



**TRADEMARK PUBLIC ADVISORY COMMITTEE  
FISCAL YEAR 2009 ANNUAL REPORT**

**Trademark Public Advisory Committee  
Fiscal Year 2009 Annual Report**

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***Jeff Storie***

***July 11, 1956 to November 8, 2009***

TPAC dedicates this report to Jeffery W. Storie, who was a member of TPAC until his death on November 8, 2009. We always will remember Jeff for his kindness, humility, faith and wonderful sense of humor, in addition to his strong contributions to TPAC. We miss him greatly. We send our prayers and thoughts to him and his family.

## **I. Introduction.**

Note: A glossary of the acronyms used in this report appears at the end of the document.

This is the tenth annual report of TPAC. This report reviews the trademark operations of the USPTO for the FY ending September 30, 2009. TPAC's mission, which is specified in enabling legislation, 35 U.S.C. § 5(b)(1) and (d)(1), is "to represent the interests of diverse users" of the USPTO and to "review the policies, goals, performance, budget, and user fees" of the USPTO with respect to trademarks.

Pursuant to 35 U.S.C. § 5(d)(2), this report is submitted within 60 days following the end of the federal FY 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. The report will be available to the public on the USPTO website, [www.uspto.gov](http://www.uspto.gov).

Members of TPAC. As of the end of FY 2009, the following individuals are members of TPAC:

- Makan Delrahim, Shareholder, Brownstein Hyatt Farber Schreck, LLP, Washington, D.C., and Los Angeles, California (term ends October 6, 2011).
- Mary Boney Denison, Member, Manelli Denison & Selter PLLC, Washington, D.C (term ends October 6, 2011).
- John B. Farmer (appointed TPAC Chair), Member, Leading-Edge Law Group, PLC, Richmond, Virginia (term ends June 6, 2011).
- James H. Johnson, Jr., Counsel, Sutherland, Asbill & Brennan, LLP, Atlanta, Georgia (term ends December 6, 2010).
- Timothy J. Lockhart, Member, Willcox & Savage P.C., Norfolk, Virginia (term ends October 6, 2011).
- Elizabeth R. Pearce, Director of the Intellectual Property Group, American International Group, Inc., New York, New York (term ends December 6, 2010).
- Jeffrey W. Storie, P.C., Shareholder, Decker, Jones, McMackin, McClane, Hall & Bates, Fort Worth, Texas.

In addition to the above voting Members, the following people are non-voting TPAC members representing the membership of USPTO unions:

- Harold Ross of the National Treasury Employees Union ("NTEU") Chapter 243.
- Howard Friedman of NTEU Chapter 245.
- Randall P. Myers of the Patent Office Professional Association.

## II. Overview.

### A. Organization Notes.

1. Something New – TPAC Championed Issues. Over a year ago, TPAC became proactive and enhanced how it operates. TPAC has had subcommittees for a while and still does. TPAC added the tracking of individual issues by TPAC issue “Champions.” A Champion has primary responsibility within TPAC for that issue. TPAC keeps the USPTO apprised of these championed issues. It meets with USPTO officials regarding these issues at each in-person TPAC meeting in Alexandria. Champions also stay in touch with their USPTO counterparts on these issues throughout the year. This annual report includes reports on issues championed during FY 2009 – both issues that are completed and active issues. For each championed issue, this report provides both background and a status report.
2. What This Report Isn’t. This report does not attempt to report on all facets of USPTO performance that bear on trademarks, and it is not the vehicle for USPTO officials to present their views on the USPTO’s performance. The USPTO issues a detailed annual report that fills that role. Instead, this report does two things: (i) it reports on the performance aspects of the USPTO that the TPAC enabling statute requires be addressed, with an emphasis on the performance issues that are of greatest interest to the trademark community, and (ii) it reports on the status of issues TPAC is championing or has championed during FY 2009.

### B. Report Highlights. Each of the issues addressed in these highlights are addressed in greater detail in the body of the report.

1. A Breach of the Trademark Fence. The Trademark Fence is a statutory provision that says in essence that trademark fees shall be used to pay only for the Trademark Operation and its proportionate share of USPTO overhead. Over TPAC’s strenuous objection, former leadership of the USPTO successfully pushed for a new law allowing the financially distressed Patent Operation to borrow up to \$70 million from the Trademark Operation, with this borrowing authority remaining open until June 30, 2010. TPAC believes the former leadership of the USPTO handled this issue poorly by, among other things, waiting until other financial rescue options became unavailable before pushing for this loan authority. Nevertheless, TPAC is heartened by the quick and decisive statements and actions on this issue by the USPTO’s new Director, David J. Kappos and, immediately before him, by a special consultant to the USPTO, Nicholas P. Godici, who also is a former Commissioner of Patents at the USPTO. The USPTO now believes it has implemented sufficient cost savings to get the Patent Operation through the recession without having to borrow from the Trademark Operation and without

having to furlough or let go any Patent Operation personnel. Yet, this belief is based upon the current financial forecast of the OCFO. If the economy performs worse than the OCFO expects, then trademark funds might be borrowed rather than used for the purpose for which they were paid.

