO administration, the Trademark organization, the TTAB, and customers to effectively research, file, prosecute, and maintain trademark applications and registrations. Users around the world rely on the USPTO database of pending and registered trademarks 24 hours a day. Under the direction of the OCIO, the IT staff works to buttress trademark examination quality, reduce pendency, manage inventory, and build and maintain a 21st century workplace. While the pace, budget, and cost of IT improvements continue to be important

factors, the OCIO has focused on the business value IT teams can deliver given current budget restraints. In FY 2020, the focus of the OCIO was to stabilize, modernize, and begin the transformation into the agile product DevSecOps model. The budget changes for FY 2020 have caused the schedule for future IT solution development to become elongated. While the FY 2021 Trademarks IT budget has been approved at pre-COVID-19 planned amounts, project prioritization and timelines continue to be evaluated.

## 2. **Stabilize Trademark Systems**

The OCIO continues to maintain, stabilize, and enhance existing trademark systems. This activity occurs, albeit with challenges, in parallel with modernization efforts. Stabilization will reduce the risk of future system outages in infrastructure and existing systems. As part of the first phase, 26 systems and applications across the USPTO were targeted for stabilization based on risk and business criticality. Ten of the 26 systems were trademark systems. Fifty percent of the trademark systems have completed stabilization efforts. As part of ongoing prioritization efforts, the USPTO continues to identify and assess challenges, and ensure systems and databases do not reach the end of their useful lives. While stabilizing systems, the OCIO supported major initiatives to enhance existing trademark systems.

In an effort to improve quality and efficiency, system changes were made to support Mandatory Electronic Filing rule changes effective February 15, 2020. The rulemaking requires all applicants and registrants to file submissions through the USPTO's electronic filing system, with certain exceptions due to treaty obligations.

The impact of the COVID-19 pandemic led Trademarks and the OCIO to make system changes to support the innovation community through temporarily extending deadlines for many trademark documents and fees. In addition to system changes necessary to implement some initiatives under the CARES Act, additional changes were made to support the COVID-19 Prioritized Examination program.

FY 2020 stabilization accomplishments include:

- Increased stability of existing trademark systems: TSDR, Tradeups, and X-Search (an internal searching tool for Examining Attorneys).
- Stabilized Madrid and the other major dependent systems such as TEAS, TEASi, FAST 1, FAST2, TSDR, and TICRS.
- Increased efficiencies through the implementation of mandatory electronic filing.

- Supported worldwide intellectual property community by modifying Trademark and TTAB systems to support CARES Act changes and the COVID-19 Prioritized Examination program.
- Reduced suspicious filings and increased IT security through user authentication and authorization with the usage of MyUSPTO accounts.
- Improved system performance by deploying the TSDR API Gateway.
- Supported growth of trademark applications by modifying the assignment of new trademark applications to utilize the new 90 series records.

**3. Transformation to Agile Product DevSecOps Model**

At the recommendation of a third-party consultant, the OCIO and the USPTO are undergoing an organizational IT transformation. The USPTO is transitioning from a mix of waterfall and Agile SAFe methodologies to the full agile product DevSecOps model. Much of this happens behind the scenes but is designed to translate into more efficient, targeted outcomes for end-users by drawing on multiple team disciplines in tandem. Utilizing the agile product model focuses on business customer needs and allows the team to deliver a solution with the highest value. DevSecOps incorporates security within the development of the continuous improvement process. The USPTO will continue the transformation into FY 2021.

In support of the transition to Agile DevSecOps, the Trademark IT systems were grouped into six product lines. Existing system work has been realigned to be in one of these six product lines. Product teams continue to support legacy systems through stabilization efforts and operations and maintenance. Teams will also continue the development of future Trademark IT solutions.

End-users and customers will be integral to the development of these product lines. The teams plan to work with the user community during the development process. Key roles for the Lead Product Owner and Product Owner positions on these teams have been filled by former Examining Attorneys and policy personnel. TPAC encourages continued investment in end-user testing, including Examining Attorneys and trademark owners and counsel, for the efficient development, deployment, and support of these product lines.

The following are the products in the Trademark Product Line:

<b>Product</b>	<b>Description</b>
<b>Trademark Center</b>	<p>A modernized one-stop shop for trademark applicants/attorneys to provide an end-to-end trademark filing experience, giving the ability to:</p> <ul style="list-style-type: none"> <li>• Perform a search</li> <li>• Complete an application</li> <li>• Check status</li> </ul>

	<ul style="list-style-type: none"> <li>• Pay fees</li> <li>• Respond to Office Actions</li> <li>• Perform post-registration activities</li> </ul> <p>Applicants and attorneys can also file appeals, petitions, and changes of assignments through the Trademark Center.</p>
<b>Trademark Exam Center</b>	A center where trademark Examining Attorneys and professional staff can securely login and complete end-to-end review, examination, and processing of applications/registrations. Ability to manage workload, conduct searches, update/change applications/registrations, communicate with internal business units and with applicants/registrants, check and update case statuses, and process fees and refunds.
<b>Trademark Exam International</b>	<p>A center that supports the exchange of data and the requirements specific to the Madrid Protocol.</p> <p>The Madrid Protocol is an agreement designed to simplify and reduce the costs of foreign trademark filing and registration. It secures protection for the international registration of marks and is organized by the International Bureau (“IB”), a division of the World Intellectual Property Organization (“WIPO”). The Trademark Exam International center provides processing for electronic communications between the IB and the USPTO concerning U.S.-based applications for international registration and extensions of protection of international registrations into the United States.</p>
<b>Trademark Content Management Services</b>	<p>A modernized Trademark Content Management Services (“CMS”) and Trademark Records Management (“TRM”) product that is robust with advanced technology as Trademark databases’ backbone, while focusing on data quality and integrity.</p> <p>CMS and TRM provide data governance to all services across Trademark business product lines including but not limited to Trademark Center, Trademark Exam, Trademark International, TTAB, and Trademark Data and Analytics. These databases have a core role in the Trademark business functionality.</p>
<b>Trademark Data and Analytics</b>	A business-centric, modern analytics platform that will allow Trademark analysts to develop data products that provide metrics and insight into trademark filings, operation monitoring, employee production, pendency, and performance to enable data-driven decision-making as well as support future data science initiatives, including machine learning and artificial intelligence.

<b>Trademark Trial and Appeals Board</b>	<p>A modernized TTAB functionality/workflow integrated within Trademark Intake and Exam Centers for Administrative Judges, Interlocutory Attorneys, and Professional Staff.</p> <p>The functionality/workflow will ensure all adversarial proceedings brought before the Board are reviewed, processed, and routed to affected Trademark business units or the public, and ensure all necessary filing fees are of record.</p>
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**4. Overall Concerns**

The largest challenge faced this fiscal year was the severe budget reduction and financial uncertainty. The Trademark IT budget was reduced by 53% in FY 2020 in response to the initial drop in filings during March and April 2020. The resulting inability to move forward with a fully modernized IT solution poses a significant risk to the existing legacy systems. The teams are addressing challenges by ensuring that stabilization efforts continue. Constant evaluation of business priorities is conducted to ensure that teams deliver the highest value for the business. While the FY 2021 Trademarks IT budget has been approved at the amounts requested pre-COVID-19, project timelines and priorities continue to be re-evaluated.