2. Please End Unintentional Fee Diversion. TPAC notes that, by enacting this temporary loan amendment to the Trademark Fence, the Congress and President essentially said the USPTO must first look to its own financial resources to solve its financial problems before financial relief will be provided from other governmental sources. Following this theme of financial independence, TPAC believes unintentional diversion of fees paid to the USPTO should cease. Presently, if the USPTO receives more in fee payments than forecast and consequently appropriated to the USPTO, that excess is diverted to the Treasury unless affirmative action is taken to grant those funds to the USPTO. This could happen again as the economy recovers. Instead of this unintentional diversion happening, the USPTO should automatically get and keep every dollar paid in fees. After all, these dollars are paid as fees for the USPTO to do or maintain things. Fee diversion takes away the funds to do the job for which the fees were paid.
3. Superb Job by the Trademark Operation and Its Director. The Trademark Operation turned in another strong performance. The average pendency for trademark filings is low. Quality is high. Because of its prudent financial management, the Trademark Operation *increased* its surplus during this recession even though trademark filings are down more than patent filings. The Trademark Operation constantly strives to further improve its strong performance. It has been quite receptive to TPAC's suggestions. Many of the suggestions TPAC has made are ones the Trademark Operation already had targeted for implementation, and often are improvements that can be implemented only when the USPTO's computer systems are remediated from their poor state. TPAC salutes the personnel of the Trademark Operation for these results. TPAC especially commends the Commissioner of Trademarks, Lynne G. Beresford.
4. New IT Systems for the Trademark Operation. One of the first directives of the new Director of the USPTO, David J. Kappos, was for the OCIO to immediately commence producing a separate, new computer infrastructure for the Trademark Operation. He recognized the Trademark Operation was being held back from further improvement by the poor state of the USPTO's computer systems and that the surplus built by the Trademark Operation provided a basis to allow the Trademark Operation to move forward now on fixing its computer situation. TPAC applauds this decision.

5. TTAB Speed Improving. Last year TPAC expressed some concern about the pendency times for matters before the TTAB. Those pendency times have improved substantially and now are in a very good range. While a decrease in filings due to the recession may be a partial cause of improvement, TPAC believes improvement and professionalism by TTAB personnel and a new performance appraisal plan for TTAB interlocutory attorneys played a large role. Yet, even when the TTAB does its work promptly in opposition and cancellation proceedings, those litigations are slow by design. On its own initiative, TPAC is exploring whether a new, parallel “fast track” option should be created for TTAB opposition and cancellation proceedings – one that can be elected by either party, perhaps based upon demonstrating cause. TPAC will have feedback from and a dialog with the trademark community about this issue.
  
6. Reform TPAC. TPAC believes its effectiveness is hampered by several facets of its organization. The terms of TPAC members end at various times of the fiscal year. The TPAC chair is appointed to a three-year term, which is too long for a job requiring so much work. The TPAC chair may be selected from outside of TPAC’s membership, which creates the risk that an unproven, new chair may not work hard or well at the job. Sometimes there are gaps between terms of TPAC members. Unfortunately, these things can be fixed only with changes to the law. In this report, TPAC describes these problems in greater detail and suggests solutions.

### **III. Discussion of Specific Issues.**

#### **A. Trademark Operation Performance.**

1. Performance Statistics.
  - a. Sharp Decrease in Applications. In FY 2009, for the first time in seven years, the number of trademark applications decreased, going from 401,392 classes in FY 2008 to an Annualized Total of 351,348 as of July 31, 2009. This is a reduction of approximately 12 percent. (“Annualized Total” means the total for less than FY 2009 is extrapolated to project a total for FY 2009.) (All goods and services are divided into classes, and a trademark application or registration can and often does cover more than one class.) The sharp decrease likely reflects the slowing of the U.S. economy in late FY 2008 and early FY 2009. Aware of the impact that the slowing economy would likely have on trademark applications, the Trademark Operation predicted a decrease in FY 2009 to approximately 363,000 classes, or 9.6 percent; however, the actual reduction proved to be significantly greater.

- b. Balanced Disposals Exceeded Projections. Continuing the trend shown in FY 2008, the Trademark Operation increased its productivity in FY 2009. Total Examining Attorney production was an Annualized Total of 791,747 of Balanced Disposals as of July 31, 2009. A “Balanced Disposal” is one of three things: a first Office Action issued, approval of an application for publication (examination is complete), or abandonment of the application. The FY 2009 total of Balanced Disposals was approximately five percent higher than the Trademark Operation projected.
- c. Total Office Disposals Significantly Exceeded Projections. “Total Office Disposals” are abandonments of applications plus issued registrations. Total Office Disposals for FY 2009 were an Annualized Total of 433,782 as of July 31, 2009, which exceeded the Trademark Operation’s projection by 22.5 percent. By comparison, in FY 2008 actual Total Office Disposals exceeded the projection for that fiscal year by 28.2 percent; however, that figure reflects the one-time discovery of a number of older applications that had not been officially abandoned. The increase in FY 2009 registrations was lower, 8.2 percent, which likely indicates that in the slowing economy a larger-than-usual percentage of applicants chose to abandon their applications. Nevertheless, the Trademark Operation’s continuing ability to increase Total Office Disposals reflects its superb management of an excellent corps of Examining Attorneys.
- d. Average First-Action Pendency Remains Low and Appropriate. Average First-Action Pendency was 2.4 months in FY 2009, a 20 percent decrease from the 3.0-month average in FY 2008. “First-Action Pendency” is the time between the filing of a trademark application and the Trademark Operation’s substantive review of that application (which usually results in either an Office Action or a Notice of Publication). The drop in trademark registration applications, which was caused by the recession, caused the pendency decrease. This 2.4-month pendency is just below the longstanding USPTO goal of keeping pendency within a range of 2.5 to 3.5 months. TPAC has repeatedly endorsed that range. TPAC unanimously believes this range produces a sufficiently quick response to trademark registration applicants while fostering a stable, manageable workforce of experienced Examining Attorneys. While, in a costless world, some trademark interests might want faster first-action pendency, a faster speed would cause staffing problems due to fluctuations in application filing volume. A shorter average pendency would require having a larger corps of Examining Attorneys, which would be an added expense. During dips in filings, there would not be enough work to permit those

attorneys to achieve sufficient productivity. Also, while this view is not a TPAC consensus, some trademark interests prefer to have a first-action pendency of approximately 2.5 to 3.5 months to allow them time to make decisions about mark deployment and to prepare for proving mark usage. In 2009, Interim Director John Doll lowered the first-action pendency goal to 2.0 months. TPAC expressed its concern over this decision and advocated a return to 2.5- to 3.5-month first-action pendency. TPAC is pleased to report that the new Director, David J. Kappos, restored the goal for first-action pendency to 2.5-3.5 months.

- e. Average Total Pendency Drops; Significantly Beats Targets. “Average Total Pendency” is the average time between the filing of a trademark application and final disposition of that application, whether by registration, abandonment, or issuance of a Notice of Allowance. Average Total Pendency for FY 2009 was 13.1 months with suspended and inter partes cases included, 0.8 months or approximately 6 percent less than in FY 2008, and approximately 18 percent shorter than the Trademark Operation projected. (An application is suspended if the outcome of another matter must be known before action on the application can be taken; this situation often occurs if a previously filed application concerns a confusingly similar trademark but that prior application has not yet either become a registration or become abandoned. An inter partes case is an action in the TTAB, such as an opposition to registration.) When suspended and inter partes cases are excluded, Average Total Pendency drops to 10.8 months, which is a month less than in FY 2008 and approximately 1.8 percent shorter than the Trademark Operation had projected.
- f. Overall. Except for average First-Action Pendency (where the actual performance is more appropriate than the original goal), the Trademark Operation has met or exceeded all of its FY 2009 goals and is performing well. TPAC commends the Trademark Operation and particularly the Commissioner for Trademarks, Lynne G. Beresford, for this outstanding performance. TPAC believes a further reduction in the average length of pendency after the first Office Action can be achieved through electronic processes. Specifically, TPAC advocates moving to electronic records of a trademark’s registration with an option for the registrant to also obtain a paper registration certificate, perhaps for small additional fee. Also, TPAC hopes that, once the computer systems of the Trademark Operation are revamped, the Trademark Operation will be able to process applications entirely electronically from application to issuance. The current state of the USPTO’s computer systems does not permit such improvements. Collectively, these two improvements would

substantially reduce total pendency without any need to increase staff. The Trademark Operation is pursuing both of these electronic improvements. Also, as noted below, the new Director has decided that the Trademark Operation will have its own independent computer system developed promptly. TPAC salutes the USPTO for its efforts to reach these electronic efficiency goals.

2. Quality.

The quality of the work of the Trademark Operation is high and continues to rise. TPAC congratulates the Trademark Operation, including the Commissioner for Trademarks and the Examining Attorneys.

- a. Compliance Rate. Until recently, the quality of the Trademark Operation's work has been measured by reviewing and evaluating Office Actions that reject applications or raise other problems with applications, to ascertain whether such Office Actions comport with statutory bases and the TMEP. This measurement results in a "compliance rate" (i.e., the percentage of actions or decisions that have been determined to have no deficiencies or errors). The Trademark Operation's revised goals for FY 2009 were 95.5 percent compliance for the first Office Action and 97 percent for final disposition. As of July 31, 2009, the USPTO had exceeded those goals by 0.31 and 0.10 percent, respectively, achieving a compliance rate of 96 percent for the first Office Action and 97.3 percent for final disposition.
- b. New Measure for Final Disposition. In FY 2009, the Trademark Operation adopted a new measure for determining the compliance rate for final disposition. Previously that compliance rate considered only final Office Actions that reject applications or find other problems with them. Now the rate also includes Examining Attorneys' decisions to approve applications. The new measure yields results that are more comprehensive of the decisions made by Examining Attorneys. The target for this measure was revised to 97 percent based on results achieved through the first quarter of FY 2009 and reflects continuous progress over a number of years.

3. TPAC-Championed Issues.

- a. Comment on New Form of Mark Registration Certificates.

Explanation. On its own initiative, the USPTO reformatted paper trademark registration certificates in FY 2009. There are four major changes: (i) the certificates are now printed on standard-sized 8½- by 11-inch paper, (ii) the folder has been eliminated, (iii) the director's signature and USPTO

seal now appear on the first page, and (iv) the registration maintenance information now appears on the final page.

This change brings cost savings because these certificates are printed in-house. Also, printing certificates in-house speeds up certificate issuance. While TPAC did not initiate this change, it salutes the change as a good waypoint on the way to electronic certificates of trademark registration. The Trademark Operation asked TPAC for its input on several candidates for this new paper certificate, which input TPAC provided. TPAC was glad to be consulted on this issue.

(1) Status. The Office began issuing the new certificates in September 2009.

b. Comment on Future Form and Length of Trademark Office Actions.

(1) Explanation. The Trademark Office is evaluating what is the appropriate level of length and detail for an Office Action. Pursuant to the request of the Trademark Office, TPAC reviewed three different formats of Office Actions. One Office Action format was bare bones – it had minimal explanations. The second format contained more guidance than the first. The third Office Action format provided extensive detailed explanations of every Trademark Office requirement. TPAC reviewed the formats and concluded the second format was the best of the three because it provided ample guidance to the applicants without requiring the labor intensive, and thus, costly effort of the third format. Also, TPAC felt the third format might overwhelm some applicants and might cause the most important points to not stand out sufficiently.

(2) Status. TPAC submitted its comments to the Trademark Office and awaits the decision of the Trademark Office. We appreciate the opportunity to participate in this effort.

**B. Budget and Budget-Control Issues.**

1. TPAC-Championed Issues.

a. Trademark Fence.