Another challenge has been finding a vendor to provide identity proofing services that meet domestic and international requirements, in addition to the Federal Risk and Authorization Management Program security measures. This has caused a delay in the implementation of Login Phase 2 Identity Proofing for users of the USPTO systems, but the project is on-going.

TPAC continues to encourage the USPTO to replace IT legacy systems and fully implement the DevSecOps methodology across all product lines. In the interim, TPAC encourages OCIO to continue to provide stabilization and updates to legacy systems until it is possible to replace these systems, while also enhancing services, tools, and efficiencies for both external and internal customers. Specifically, TPAC supports efforts to make prosecution and examination more efficient, accurate, and consistent, and efforts to provide more stable and secure IT systems.

**C. Budget and Funding Issues**

**1. Fee Collection**

Total trademark fees collected in FY 2020 were \$359 million, representing an increase of 4.3% over collections in FY 2019. With the prior fiscal year Operating Reserve and other sources of income, \$480 million in total resources were available. Total spending was \$364 million, resulting in \$115 million projected to be available in the Operating Reserve at the beginning of FY 2021.



Historically, trademark activity has reacted quickly to changes in the economy. Early in the pandemic USPTO saw signs of such changes, with filings and fee collections below expectations. The USPTO quickly developed contingency plans and took steps to adjust planned spending (for example, by deferring IT investments) to ensure core trademark mission services would not be disrupted. Filings and fee collections began to quickly recover in late May, exceeding pre-COVID levels by late summer.

The minimum Trademark Operating Reserve level is \$75 million, which is approximately 2.5 months of operating expenses, and the optimal Operating Reserve remains at six months of expenses after the biennial review risk assessment. The USPTO Operating Reserve Policy allows projected reserve balances to exceed the optimal level by up to 25%, with consideration for adjusting fees, which would permit the reserve to increase beyond six months of operating expenses. This additional flexibility acknowledges the high degree of variability in trademark fee collections. The optimal reserve target is reviewed every two years to assess the likelihood and consequence of risks in order to ensure an appropriate reserve level that mitigates the uncertainty and complexity of the operating environment. Due to economic changes that include the impact of COVID-19, at the end of FY 2020 the Operating Reserve was still above the minimum level, but below the level at the end of FY 2019. Based on current projections, the Operating Reserve should still exceed the minimum reserve level by the end of FY 2021. TPAC is closely monitoring the Operating Reserve with a goal of exceeding the minimum level and moving toward maintaining a six-month reserve of trademark operating expenses. TPAC appreciates the efforts of the OCFO to review the Operating Reserve targets every two years. In the past, the Operating Reserve has been impacted by significant unanticipated spending on the IT side as well as lapses in appropriation authority that make cash flow critical to sustaining operations. TPAC will continue to monitor the impact of IT budgeting and spending on the health of the Operating Reserve.

2. **CARES Act**

The USPTO, along with its international counterparts, worked to mitigate COVID-19's effect on the business community. With the authority provided by the CARES Act, the USPTO temporarily extended deadlines for filing many trademark documents and paying certain fees to assist trademark applicants and registrants during the uncertain times. The allowance of deferred fee payments for certain actions was available during the height of business shutdowns, through the end of May 2020.

3. **Fee Adjustment**

The USPTO continually strives to balance fee collections according to Office needs, considering workload, filing forecasts, and spending requirements. Options for setting and adjusting fees must balance cost to revenue and incentivize behaviors and practices that improve the quality of the Register, process, and services provided. TPAC commends the due

diligence of the Trademark Operations team in reviewing and assessing the need for adjustments to the fee schedule. In FY 2019, the USPTO considered its 5-year financial outlook and determined a fee adjustment was needed. The USPTO has proposed adjustments to current trademark fees as well as setting new fees to address fiscal sustainability. As required by the fee setting authority in the AIA, TPAC conducted a public hearing on the proposal on September 23, 2019 and published a report on its recommendations on October 31, 2019. Following public feedback and comments, an NPRM on trademark fee adjustment was published on June 19, 2020 with a 45-day comment period. At the close of the fiscal year, the USPTO was considering all comments received.

**4. Previously-Collected Fees Not Available**

From FY 1990 through FY 2011 and prior to the USPTO obtaining full access to collections and fee setting authority through the AIA, fees and surcharges collected from customers were not always appropriated to the USPTO. Previously-collected and currently unavailable fee collections on deposit in the USPTO accounts at the Department of Treasury (“Treasury”) amount to \$1,024 million (\$210 million of which is from previously-collected fees for trademark services provided to customers). The Office has confirmed with the Treasury that the funds are on deposit in its account, but the USPTO requires Congressional approval to access the funds. Access to these funds would allow the USPTO to reach optimal reserve levels, for Trademarks defined as six months of operating expenses, thus mitigating the risk of current and future economic uncertainty. Access to these funds would also, among other things, increase the USPTO’s ability to improve its infrastructure and services. Additional details on the unavailable amounts can be found in the Financial Section of the [2019 Performance and Accountability Report](#).

On April 9, 2020, TPAC and the Patent Public Advisory Committee sent a joint letter to the Chairs and Ranking Members of the House and Senate Judiciary Committees requesting that the reserved funds be appropriated to the USPTO. TPAC urges Congress to give the USPTO access to the reserved funds.

**5. Financial Advisory Board**

The Financial Advisory Board (“FAB”), co-chaired by the CFO and the Patent and Trademark Commissioners, provides oversight, accountability, and analysis for financial activities, ensuring funding is sufficient to carry out the mission and objectives of the USPTO. The FAB reviews fee proposals and annual agency spending requests to ensure consistent practices to mitigate financial and operational risk. The FAB reviewed budget spending plans and funding to ensure financial resources were sufficiently managed within expected revenues and reviewed delivery on performance commitments. The revalidated FY 2021 plans and the FY 2022 OMB budget request are based on a less positive financial outlook with a

lower expectation for filing increases. As a result, without the planned increase in trademark fees, revenues and operating reserves are insufficient to fund planned hiring and spending requests considering the increase in planned IT investments in critical legacy system fixes, enhancements, and new systems development.

6. **Direct v. Indirect Spending**

Total Trademark fee collections account for approximately 9.7% of the total USPTO fee collections. The Trademark share of the USPTO's FY 2020 expenses was 10.5%. Direct expenses for Trademark Operations and the TTAB accounted for 50.7% of total USPTO Trademark expenses. Spending on Trademark and TTAB IT systems was 15.9% of total Trademark IT expenses, which was lower than planned in FY 2020 due to the impact on the economy from the COVID-19 pandemic. In April, the FAB voted to implement spending reductions to offset a decline in fee collections, including \$40 million in funding for Trademark direct IT. IT, including both program-specific systems and general infrastructure expenses, comprised 29.8% of total Trademark expenses. Trademark user fees for allocated indirect expenses within the USPTO came to 29.3% of all Trademark expenses reported for FY 2020. The Trademark share of the allocated direct and indirect costs is higher than the percentage share for Patents. As a comparison, Patent and PTAB direct expenses comprised 71% of total USPTO Patent expenses. Spending on Patent and PTAB IT systems comprises 7% of total Patent expenses, with an additional 22% of allocated direct and indirect cost. Allocated cost includes infrastructure for agency-wide information technology, human resource management, financial management, legal services, policy and international activities, and USPTO administration and management. TPAC has raised concerns in the past about the allocation of cost to Trademarks and will continue to monitor these allocations and discuss any appropriate adjustments with the USPTO.

7. **Spending in Trademarks for Trademark Information Technology**

In FY 2020, the IT and Budget Subcommittees monitored budget versus expense spending for all Trademark and TTAB systems related to IT support, which accounts for 16.8% of Trademark revenues. It is important to note that \$30.2 million that was budgeted for Trademark Next Generation investment in FY 2020 was transferred into the Trademark Operating Reserve at the start of the COVID-19 pandemic to ensure that Trademarks had enough funding to sustain operations through a downturn in the economy and a resultant decrease in fee collections. As a result, planned spending for the Trademarks IT budget was reduced by 53%. The FY 2021 budget has been approved for the amounts planned prior to COVID-19, but due to continuing uncertainty, projects will likely be reprioritized or otherwise carried out over a longer period of time.

**8. Enterprise Services (formerly Shared Services)**

The USPTO has been participating in a working group with the Department of Commerce (“DOC”) on its shared services project known as Enterprise Services. The objective of the project is to ensure that all DOC bureaus have access to high quality mission support services in the core areas of Human Resources (“HR”), Acquisition, Financial Management (“FM”), and IT. As one of the largest organizations within the DOC and due to its specialized technical needs, the USPTO has made significant investments in FM, acquisition, HR, and IT systems. The DOC and the USPTO have agreed to maintain existing arrangements for payroll processing and human resources systems that operate under a shared arrangement through the DOC with other departments. TPAC is pleased that a mutually beneficial arrangement has been reached, alleviating the concern for possible diversion to general DOC functions of user fees paid by trademark owners and inventors to protect their brands and innovations.

**9. Trademark Operations Revenues**

TPAC had expressed some concerns in the past about Trademark Operations revenues being used to fund USPTO Regional Offices because of their traditionally patent-oriented focus. The Regional Offices have since expanded their trademark-related services to the public to include, among other things, trademark search and filing capabilities as well as facilities for hosting videoconferences of TTAB hearings. The Regional Offices are also increasing their trademark public outreach and education events and interacting with regional trademark practitioner communities to support and participate in, for example, roundtables dedicated to trademark-related topics. Moreover, the Regional Directors’ staff and USPTO Information Technology Resource Providers employed at the Regional Offices are receiving more trademark-focused training, although some of these services have not been continuously available this year due to COVID-19.

**D. Trademark Trial and Appeal Board**

After last year’s historically high levels of incoming cases and cases maturing to RFD on the merits, the TTAB’s workload moderated slightly and production by attorneys and judges increased, enabling the Board to meet several metrics that were out of its reach last year. Filing levels of oppositions and extensions of time to oppose were down, and appeal and cancellation filings were up but not dramatically. The rate at which cases matured to RFD on the merits declined. As the Board continued working through the large increases in cases from FY 2019, production numbers rose for decisions on motions and on the merits.

FY 2019 saw a significant increase in trial cases maturing to RFD, resulting in an inventory of cases requiring disposition on the merits that was more heavily weighted towards trials, which are typically far more time-consuming than appeals. As recently as FY 2016, trial cases had represented approximately 23% of the TTAB’s inventory of cases maturing to RFD, but in FY 2019 trial cases maturing to RFD comprised at least 33% of the inventory in three of four quarters and 30%

for the year. This caseload negatively affected the TTAB's average pendency through FY 2020 because the year began with trial cases comprising 40% of the inventory. Trial case pendency continued to increase early this fiscal year, cresting at an average of 22.8 weeks in the first quarter before beginning a decline as the Board prioritized such cases. For both the third and fourth quarters, trial cases were decided, on average, in less than the Board's target of 15 weeks. Full-year average pendency to issuance of trial case decisions was 17.7 weeks – above goal, but trending down as shown by quarterly figures. Given that the Board reached its trial case pendency goal in the last two quarters of the year, coupled with an inventory that declined from 40% trial cases at the beginning of the year to 30% trial cases at the end of the year, the outlook for FY 2021 is good.

Pendency for appeals from RFD followed a similar pattern in FY 2020. It was above the target at the start of the fiscal year and continued to increase in the first two quarters, but pendency declined so significantly in the third and fourth quarters that the full-year average for FY 2020 was down from FY 2019. Specifically, the full-year average fell from 12.7 weeks in FY 2019 to 11.7 weeks in FY 2020, meeting the 12-week goal.

End-to-end trial case pendency was down almost 9% in FY 2020, falling from 160.6 weeks to 146.6 weeks, while end-to-end appeal pendency was up a bit more than 10%, rising from 40.5 weeks to 44.7 weeks. Some of the appeal case increase was a necessary consequence of the Board's focus on trial cases for much of the first half of FY 2020. Fourth quarter appeal pendency was below the FY 2019 figures, illustrating that the full-year FY 2020 average should trend down in FY 2021.

Pendency for contested motions for FY 2020, at 12.4 weeks, was up 7.8% from FY 2019's measure of 11.5 weeks and only slightly above the target range of 8-12 weeks. The Board's attorneys held the average within the target range in the third quarter. The discovery in undocketed cases with motions in the fourth quarter pushed the average up as Board attorneys and judges raced to clear the inventory of all cases with motions that were RFD for more than 12 weeks. By year-end, all these previously undocketed cases had been handled and there were no cases with motions RFD for more than 12 weeks.

In FY 2020, the TTAB continued adding Interlocutory Attorneys ("IAs") and Administrative Trademark Judges ("ATJs") to its staff, a process begun in FY 2019 when case filings increased dramatically, and the Board also expanded its paralegal staff. Apart from adding personnel, the TTAB is taking other steps to improve productivity: reassessing its methods for processing various types of filings, planning for revisions to dashboards and analytical tools for assessing the state of its dockets and facilitating resource planning, and working with ATJs and IAs to identify opportunities for increasing use of ACR and pre-trial conferences. TPAC commends the TTAB and its leadership for taking swift action to address the Board's evolving dockets.

The Board also concluded a pilot program in which it interacted with parties to expedite certain cancellation proceedings and began planning another pilot program to encourage tighter case management of proceedings that have the potential to result in unnecessary motion practice or creation of excessive trial records. In addition, the TTAB issued a substantial number of precedential decisions that provide procedural and substantive guidance on a variety of issues. Further, in conjunction with Trademark Operations, the TTAB solicited stakeholder comments on the NPRM for changes to Trademark and TTAB fees. These developments are all covered below.

**1. Efforts to Declutter the Trademark Register**

One of the Board's contributions to the USPTO's efforts to remove "clutter" from the Trademark Register and ensure its continuing integrity has been the expedited cancellation pilot program. The Board concluded this pilot program at the mid-point of FY 2020 when it had been in place for two years. Throughout FY 2020, the Board also continued to implement another USPTO initiative intended in part to avoid further registrations for unused marks. Specifically, the Board continued to issue orders requiring parties not domiciled in the United States to appoint U.S. counsel. Both the cancellation pilot and the applicability of the U.S. Counsel rule at the TTAB are discussed in more detail below.