(1) Explanation. This year legislation was signed that breached the “Trademark Fence.” The Trademark Fence is

codified at 35 U.S.C. § 42(c). This section states, in pertinent part:

All fees available to the Director under section 31 of the Trademark Act of 1946 shall be used only for the processing of trademark registrations and for other activities, services, and materials relating to trademarks and to cover a proportionate share of the administrative costs of the Patent and Trademark Office.

In short, the law required trademark user fees be used to fund only the Trademark Operation and a proportionate share of the USPTO overhead. This makes sense, because the Trademark Operation and Patent Operation perform independent functions. These separate operations are analogous to two unrelated roommates sharing an apartment and splitting the cost.

The Patent Operation came into dire financial straits at the end of 2008 and remains in that status. TPAC will not comment on the reasons for that financial distress because doing so is not within TPAC's purview. Yet, TPAC notes that, during the current recession, trademark filings are down more than patent filings, yet the Trademark Operation has been able to *increase* its small surplus while the Patent Operation's financial situation has worsened. At the least, this demonstrates the prudent management of the Trademark Operation.

TPAC unanimously and strongly opposed any alteration of the Trademark Fence. Continuing the analogy above, it is as if one apartment roommate got into financial difficulty and decided to take a "loan" from the other roommate against the will of that roommate. While the Patent Operation may have needed the loan – TPAC too did not wish for there to be furloughs or reductions in force ("RIF's") of Patent Operation personnel – there is no equitable reason why the Trademark Operation should have been singled out among the various financial resources of the federal government to make the loan. Abrogating the Trademark Fence was a decision of convenience and following the path of least resistance.

Indeed, because no one knows how long and deep the recession will be, any borrowing of money from the Trademark Operation reduces the financial cushion that

guards against the hypothetical possibility that a severe, persistent recession could cause the need for a furlough or RIF of Trademark Operation personnel. TPAC does not believe such a furlough or RIF will occur, however.

Nevertheless, previous leadership of the USPTO pushed for and secured a new statute temporarily abrogating the Trademark Fence. While the previous leadership of the USPTO may have had good intentions, TPAC feels it mishandled this situation. It believes there were better alternatives to address the financial distress of the Patent Operation. TPAC feels the previous leadership's failure to pursue those other alternatives vigorously and earlier led to a situation where there was not sufficient time to deploy any option other than breaching the Trademark Fence. Previous USPTO leadership knew of the financial distress facing the Patent Operation in late 2008 but allowed it to unfold well into 2009 before taking action to secure additional funding resources for the Patent Operation.

In essence, the new statute provides as follows:

- Through June 30, 2010, the USPTO is permitted to borrow up to \$70,000,000 from the Trademark Operation to support the Patent Operation.
- If such borrowing occurs, the USPTO is required to establish a surcharge on patent fees to repay the loan. The surcharge would have to take effect no later than September 30, 2011, and the borrowed funds would have to be repaid no later than September 30, 2014.
- In order to borrow, the USPTO Director must certify that borrowing is necessary to avoid a furlough or RIF in the USPTO (implicitly meaning the Patent Operation) and that such borrowing will not create a substantial risk of a furlough or RIF in the Trademark Operation.

- (2) Status. Regarding this issue, the new leadership of the USPTO has been a breath of fresh air. Director David J. Kappos has made clear that he sees borrowing from the Trademark Operation an absolute last resort. He did so immediately and forcefully. Before Mr. Kappos was sworn in, special consultant Nicholas P. Godici (a former Commissioner for Patents) took the same position. TPAC has confidence that, under Mr. Kappos' leadership, the

USPTO is so far doing everything possible to remediate the Patent Operation's finances so as to minimize the likelihood of borrowing from the Trademark Operation.

TPAC is told by the OCFO that it believes no borrowing will occur based upon present economic forecasts and the USPTO's extensive cost cutting. That is good. Nevertheless, borrowing could still occur. That depends on how long and deep the recession is. TPAC hopes the USPTO has economically modeled various economic forecasts from best case to worst case and has planned for the worst case. If the worst case should come to pass and borrowing must occur, TPAC hopes the USPTO has determined how much of the Trademark Operation's surplus should be withheld from borrowing to prevent the reasonable possibility of any furloughs or RIF's in the Trademark Operation between the time of borrowing and the time by which the loan would have to be repaid (September 30, 2014). In a worst case there may not be enough of a Trademark Operation surplus to prevent furloughs and RIF's in both the Patent Operation and Trademark Operation. In such a tradeoff, the Trademark Operation should be protected first because the surplus consists of trademark fees. Of course, TPAC hopes this situation never arises.

TPAC has asked questions of the OCFO about whether such best-case/worst-case modeling has occurred and, if so, what those finances look like. All TPAC has been able to get from the OCFO is that it believes no borrowing will be necessary based upon present economic forecasts. Despite TPAC's questions, the OCFO has not presented TPAC with financial modeling that shows a range of economic forecasts and associated projections of what funds would be borrowed from the Trademark Operation in the more dire cases.

b. Current Fee Collections and Surplus.

- (1) Explanation. Not surprisingly given the economic climate, trademark fee collections were down in FY 2009, although the downward trend leveled off in the fourth quarter. Nonetheless, in part due to increased efficiencies and cost savings by the Trademark Office, there was a surplus in excess of \$75 million at the end of FY 2008. Even with an expected growth of only 0.6% in new filings in FY 2010, a further surplus is anticipated for next year.

- (2) Status. According to very preliminary numbers from the OCFO, the Trademark Operation surplus is projected to grow to \$88 million by the end of FY 2010. Part of this surplus growth results from cost-savings measures implemented USPTO-wide to address the financial crunch in the Patent Operation, which measures resulted in some foregone spending in the Trademark Operation.

c. Trademark Fee Study.