The TTAB began the expedited cancellation pilot program started in March 2018 by identifying eligible proceedings for participation: cancellation cases limited to abandonment and/or nonuse claims that had not resulted in default judgments. This program emphasized direct interaction with parties and their counsel in these cases in order to understand (a) the procedures that parties are willing to agree to that may expedite a proceeding and (b) the reasons parties may not be willing to commit early on to expedited procedures. These inquiries helped the TTAB evaluate whether a formal expedited cancellation proceeding would be regularly chosen as an option by cancellation petitioners and whether it would be cost effective for parties and the Board.

Under the pilot program, the TTAB arranged for an ATJ and an IA to participate in the parties' discovery conference or a follow-up conference. In these conferences, the TTAB encouraged the parties to use its existing ACR techniques to resolve the case. The conferences also included discussion of more efficient mutual exchanges of information to avoid the need for the parties to take discovery and to put parties in a position to reassess the issue of registrant's use as quickly as possible. These exchanges and early discussions also tended to facilitate settlement discussions or actual resolution without need of a Board decision addressing the merits.

By the end of the pilot in March 2020, the Board had determined that 205 cases were eligible for the pilot program and participated in approximately 114 conferences. In many of the other cases, the parties commenced

settlement talks immediately after the onset of the proceedings, so the need to conference was deferred. Of the 205 eligible cases, 134 were terminated without need of a decision on the merits and another 28 were suspended to facilitate settlement discussions at the conclusion of the pilot. In 21 of the cases in which the Board was involved in the conference, the parties agreed to some type of ACR measures. In 15 of those, the parties agreed to try the case based on the summary judgment model of ACR.

In other cases, the parties either decided not to engage in ACR or agreed to reconsider use of ACR methods at a later stage, typically after some discovery. Many were unwilling to commit to using expedited procedures early on in the proceeding primarily because, in contested cases, discovery as to the extent of a defendant's use, excusable nonuse or intent to resume use remains extremely important to the plaintiff for purposes of building its case. Indeed, the Board's first opinion published from the pilot program, a precedential opinion in *TV Azteca, S.A.B. de C.V. v. Martin*, 128 U.S.P.Q.2d 1786 (T.T.A.B. 2018), ruled against the cancellation petitioner. The petitioner there decided to forego discovery and was ultimately unable to prove abandonment or nonuse. While this opinion serves as a useful reminder that the petitioner's burden of proof does not change in an ACR proceeding, it is unlikely to encourage plaintiffs in cancellation cases involving claims of nonuse or abandonment to proceed without at least some discovery, in the absence of an early settlement. A second precedential decision emerging from the pilot program is *Wirecard AG v. Striatum Ventures B.V.*, 2020 U.S.P.Q.2d 10086 (T.T.A.B. 2020). In that case, a Madrid extension registration based on Section 66(a) was challenged on the grounds that use of the mark had never been made or, if made, the mark had since been abandoned. Although the petitioner was found to have presented a prima facie showing of abandonment, the respondent rebutted that showing with evidence of intent to commence use manifested during the three-year period of nonuse that would otherwise have been sufficient for the petitioner's prima facie showing.

The Board gained knowledge from the pilot that it did not previously have. Its legacy IT systems cannot be data-mined for statistics on the frequency with which plaintiffs assert particular claims or the rate at which trial cases result in default judgment. Thus, the pilot program involved a labor-intensive inquiry into these issues for all cancellation cases filed during the pilot, which allowed the Board to identify the 205 cases that became involved in the pilot. The Board and its stakeholders benefitted from this analysis, which revealed that abandonment is the most common claim in cancellation proceedings, included in 34% of them; the overall default judgment rate for cancellations was 44% and is even higher, at 49%, when the case involves a nonuse or abandonment claim; and the default rate reaches 60% for cases that only have an abandonment claim. Prospective filers of a petition to cancel asserting nonuse or abandonment who have

done their due diligence in investigating a registrant's use or lack thereof now know that the chances of obtaining a default judgment are substantial.

Based on the foregoing, it is questionable whether there is enough interest from stakeholders to warrant devoting TTAB resources to crafting an NPRM for a formal expedited cancellation proceeding. However, even without a formal expedited cancellation proceeding, the TTAB will continue to be proactive and encourage the use of ACR in nonuse and abandonment cancellation cases to expedite handling of these types of claims. Further, because Congress is considering a bill to amend the Trademark Act that would add as a ground for cancellation a claim that a registered mark had never been used, the Board's experience in the pilot may inform any case management practices for handling cancellation cases including such a claim.

TPAC commends the TTAB for continuing to gather information on procedures that may be acceptable to its users in expedited proceedings in order to speed the removal of registrations of unused trademarks from the Trademark Register. The pilot program has given the TTAB an opportunity to better understand its users' needs and priorities. To further its information gathering, TPAC suggests that the TTAB conduct follow-up interviews with parties' counsel who have completed the pilot program to solicit their feedback as to what was and was not useful.

The TTAB is also involved in other efforts to maintain the integrity of the Trademark Register, including the USPTO's relatively new requirement of U.S. counsel for foreign-domiciled parties, which applies to parties in TTAB proceedings as well. While the TTAB will, when necessary, suspend individual cases and set a deadline for obtaining U.S. counsel, it anticipates that the overall impact on its proceedings will be minimal. Only a small percentage of parties in Board proceedings have addresses outside of the U.S. In fact, less than 1% of applicants in ex parte appeals, potential opposers filing extensions of time to oppose, and opposers filing opposition proceedings have non-U.S. addresses. Only 8% of applicants facing extensions of time to oppose and 6% of applicants in opposition proceedings have non-U.S. addresses. The Board anticipates that the new rule may lead to increased filings against applications and registrations owned by foreign parties and believes many of those proceedings may end in default judgment.

2. **Standard Protective Order**

The TTAB adopted a revised Standard Protective Order ("SPO") in FY 2016 that applies in every inter partes proceeding unless the parties agree to an alternative and obtain Board approval. After the revised SPO had been in effect for more than a year, the TTAB sought stakeholder input on its utility.



No clear consensus emerged on the need to change the SPO. Comments were split on both issues posed to stakeholders. On the first issue, respondents were divided over whether the SPO should be amended to recognize presumptive access to “Attorneys’ Eyes Only” (“AEO”) material by in-house counsel. As to the second issue, respondents split over whether the “highly confidential” tier of protection that was previously part of the SPO should be reintroduced.

Based on a lack of consensus for change on either of these issues, the Board chose not to alter the current presumption regarding non-access to AEO material by in-house counsel, while recognizing that a party might still show a need for such access. The Board also decided against using a third confidentiality tier. In the revised SPO that took effect February 2, 2020, the TTAB addressed some sections that commenters stated were in need of clarification (see TPAC’s 2018 Annual Report at III. D. 4.). The Board also continues to consider a request that the SPO be entered in the prosecution history of each trial case because, whether or not it is signed by the parties, it applies automatically in every case. Entering the document in each trial case as a separate entry would involve an IT enhancement.

TPAC commends the TTAB for actively reaching out to a wide range of stakeholders, including trademark associations and practitioners, in its solicitation of feedback, and bringing this matter to a conclusion by posting the revised and clarified SPO.