- (1) Explanation. One of the most significant new projects launched in FY 2009 was a review of existing trademark fees, spearheaded by the OCFO. In October 2008, TPAC requested the study, which is also required by the Office of Management and Budget (“OMB”), to determine the primary and secondary costs of trademark filing and maintenance and to determine if any fee adjustments should be made. The executive level kickoff for the study took place in January 2009 with the formal cost study team kickoff following in March. The team consisted of senior members of both the Trademark Operation and the OCFO.

In phase one of the study, the existing activity based cost (“ABC”) model was examined to verify its effectiveness and accuracy. This analysis was handled by a third party, the Pilbara Group, Inc., which was hired to provide an objective opinion. Pilbara concluded the USPTO has a “robust” model that largely adheres to best practices in terms of both technical approach and program management.

Pilbara’s most significant concern was that the abundant information available through the ABC model was not being utilized as fully as it could be. It is possible that, in the future, the generated information will be used more strategically. This, however, is not necessary for proceeding with the fee study.

Phase two of the study involved interviews with relevant business personnel and further allocation of trademark costs. The revised costing model was completed in September. Phase three of the study covers validation of the results and is expected to be completed by December 2009.

It has taken a high degree of cooperation between the Trademark Operation and the OCFO to complete this very thorough study. We hope that this combined effort will

lead to an improved level of communication between these two important groups.

- (2) Status. TPAC will review and discuss results of the fee study when they become available. Also, once the recession ends and it becomes clear trademark funds will not be tapped to fund the Patent Operation, this fee study may create a basis for possible realignment of trademark fees and/or reductions in some trademark fees. TPAC will discuss any available results of the study at its public meeting in November 2009 and thereafter.

d. FY 2009 Direct v. Indirect Spending Requirements.

- (1) Explanation. The financial data and analysis supplied by the USPTO for FY 2009 showed a commitment to both proper internal accounting for trademark user fees and responsible expenditure of those fees by business units outside of the Trademark Operation. TPAC appreciated the periodic reporting from the USPTO that confirmed this positive trend.
- (2) Status. TPAC will continue to monitor this issue.

C. Trademark E-Government and Automation.

1. TPAC-Championed Issues.

a. Make Processing of Trademark Registration Applications Entirely Electronic from End-to-End.

- (1) Explanation. During most of FY 2009, nearly all trademark-related transactions could be performed electronically. However, there were still a few that required paper processing – for example, submitting a request to divide an application. The shared goal of the Trademark Operation and the trademark community is to enable trademark owners to perform all trademark-related transactions online, thereby increasing the speed and efficiency of the transactions as well as lowering the cost of performing them. For example, applications that are filed electronically are processed and disposed of more quickly than paper-filed applications: 9.3 months for TEAS Plus applications and 11.7 months for TEAS applications as compared to 13.9 months for paper-filed applications (in each instance excluding suspended and inter partes cases).

In addition, while it appears to the outsider that electronically filed registration applications are processed electronically end-to-end, such is not the case. There remain steps that are not fully electronic. TPAC understands the current distressed state of the USPTO's computer systems presently prevents having a fully electronic process. An end-to-end fully electronic process could shorten the average pendency of trademark applications without requiring new hiring by the USPTO.

- (2) Status. The percentage of applications filed electronically continues to rise, increasing from 96 percent in FY 2008 to almost 98 percent in FY 2009. This year the Trademark Operation developed a new measure to identify the degree to which it is able to receive, process, examine, and dispose of applications in a completely electronic environment. Through June 2009, 62.3 percent of office disposals (registrations and abandonments) were electronically filed and processed, exceeding the annual target of 62 percent.

On September 12, 2009, the USPTO introduced a new "global trademark form," which permits virtually all trademark documents to be filed electronically. TEAS now encompasses 50 domestic forms, 25 of which require all information to be entered into structured data fields and another 25 of which use the global-form approach wherein information is entered as free-text or .jpg/.pdf attachments. TEAS also includes three forms for making international filings under the Madrid Protocol.

Global-form filings will provide almost all of the benefits of a regular TEAS filing (e.g., e-mail confirmation of receipt). However, such filings will not result in the automated upload of data into the USPTO databases. Thus, the Trademark Operation views the global form as an interim step and plans to develop at least a few additional "structured data" forms.

The development and implementation of the Trademark Systems Next Generation ("TSNG") (discussed below) should enable the Trademark Operation to create a completely electronic environment. In fact, TPAC believes one of the most important characteristics of TSNG should be a completely electronic environment and completely electronic end-to-end processing.

b. Create a Complaint Procedure and Praise Procedure on the USPTO Website for Trademark Matters.

- (1) Explanation. Although there are literally dozens of ways to contact the Trademark Operation by e-mail, postal mail, and telephone, there is no single method designated for making a complaint or offering praise about a particular aspect or employee of the Trademark Operation. For example, it is not obvious what channel of communication someone should use to make a complaint or offer praise regarding working with an Examining Attorney. TPAC has asked the Trademark Operation to consider whether having an e-mail address or electronic form specifically for this purpose would be beneficial.

The USPTO website ([www.uspto.gov](http://www.uspto.gov)) lists numerous e-mail addresses members of the public can use to contact the Trademark Operation. The addresses are designed to route each e-mail message to the area of the Trademark Operation most appropriate for dealing with the topic of a particular message – for example, [TrademarkAssistanceCenter@uspto.gov](mailto:TrademarkAssistanceCenter@uspto.gov) for general questions and [TEAS@uspto.gov](mailto:TEAS@uspto.gov) for TEAS-related questions. In addition to inquiries sent to the various e-mail addresses, the Trademark Operation also receives numerous comments, many praising the USPTO's work and some making suggestions for improvements, particularly in the area of electronic processing of trademark-related transactions. The Trademark Operation reports that its experience indicates that having multiple addresses for the public to use when submitting comments results in the comments being read and responded to more quickly and more expertly than if all such comments were sent to a central inbox for review by a limited number of people.

- (2) Status. TPAC will continue to explore with the Trademark Operation whether there should be a dedicated, express complaint-or-praise procedure, particularly for interaction with Examining Attorneys.

c. Monitor Rebuilding of Computer Infrastructure and Networks, Including Reducing the Number of Desktop Computer Configurations.

- (1) Explanation. As the CIO has briefed TPAC at each TPAC meeting in FY 2009, for several historical reasons the

USPTO's computer infrastructure is largely out-of-date, inefficient, undocumented, and potentially unstable. One example is that because the USPTO has not required its employees to use standard desktop or laptop computer configurations, very few of the USPTO's thousands of desktops and laptops share exactly the same configuration. The USPTO recognizes it can save considerable maintenance time and money by adopting a few standard configurations and requiring all of its employees to use them.

- (2) Status. On August 14, 2009, the Director of the USPTO instructed the CIO to separate the trademark information technology ("IT") infrastructure from the rest of the USPTO IT infrastructure and to completely update the trademark IT to produce TSNG. (The rest of the USPTO's August 2008 "OCIO Road Map and Transformation Plan" Road Map remains intact.) Part of updating the trademark IT will consist of moving to "cloud computing," which the United States National Standards for Information Technology has defined as "a model for enabling convenient, on-demand network access to a shared pool of configurable resources (for example, networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction." Basing TSNG on cloud computing will make the USPTO a leader among federal agencies with respect to embracing this new technology.

The CIO estimates this work will take two to three years, with most of it being completed within 12 to 18 months. Reasons for developing TSNG include: (i) to work at peak efficiency, trademark IT needs to be wholly separate from patent IT; (ii) the Trademark Operation has money to upgrade its IT; and (iii) the Trademark Operation has a largely developed, detailed plan for what it wants to do with respect to IT. With respect to the desktop/laptop configuration issue, the OCIO plans to adopt six to eight standard desktop and laptop configurations. If adequate funding is available, the OCIO believes it can implement those configurations by the end of FY 2010.

TPAC believes all of these Trademark Operation IT initiatives, including but not limited to adopting cloud computing, are good news for the trademark community as well as for the Trademark Operation and the USPTO as a

whole. TPAC commends the USPTO for being forward-looking with respect to IT issues.

TPAC notes the severe computer system problems at the USPTO predate the current CIO, John Owens II. TPAC has been impressed with his strong leadership of the OCIO.

d. Changes to Mark Prosecution, If and When Advisable.

- (1) Explanation. The Trademark Operation continues to seek ways to streamline trademark prosecution and decrease costs. Ending the blackout period – which reflects the old paper-based model of prosecution – would increase efficiency, and issue electronic records of registration would both increase efficiency and decrease cost.
- (2) Status. On September 15, 2009, the Trademark Operation issued the first of the new paper registration certificates – ones that are single page and prepared in-house. The same week the Trademark Operation began e-mailing Notices of Publication to trademark applicants who have agreed to receive e-mail communications from the USPTO. The Trademark Operation estimates it will achieve a savings of \$600,000 per year by transitioning completely to electronic records of registration and an additional savings (not yet quantified) by sending out some Notices of Publication by e-mail instead of postal mail. TPAC commends the Trademark Operation for these practical and beneficial initiatives.

e. Get the Trademark Manual of Examining Procedure (“TMEP”) Updated More Frequently.

- (1) Explanation. The TMEP is the definitive reference guide for trademark application prosecution and registration maintenance. Periodically, the USPTO issues “Trademark Examination Guides,” which address new issues not yet addressed in the TMEP or which alter the TMEP’s treatment of an issue.

The USPTO website contains a link to the TMEP and also contains a link to “Trademark Examination Guides, Notes and Announcements.” The Trademark Operation generally issues two to four Trademark Examination Guides each year. At present, the oldest Trademark Examination Guide, 2-07, dates back to November 2007. The TMEP itself was last published on September 30, 2007. At present there are

seven Trademark Examination Guides posted on the USPTO website. Not all trademark owners and practitioners know to check the Trademark Examination Guides to see whether it changes or supplements the TMEP regarding a particular issue. Also, doing so in addition to checking the TMEP is a hassle.

TPAC believes the TMEP should be updated at least annually. Indeed, ideally the TMEP would be continuously up to date, although separate examination guides might also be issued just to draw attention to recent changes incorporated into the TMEP.

TPAC understands some interests outside of the Trademark Operation want the TMEP to remain unchanged for substantial periods of time to facilitate citing the correct, then-applicable section of the TMEP in legal proceedings. This need is minor compared to the much more voluminous need for those working on mark registration applications and on maintaining registrations to be able to reference applicable policy in a single publication. This citation need is not a sufficient reason to keep the TMEP out of date. Certainly there is a way to electronically archive past TMEP versions as an easy-to-use reference for litigators while keeping the TMEP up to date.

- (2) Status. TPAC and the Trademark Operation agree that the TMEP should be updated more frequently. The Trademark Operation plans to publish an updated version of the TMEP before the end of 2009. Also, TPAC understands that the Trademark Operation aspires to update the TMEP much more frequently than in the past, as part of its technology development plans.

f. Foster Strong Communications Between the Trademark Operation and the OCIO.