**3. Potential Post-Discovery or Pre-Trial Conference Pilot**

Many challenging cases with unnecessary motion practice or excessive records could be helped by early Board intervention in a post-discovery or pre-trial conference. The TTAB is considering a pilot program that would divert cases heading to a hotly-contested trial phase and put the parties on the right track with a conference suggesting more efficient ways of proceeding, from full ACR to stipulations. This pilot is in the early stages of development by a group of ATJs who are discussing several different issues, including how to determine which cases will need intervention, when in the process to intervene, and whether such a conference would be mandatory. In addition to early intervention, the pilot could involve urging parties to revisit ACR at the time of trial and consider a modified summary judgment approach rather than trial.

**4. Revisions to Trademark Trial and Appeal Board Manual of Procedure**

In June 2020, the TTAB revised its Trademark Trial and Appeal Board Manual of Procedure (“TBMP”) in accordance with its annual revision schedule. The TBMP update incorporates case law reported between March 1, 2019 and February 29, 2020 and reflects current TTAB practice and procedure.

5. **Stakeholder Outreach**

During FY 2020, the TTAB continued various initiatives to engage stakeholders in discussions of policy and procedure and provide guidance on the benchmarks for successful practice before the Board. Although the COVID-19 pandemic effectively brought a halt to many typical outreach efforts, the TTAB had already participated in various events early in the fiscal year. It continued its partnerships on various programs with IP stakeholder groups, the USPTO's Trademark Operations, the USPTO's Office of Policy and International Affairs, and USPTO Regional Offices, including events featuring public hearings in TTAB cases.

Pre-pandemic, in-person events included the following:

- Joint PTAB and TTAB full-day program at Northwestern University Law School in which both boards heard live arguments in appeal and trial cases;
- IA or ATJ appearances at Brigham Young University, the ABA Forum for the Entertainment & Sports Industries Annual Conference, the Federal Circuit Symposium of the law review of the American University School of Law, a USPTO Roundtable and Inn of Court program, the Austin (TX) IPLA Annual Meeting, and a NYIPLA Trademark Update event;
- TTAB participation in the AIPLA Annual Meeting, hearing live arguments in two cases, and in the AIPLA Mid-Winter Institute; and
- Presentation of two webinars to the members of the California Lawyers Association.

During the COVID-19 pandemic, the TTAB continued its outreach, transitioning to participation in virtual events, including:

- Practising Law Institute's Advanced Trademark Law 2020 program;
- The Trademark Day program facilitated by the USPTO's Texas Regional Office, which included streamed hearings;
- The annual Hot Topics in IP program of the NYIPLA; and
- The 8th Annual Trademark Day program involving the USPTO and the ABA-IPL section.

6. **New TTAB Reading Room**

The TTAB opened a new online Reading Room on July 31, 2020 that replaces its e-FOIA search page. On the site, users can search the database of decisions issued by the TTAB going back to 1996. The site has robust search capabilities: Users can search by date, party name, panel member, mark, goods or services, proceeding type, grounds, evidentiary or procedural issue, type of motion, and whether a decision is citable as precedent.

7. **Personnel**

In FY 2020, two new judges were appointed – Mark Lebow and Melanye K. Johnson – and Judge Lorelei Ritchie left federal service to become a law professor, a role she filled before joining the TTAB. Judge Ritchie was one of the TTAB judges who worked from a home office in Los Angeles and was critical to the TTAB’s outreach on the West Coast. TPAC thanks her for her service. The TTAB also added three new IAs in FY 2020: Katie Bukrinsky, Jennifer Elgin, and Ashley Hayes. As of the end of FY 2020, the TTAB had 24 ATJs, plus Chief Judge Rogers and Deputy Chief Judge Thurmon, 15 full-time IAs and one part-time IA, a Managing IA, a Supervisory Paralegal and a Lead Paralegal, and ten Paralegals. Further, during FY 2020, the TTAB resumed using Examining Attorneys on a work project detail at the TTAB, hosted a full-time legal extern throughout the spring and summer who analyzed data on ACR cases, and relied on additional law students who participated in a new USPTO summer extern program.

Near the end of FY 2020, the TTAB issued a vacancy announcement for an ATJ position and was considering an announcement for an IA position, to continue rightsizing both the ATJ and IA staffs.

8. **Performance Measures and Statistics**

Due to the dramatic increase in cases that matured to RFD last fiscal year, FY 2020 started with the TTAB facing a docket of cases waiting for decision on the merits that was almost 60% larger than at the start of FY 2019. In addition, FY 2020 was the second consecutive year in which 40% or more of the cases in RFD status at the beginning of the year were trial cases, which is a historically high figure for the TTAB. Inventory of cases RFD continued to climb in the first quarter of FY 2020, but increased production coupled with a decline in the rate at which cases were maturing to RFD led to declines in inventory in each of the remaining three quarters. In addition, the percentage of RFD cases comprised of trial cases was drawn down to a more manageable 29.4% by the end of the fiscal year. The TTAB continues its concerted efforts to turn the numbers around, which include hiring new ATJs and IAs and relying on the scheduled utilization of Examining Attorneys on detail as IAs during FY 2021. TPAC recognizes these positive efforts and appreciates that the TTAB is working diligently to improve its metrics.

The Board’s management team – Chief Administrative Trademark Judge Gerard Rogers, Deputy Chief Judge Mark Thurmon, who completed his first full year at the Board in 2020, and Managing Interlocutory Attorney Kenneth Solomon – is cognizant of the challenges that remain for the future. Although incoming case filings moderated in FY 2020, filing rates still represent a significant number of new cases, which will continue to require attention in FY 2021 and beyond. Also, the COVID-19 pandemic, and the resulting cancellation of plans for leave or vacations by most of the Board’s

judges and attorneys, contributed to the increase in production. Thus, while the Board's staff of attorneys and judges is commended for the significant strides made in FY 2020, the management team recognizes that those attorneys and judges will eventually take their delayed vacations and well-earned annual leave.

The Board is taking appropriate action to manage its workload by adding targeted personnel and taking other measures to enhance analytical assessment of cases, case types, and anticipated workloads for all Board personnel. FY 2020 performance measures were ambitious and pursued diligently. As expected, early in the fiscal year, these measures were above target and continuing to rise but came down over the course of the year. The Board achieved all measures during the third quarter and some even when calculated as a full year measurement. These trends position the Board well for FY 2021.