- (1) Explanation. To develop and implement TSNG as effectively and efficiently as possible, frequent, clear, and candid communications between the Trademark Operation and OCIO are essential. In the past, TPAC has had concern that such communications were somewhat lacking.
- (2) Status. Since assuming his position in late FY 2008, the CIO, John Owens II, has stressed several times to the senior managers of the Trademark Operation his desire to receive detailed input on how the current trademark IT can be

improved. He has also repeatedly indicated his willingness to take in and train qualified trademark personnel for specified periods (see below). More recently, he has solicited recommendations from the Trademark Operation (and the public – see below) with respect to what current or additional IT features and functionality should be included in TSNG. The Commissioner for Trademarks has responded by increasing the Trademark Operation’s input to OCIO and by detailing a managing attorney and selected Examining Attorneys to support OCIO for specific periods. Both the Commissioner for Trademarks and the CIO have indicated they are pleased by the increased level of communications between the Trademark Operation and OCIO. TPAC believes that, although there is still room for improvement in this area, particularly with regard to communications from the Trademark Operation to OCIO, communications between the two organizations improved in FY 2009. TPAC commends both OCIO and the Trademark Operation for that improvement and encourages both organizations to strive for further improvement in communicating with and cooperating with one another.

g. Foster Use of Qualified Trademark Operation Personnel by the OCIO During the Recession.

- (1) Explanation. Because of the significant decrease in the number of trademark applications, the corps of Examining Attorneys had a smaller volume of work than was expected for FY 2009. On the other hand, the OCIO had 92 employee vacancies as of August 28, 2009. The CIO indicated throughout FY 2009 that he was willing to take in and train qualified trademark personnel for specified periods, which would provide work for potentially underutilized Examining Attorneys during the recession and provide much-needed help to OCIO.
- (2) Status. In June 2009, the Trademark Operation detailed a Managing Attorney to be the CIO’s Acting Special Assistant for Trademarks. In addition, two Examining Attorneys were selected for limited work details with the OCIO. The work details will last for 90 to 120 days each and can be extended with the mutual agreement of both business units and the employees. The CIO has indicated he would like to have more Examining Attorneys assigned to such limited work details, and the senior managers of the Trademark Operation have agreed to try to identify suitable candidates. TPAC commends both business units for

working together on this issue and hopes that, so long as circumstances warrant, more Examining Attorneys can be detailed to assist the OCIO.

h. Gather Trademark Community Comments on Desired Functionality for the Coming Separate Computer System for the Trademark Operation.

- (1) Explanation. Both the Commissioner for Trademarks and the CIO have stated their desire that the trademark community comment on the desired features and functionality of TSNG. Stakeholders such as the International Trademark Association have underscored the desirability and importance of such comments. TPAC concurs with that view.
- (2) Status. TPAC will work with the Trademark Operation and the OCIO to develop a plan to solicit public comments on the desired features and functionality of TSNG. TPAC expects to discuss the issue at its next public meeting and perhaps outline the elements of the plan. TPAC also will provide its own comments on the desired features and functionality of TSNG at the appropriate time.

i. Get Warning Message Posted On TEAS Regarding Times When TEAS May Be Unavailable Due To High Demand.

- (1) Explanation. Because of the legacy problems with the trademark IT, TEAS is sometimes unavailable during periods of high demand – for example, between noon Eastern Time (9:00 a.m. Pacific Time) and 8:00 p.m. Eastern Time (5:00 p.m. Pacific Time). To reduce public frustration during such situations, OCIO was asked to post a warning message on the USPTO’s website. In the time since this request, TPAC members have encountered TEAS unavailability infrequently at most.
- (2) Status. The OCIO has posted on the USPTO’s website color-coded times of “optimal” and “increased” TESS and TDR usage. See [http://www.uspto.gov/helpdesk/status/tdr\\_tess\\_status.html](http://www.uspto.gov/helpdesk/status/tdr_tess_status.html). However, finding this information page on the USPTO website is difficult. Someone using TEAS would not ordinarily encounter this page in the process of using TEAS. TPAC will continue to monitor TEAS availability and, if unavailability becomes a problem again, explore

with the USPTO whether there is a way to make sure TEAS users are informed of times of peak TEAS usage.

- j. Get Disclaimer Added to USPTO Database Search Results Indicating that These Searches Don't Cover State Registrations, Common-Law Rights and Near Misses.
- (1) Explanation. Many members of the general public do not understand that conducting a trademark availability search in the USPTO's database does not reveal information about state trademark registrations or common-law rights in marks and, depending on how the search is conducted, may not reveal marks similar but not identical to the mark being searched.
  - (2) Status. The Trademark Operation has added to TESS the very helpful "TESS TIPS" found at <http://tess2.uspto.gov/webaka/html/tesstips.htm>. TPAC considers this issue resolved.

#### **D. Trademark Trial and Appeal Board.**

1. Performance Statistics, Including Speed. The Trademark Trial and Appeal Board had a very good fiscal year.

The TTAB has significantly decreased the time it takes to issue decisions.

- In FY 2008, the average pendency of contested motions was 17.8 weeks. In FY 2009, that average decreased to 6.9 weeks.
- The pendency of final decisions was reduced from 11.7 weeks in FY 2008 to 6.6 weeks in FY 2009.
- Average pendency of appeals (from final decisions of Examining Attorneys), measured from appeal filing to decision, decreased from 53 weeks in FY 2008 to 44 weeks in FY 2009.

The average total pendency from filing to decision of "Trial Cases" (litigations of opposition petitions and petitions to cancel) rose from 171 weeks in FY 2008 to 192 weeks in FY 2009. Average total pendency is affected by parties' decisions to suspend cases, and extend deadlines. However, this increase is not of concern because (a) virtually all trial cases decided on the merits in FY 2009 were decided within three months of the time they became ready for final decision and (b) median pendency for trial cases remained the same at 150 weeks.