“Average pendency” figures mentioned below are calculated after excluding cases that resulted in issuance of precedential orders or decisions, or consideration of such issuance, as well as cases with anomalous prosecution histories such as lengthy suspensions or remands. In addition to allowing the TTAB to assess its own performance, the resulting figures provide useful averages for those involved in typical proceedings and permit clients and counsel to more accurately estimate how long it will take the Board to resolve their cases or motions.

a. In FY 2020, 6,712 oppositions, 2,501 cancellation proceedings and 3,487 appeals were filed (compared to 6,955 oppositions, 2,426 cancellation proceedings and 3,333 appeals in FY 2019). Of the three types of proceedings, only oppositions decreased, by 3.5%. Extensions of time to oppose also decreased: 18,893 were filed in FY 2020, down 7.8% from 20,502 in FY 2019.

b. The TTAB recalibrated its pendency goals in FY 2020 to be more realistic, instituting separate goals for appeals and trials. Its new goals are 10-12 weeks to issuance of final decisions in appeals and 12-15 weeks for such decisions in trials. The FY 2020 average for ex parte appeals was 11.7 weeks (compared to 12.7 weeks in FY 2019), within the target range of 10-12 weeks. For inter partes cases, the FY 2020 average was 17.7 weeks (compared to 15.3 weeks in FY 2019), in excess of the goal of 12-15 weeks. Pendency is measured from the date the case becomes RFD to the date the final decision is issued.

c. The average pendency of precedential decisions issued in FY 2020 was 37.9 weeks for final decisions in inter partes cases (compared to 36.2 weeks in FY 2019), 40.8 weeks for final decisions

in ex parte cases (compared to 35.6 weeks in FY 2019), and 22.4 weeks for interlocutory orders (compared to 25.6 weeks in FY 2019).

d. The TTAB issued final decisions addressing the merits in a total of 729 cases in FY 2020 (a 12% increase compared to 651 cases in FY 2019), leaving the total inventory of cases RFD at the end of FY 2020 at 126 cases (a 38.8% reduction compared with the FY 2019 final inventory of 206 cases). The vast majority of all cases commenced at the TTAB are resolved without the need for a final decision addressing the merits.

e. The average end-to-end (commencement to completion) pendency of inter partes cases decided in FY 2020 was 146.6 weeks (compared to 160.6 weeks in FY 2019), a decrease of 8.7%. Median pendency of such cases was 132.5 weeks (compared to 150 weeks in FY 2019), a decrease of 11.7%.

f. The average end-to-end processing time for ex parte appeals decided in FY 2020 was 44.7 weeks (compared to 40.5 weeks in FY 2019), an increase of 10.4%. Median pendency of such appeals was 39 weeks (compared to 38 weeks in FY 2019), an increase of 2.6%.

g. The average pendency of non-precedential decisions on contested motions issued in all of FY 2020 was 12.4 weeks, as compared with the TTAB's new, more realistic target of 8-12 weeks, and versus 11.5 weeks realized in FY 2019. The number of motions resolved by issued decisions was 1337 in FY 2020, an 8.6% increase from 1,231 motions in FY 2019.

h. At the end of FY 2020 there were no motions pending before the Board that had been RFD for more than 12 weeks. This status positions the Board to meet this pendency measure in quarters to come in FY 2021.

i. The inventory of contested motions RFD at the end of FY 2020 was 213, as compared with 242 such motions pending at the end of FY 2019. The number of cases with motions RFD was down 12% compared to the end of FY 2019.

j. Interest in having trial cases decided following the use of ACR procedures remains steady. However, the TTAB decided seven fewer cases by the end of FY 2020 in which the parties used some form of ACR. The decrease is not surprising, considering the decline in the number of trial cases maturing to RFD, from 230 cases in FY 2019 to 158 cases in FY 2020. Thus, the decline in ACR cases mirrored the overall decline in trial cases maturing to RFD. Even in

cases not involving an agreement to use some form of ACR, parties are more often agreeing to stipulations as to facts or procedure. Stipulations are often a part of ACR agreements and the familiarity with them in the ACR context may be contributing to more use of them even outside ACR cases.

**9. Precedential Decisions**

The TTAB issued 43 precedential decisions in FY 2020, up 13% from FY 2019 and in excess of the target range of 35-40 precedential decisions for the year. These decisions provided procedural and substantive guidance to stakeholders on a variety of issues. Issues addressed by precedential decisions issued in FY 2020 include the various Section 2 bases for refusal or challenge, pleading and standing, discovery, admissibility of trial evidence, judgment as a sanction, the application of the U.S. Counsel rule at the Board, various issues involving color marks, and issues involving compliance with Examining Attorney requirements under various Trademark Rules.

**10. Proposed Fee Adjustments and New Fees**

As part of the USPTO's biennial fee review under its fee-setting authority, the TTAB proposed certain fee adjustments as well as new fees for its services. The USPTO published a fee adjustment NPRM on June 19, 2020.

The NPRM would allow the TTAB to recover a higher percentage of the costs of its operations and thus require less of a subsidy from Trademark Operations. It proposes raising 10 existing filing fees (5 for electronic submissions and 5 for paper), specifically those for initiating an ex parte appeal from an Examining Attorney's refusal to register a mark, initiating an opposition proceeding, initiating a cancellation proceeding, and filing each of two different types of extensions of time to oppose. Six new filing fees (3 electronic and 3 paper) would apply to filing second and subsequent extensions of time to file an appeal brief, filing the brief in an ex parte appeal, and requesting an oral hearing. The NPRM also proposes that cancellation petitioners would receive a partial refund of their per class filing fee in cases that involve only a nonuse or abandonment claim if (1) the TTAB enters default judgment, (2) there was no appearance by a defendant, and (3) the only filing made was the petition to cancel. This partial refund is intended to encourage the filing of such petitions so that more registrations for unused marks will be removed from the register.

**E. Policy and International Affairs**

**1. IP Attaché Program**

The USPTO's IP Attaché Program, managed by the Office of Policy and International Affairs ("OPIA"), continues to advocate for the improvement of IP systems internationally and to support U.S. individuals and businesses with IP interests abroad. In coordination with OPIA's subject matter

experts, the IP attachés regularly engage with foreign governments and the private sector on a variety of issues. Their advocacy includes: (i) discussing IP policy with foreign government officials; (ii) providing training on IP law, enforcement, and administration; and (iii) conducting public awareness and outreach programs. Additionally, the IP attachés assist U.S. stakeholders looking to enter foreign markets and conduct business abroad and educate them on how to protect and enforce their IP outside the United States. They also provide information about foreign laws and regulations and the operation of foreign courts, agencies, and governments. IP attachés serve in embassies, consulates, and missions throughout the world, covering China, multilateral issues in Geneva and regions including Southeast Asia, South Asia, Central Eurasia, Europe, Latin America, the Middle East, and North Africa. In 2020, the IP attachés helped more than 3,000 U.S. stakeholders, conducted more than 50 public awareness programs (with more than 4,500 participants), conducted more than 1,500 meetings with foreign government officials, and reported 39 significant IP successes.

Some examples of the IP attachés' work this past year include social media campaigns to raise public awareness during the COVID-19 crisis, and training on patents, trademarks, copyrights, and trade secrets in various countries, including Egypt, Saudi Arabia, Mexico, Peru, Bolivia, El Salvador, Ukraine, China, and Thailand. The IP Attaché for Europe spearheaded the organization of two International Visitor Leadership Programs for officials of EU institutions and from EU Member States' national administrations, including specialized IP and enforcement agencies.

Throughout 2020, the IP attachés also engaged in significant outreach to the corporate community, academia, and other U.S. stakeholders to raise awareness about the IP Attaché Program and its services and to learn which issues were of the greatest interest and concern to those groups. The IP attachés conducted outreach in Louisiana, North Dakota, and South Dakota.

## **2. Technical Assistance**

OPIA provides technical assistance to foreign trademark officials, typically in the form of training on examination procedures and policy, Madrid Protocol implementation, and IP office administration. These programs provide an opportunity for OPIA to share best practices with other officials, and to demonstrate not just how the USPTO trademark system works but why it was designed and is administered that way. These exchanges are critical to improving foreign examination practices and promoting dialogue between the U.S. and foreign offices on issues impacting U.S. stakeholders.

In FY 2020, OPIA's Trademark Team, through the USPTO's Global Intellectual Property Academy ("GIPA") and in cooperation with the IP attachés, trained over 552 government officials through nine trademark

examination, administration, law and policy programs, nearly all conducted virtually. In addition to providing IP capacity-building training for foreign governments, the team also led or contributed to 9 programs providing IP education and outreach to U.S. stakeholders and U.S. government officials. In total, the team reached over 2,100 people. Additionally, through GIPA and with the IP Attaché Program where appropriate, OPIA's Enforcement Team trained over 888 government and law enforcement officials in 16 programs focusing on the health and safety dangers posed by counterfeit goods, among other topics. The programs ranged from criminal investigations in COVID-related counterfeiting and fraud cases to a workshop on combating the proliferation of unregistered, unlicensed, and counterfeit health and safety regulated products.

This fiscal year, the USPTO provided webinars on various trademark topics including trademark examination, TTAB practice, the U.S. Counsel rule, geographical indications, and the Madrid Protocol to officials and stakeholders in Afghanistan, Sub-Saharan Africa, Chile, Colombia, El Salvador, Mexico, Peru, and countries in the Southeast Asian region. The USPTO also provided trademark training to U.S. embassy personnel stationed in Southeast Asia, the Russian Federation, the Middle East/North Africa, Sub-Saharan Africa, and Latin America, and partnered with the Department of State's Foreign Service Institute to virtually produce its annual IP training for Foreign Service Officers. Lastly, the USPTO offered webinars for U.S. industry on recent trademark and copyright cases from China as well as a program on using overlapping IP protection for product design in China.

OPIA Trademark Team members also are in regular communication with foreign offices regarding specific policy questions and concerns.

**3. Labeling Restrictions**

In 2020, the World Trade Organization issued an Appellate Body report that upheld the findings of the WTO Dispute Settlement Body Panel validating the consistency of the Australian tobacco plain packaging regime with international obligations. Trademark owners are concerned that these findings may encourage other countries to adopt similar packaging restrictions and extend them to other products such as infant formula, food products high in fat or sugar, or alcohol. Such tobacco restrictions have already been adopted in 15 other countries: France, the UK, New Zealand, Norway, Ireland, Thailand, Uruguay, Saudi Arabia, Slovenia, Turkey, Israel, Canada, Singapore, Belgium, and Hungary.

**4. Phase One U.S.-China Trade Agreement Implementation**

OPIA has prepared comments on a multitude of measures and guidelines issued by the China National Intellectual Property Administration ("CNIPA") and Judicial Interpretations of the Supreme People's Court



(“SPC”). These proposed measures and Judicial Interpretations include provisions to implement requirements of the Phase One Agreement with regard to determination of generic terms in the protection of geographical indications, disputes over online infringements, and enhancing punishment for IP infringement. The USPTO has supported the Office of the United States Trade Representative in working with CNIPA on implementation actions regarding the Phase One Agreement. The USPTO also has a work plan with CNIPA, which includes work on bad faith filings and examination. The USPTO continues to solicit information from stakeholders about what is working and what is not, including with respect to combatting bad faith conduct during trademark registration in China.

5. **Anti-counterfeiting**

This year, the Commissioner for Trademarks and OPIA, in partnership with the National Crime Prevention Council, conducted outreach to raise awareness of trademark counterfeiting. The first phase of the years-long campaign is aimed at teens, tweens, and their parents to educate them on the dangers of counterfeit products such as cosmetics, personal grooming products, electronics, and sports gear. The “Go for Real” campaign, which went live on June 27, 2020, explains to young teenagers and their parents that counterfeiting is not a victimless crime.

As mandated in the 2019 Presidential Memorandum on Combatting Trafficking in Counterfeit and Pirated Goods, the President directed an interagency group, led by the Department of Homeland Security (“DHS”), to prepare and submit a report assessing counterfeiting and piracy conducted through online marketplaces and intermediaries. The group was to “identify appropriate administrative, statutory, regulatory, or other changes, including enhanced enforcement actions, that could substantially reduce trafficking in counterfeit and pirated goods or promote more effective law enforcement regarding trafficking in such goods.” In January of this year, the DHS issued the resulting report developed collaboratively within the interagency group. The report addressed the problem of counterfeiting, the particular challenges in the e-commerce setting, and ways forward to reduce online counterfeiting. The report calls for the DOC to take the lead on two action items: assessing the state of secondary liability for trademark infringement in the online environment and establishing a national consumer awareness campaign. The USPTO is moving forward on these two action items on behalf of the DOC.

6. **WIPO**

At the WIPO Standing Committee on Trademarks, Industrial Designs, and Geographical Indications (“SCT”), OPIA is advancing discussions on national examination practices to seek better international understanding of how geographical indications (“GI”) applications are reviewed on a country-by-country basis. The goal is to create transparency in national examination practices by identifying similarities and differences among

systems, and providing information that will benefit GI holders, national offices, and GI users. The SCT held an information session on GI issues in November 2019 to share examination practices as to generic terms as well as the scope of protection afforded those terms in infringement determinations. Additionally, the session explored the protection available for GIs on the internet.

As for trademark agenda items, the SCT continues to discuss the protection for country names in trademarks and in generic top-level domains (“gTLDs”) but has found little consensus on the issue. Additionally, the SCT has agreed to conduct a questionnaire on countries’ development, use, and enforcement of nation brands. It will also be working to develop a questionnaire that will explore national policies and systems for the protection of well-known marks that are neither registered, used, nor have reputation except in the country of origin, particularly those filed with improper motive.

7. **ICANN**

OPIA represented the USPTO at the ICANN Governmental Advisory Committee (“GAC”) and various other ICANN community meetings. The main topics of discussion were DNS abuse (involving pharming, phishing, malware, and botnets), possible changes to the existing policy for future new gTLDs, and continued access to the WHOIS domain name registration database under the May 2018 EU General Data Protection Regulation. As part of the GAC and the larger ICANN community, OPIA continues to engage on the issue of access to and disclosure of WHOIS data for parties with legitimate interests.

8. **TM5**

TM5 is a forum in which five intellectual property offices – namely, the USPTO, CNIPA, the European Union Intellectual Property Office (“EUIPO”), the Japan Patent Office (“JPO”), and the Korean Intellectual Property Office (“KIPO”) – exchange information on trademark-related matters and undertake cooperative activities aimed at harmonizing or improving their respective trademark systems and procedures. A list of cooperative TM5 projects as of September 2020 is attached as Exhibit A.

a. **Annual Meeting, December 9-11, 2019**

The 2019 TM5 Annual Meeting was held in Tokyo, Japan. At that meeting, the TM5 Partners discussed various ongoing joint projects, closed the project on Quality Management, and subsequently agreed to adopt a new project on Risk Management led by EUIPO. The Partners also agreed to invite certain non-TM5 offices to join the USPTO-led Common Status Descriptors Project and to hold the 4th Joint Workshop on the topic of store interiors and exteriors as marks at the 2020 INTA Annual Meeting. The USPTO was named secretariat and host for 2020. A full-day user session took place on

the third day of the meeting, featuring robust table topic discussions on user satisfaction surveys of trademark offices, communication with trademark examiners, and accelerated examination and fast-track filing of trademark applications.

b. **Midterm Meeting**

In light of global conditions, the USPTO conducted the TM5 Midterm Meeting via document exchange in July 2020.

9. **Trademark Modernization Act of 2020**

Companion House and Senate bills (H.R. 6196/S. 3449) were introduced in 2020 to provide additional tools and flexibility to the USPTO to respond to the rise in improper behavior in trademark filings. The bills would create two new expedited ex parte cancellation procedures, codify trademark examination procedures that allow third parties to submit evidence, and give the USPTO the flexibility to set response periods by regulation. The bills would also create a rebuttable presumption that irreparable harm exists when trademark infringement is shown. The USPTO provided technical assistance to Congress and participated in stakeholder roundtable discussions as the draft legislation was developed.

10. **SHOP SAFE Act of 2020**

The Stopping Harmful Offers on Platforms by Screening Against Fakes in E-Commerce (“SHOP SAFE”) Act of 2020 (H.R. 6058) proposes to amend Section 32 of the Lanham Act to create contributory trademark liability for electronic commerce platforms that facilitate the sale by third parties of counterfeit products that implicate health and safety. The electronic commerce platforms can avoid liability by engaging in best practices designed to keep sellers of counterfeit products off the platforms.

# Exhibit A

## TM5 Project Updates September 2020

TM5 currently has 15 cooperative projects:

### *ID List*

- USPTO is the lead on this project, which provides a list of pre-approved identifications of goods and services that are acceptable in all TM5 offices. As of August 25, 2020, the [TM5 ID List](#) contained 20,545 harmonized identifications (terms approved by all 5 Partners).
- Recently, the Partners agreed to invite Bosnia and Herzegovina, Costa Rica, Moldova, and Monaco.
- European Union Member States and non-EU IPOs that are part of EUIPO's Harmonized Database (HDB) benefit from and use the terms in the TM5 ID List, which are already included in HDB. Thus, ID List terms are also acceptable in the national offices of Austria, Benelux, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, UK, Argentina, Bosnia and Herzegovina, Costa Rica, Dominican Republic, Georgia, Mexico, Moldova, Monaco, Panama, Peru, and Uganda.

### *Common Status Descriptors*

- USPTO is the lead on this project, which aims to show the status of trademark applications and registrations using the same set of status symbols in all TM5 offices. All TM5 Partners have implemented the [Common Status Descriptors on their external status websites](#). Recently, the Partners agreed to invite Canada, Morocco, the Russian Federation, and Tunisia.

### *Non-Traditional Trademarks*

- USPTO is the lead for this project, which is exploring how offices search and describe non-traditional marks. Currently, the Partners are focusing on color marks.
- The USPTO will publish a report on the TM5 website on application requirements for three-dimensional marks by the end of 2020.

### *Fraudulent Solicitations*

- This is a USPTO and EUIPO co-led project to exchange information on fraudulent and misleading invoices, raise public awareness of the problem, and create a page on the TM5 website with information and sample solicitations.
- The Partners are working on creating the database of fraudulent solicitations.

### *Common Statistical Indicators*

- This is a EUIPO-led project to collect statistical indicators that capture and publish calendar year data from the TM5 offices. [Data](#) for 2011, 2013, 2014, 2015, 2016, 2017, and 2018 has been posted to the statistics page of the TM5 website. 2019 data is collected and expected to be posted in the near future.

### *TMview*

- EUIPO leads the [TMview](#) project, which is an online searchable database of trademark applications and registrations in 65 trademark offices. EUIPO, USPTO, KIPO, and JPO data are included, and CNIPA data should be included by the end of 2020.

### *Risk Management*

- This EUIPO-led project was approved in 2020 and will feature review of EUIPO's yearly risk assessment exercise and an exchange of views by Partners on risks of common interest, including trademark application filing fluctuations and continuity of operations during an emergency or other disruptive event.
- First exchange of views will take place at the working level meeting in September 2021.

### *User Involvement*

- Currently, EUIPO and JPO are focusing on different areas of user involvement: EUIPO focuses on participation of users in TM5 projects and JPO focuses on communicating information to users, primarily in the form of workshops.
- A TM5 Joint Workshop on Protection of Store Design (interior and exterior) as a trademark is planned for the 2020 (Virtual) INTA Annual Meeting in November.

### *Bad Faith Project*

- This is a JPO-led project through which the TM5 Partners have been sponsoring an ongoing series of seminars and issuing reports on how trademark offices and rights holders can address the problem of bad faith trademark filings.
- The Partners recently published the Upgraded Case Examples of Bad-Faith Trademark Filings report to the TM5 Website which joins TM5's 2017 report on Bad Faith.
- Currently, the Partners are updating the 2015 TM5 Report on the Laws and Examination Guidelines/Practices of the TM5 Offices Against Bad-Faith Trademark Filings.

### *Image Search*

- This is a JPO-led project that began in 2011, before artificial intelligence was widely utilized, and is aimed at driving development of automated trademark image search systems.
- At the 2019 TM5 Annual Meeting, the Partners agreed to expand the project to include artificial intelligence IT tools that support trademark examination beyond image search.

- In 2021, the Partners plan to conduct an experts' meeting on AI tools in examination to complement the November 2017 meeting in Tokyo on the state of the art in the field of image search systems.

#### *TM5 Website*

- KIPO hosts the [TM5 website](http://tmfive.org/) (<http://tmfive.org/>) through which the TM5 Partners describe the various TM5 cooperation projects.

#### *Comparative Analysis on Examination Results*

- KIPO leads this project, which is focused on increasing user convenience by enabling international applicants to understand the registrability of marks in TM5 Partner offices. The project is also intended to promote mutual understanding among TM5 Partners through information exchanges. The Partners will review a new set of cases in 2021.

#### *Information on Describing Product Names for Users*

- This is a KIPO-led project aimed at assisting users in drafting IDs in accordance with Partner guidelines when their goods/services do not appear on the ID List. The Partners published a [report on ID practices](#) in 2016. The Partners have completed several large studies on acceptability of identifications of goods and services and will undertake a new study in 2021.
- The Partners are discussing how to best to report the results.

#### *Combatting Trademark Infringement*

- This KIPO-led project seeks to raise awareness of counterfeiting and infringement.

#### *Priority Rights*

- This EUIPO-led project is a comparative study of Paris priority and registration practices amongst the Partners. The Partners completed an extensive questionnaire for Phase I and a summary report is posted to the TM5 website.
- Currently, the Partners are discussing Phase II and the possibility of extending the project to investigate a blockchain and/or WIPO Digital Access Service solution as Phase III.

### **Recently closed project**

#### *Quality Management*

- This recently closed project co-led by JPO and EUIPO related to quality management.
- Phase I was led by JPO and focused on quality management activities of the Partners.
- EUIPO completed Phase II with publication to the TM5 website of the Partners' report on TM5 Catalogue of Quality Services Involving Users.