New filings are down compared to FY 2008: new appeals are down 13.5%, new oppositions are down 21.4%, and new cancellation

proceedings are down 15.5%. The number of cases maturing in FY 2009 for a final decision on the merits was virtually the same as FY 2008. The number of final decisions issued in FY 2009 decreased by 11.9% due to the assignment of half of the TTAB's judges to work on revisions to the Trademark Board Manual of Procedure ("TBMP," discussed below). In addition, the number of decisions on contested motions decreased slightly (by 1.5%) due to the assignment of interlocutory attorneys to work on TBMP revisions.

The question arises of whether the improved average-pendency speed was caused by a decrease in filings or by improvements at the TTAB, or both. The TTAB reports the new performance appraisal plans ("PAPs") for interlocutory attorneys is having a positive effect. Certainly good management and professionalism has improved performance too. TPAC is hopeful that the TTAB can maintain its faster clip of production as its volume increases, which will occur as the recession ends.

## 2. TPAC-Championed Issues.

### a. The Speed of TTAB Opposition and Cancellation Proceedings.

- (1) Background. Even when the TTAB processes cases quickly, it takes a long time to complete an opposition or cancellation proceeding (collectively, "Trial Cases"). (The TTAB also hears appeals of final decisions by Trademark Examining Attorneys which are not at issue.)

If the schedule set in the TTAB's scheduling order for Trial Cases is followed with no delays (which is rare), it takes over 78 weeks to get from the filing of the petition to when the rebuttal trial brief is due. If you add the current average pendency of final decision – 6.6 weeks – that means it takes a theoretical minimum of over 84 weeks to try a case in the TTAB.

Things never go that fast. The case may be stayed because the parties choose to stay the case to discuss settlement. Cases also are delayed due to multiple motions in a case. Presently, the average total pendency in Trial Cases is 202 weeks-nearly four years. The median pendency is 162 weeks-over three years.

The vast majority of Trial Cases settle before final decisions on the merits. Often a cancellation or opposition is filed by a party to force negotiations. Thus, the long time it takes to litigate a Trial Case may or may not be significant to the parties.

Yet, there are situations where the long time it takes to litigate a Trial Case becomes a point of leverage in resolving such disputes. Also, there are situations where an applicant may need to know soon whether an opposition will be sustained, and where a registration owner may need to know soon whether a cancellation proceeding will result in cancellation. Yet, some of these situations do not have the facts that make seeking relief in federal court possible. Thus, a party with a need for speed can be trapped in a slow-by-design TTAB process.

- (i) Status. TPAC would like to receive comments from the trademark community about this issue to determine the extent of interest in an alternative fast-track procedure that could be elected by either party based upon demonstrating cause.
- (2) Accelerated Case Resolution Procedure. For several years, the TTAB has had an “Accelerated Case Resolution” procedure (“ACR”). Use of the procedure requires the parties stipulate to its use. ACR can be used to treat a summary judgment decision as a final decision and can be used to create an abbreviated trial on the merits.

ACR is flexible and can be adapted to meet the parties’ needs. TPAC learned this year that many, if not most, trademark practitioners were unaware of ACR as an option at the TTAB. Therefore, TPAC encouraged the TTAB to promote the procedure, which resulted in articles published by the International Trademark Association (“INTA”), the Intellectual Property Owners Association (“IPO”), the American Intellectual Property Law Association (“AIPLA”) and the California Bar Intellectual Property Section. TPAC thanks the TTAB, particularly former Chief Judge J. David Sams, for getting the word out. It is hoped that with more awareness of the availability of the ACR procedure, more practitioners will use it.

ACR is not a panacea for the speed issue discussed above, however. First, a party cannot be forced to use ACR. Thus, if one party is using the slowness of Trial Cases as leverage, ACR provides no relief.

Second, using ACR requires creativity and initiative by Trial Case litigants. There are no ACR procedures in the TBMP. There is no set of ACR rules and procedures to

follow. The parties have to devise and agree upon case-shortening mechanisms. It essentially is a “make your own shorter resolution path” opportunity. TPAC suggests ACR usage may increase if the TBMP creates some ready-made ACR mechanisms that counsel can study and perhaps grasp.

Third, ACR will be most appropriate for cases where many facts can be stipulated, the record is small and the issues are straightforward.

- (i) Status. TPAC will continue to monitor the development of ACR and to discuss with the TTAB ways in which it could be more fully developed. TPAC will also help to spread the word about its availability.

b. Fraud Standard.

- (1) Background. On August 31, 2009, the U.S. Court of Appeals for the Federal Circuit issued a decision in the appeal of the case entitled *In re Bose Corporation*, 2009 U.S. App. LEXIS 19658; 91 U.S.P.Q.2d 1938 (Fed. Cir. 2009).

The TTAB had found Bose committed fraud on the USPTO in renewing a trademark registration for the mark WAVE. In a *de novo* review of the TTAB’s legal conclusions, the Court found that, because there was no substantial evidence that Bose intended to deceive the USPTO in the renewal process, the case should be reversed and remanded. The Federal Circuit specifically addressed the TTAB’s prior ruling in *Medinol v. Neuro Vasx, Inc.*, in which the TTAB found the proper inquiry for a finding a registration was obtained fraudulently is “not into the registrant’s subjective intent, but rather into the objective manifestations of that intent.” 67 U.S.P.Q.2d 1205, 1209 (TTAB 2003). While the Federal Circuit agreed with the test, it disagreed with the Board’s holding that a “trademark applicant commits fraud in procuring a registration when it makes material representations of fact in its declaration which it knows or should know to be false or misleading.” *Id.* (emphasis added). The Court found the Board had erroneously lowered the fraud standard in *Medinol* to a simple negligence standard. The Court found that, to prove fraud, the proponent must prove a willful intent to deceive, and prove it by clear and convincing evidence.

- (2) Status. TPAC has been tracking this issue because of the concern of some TPAC members that the *Medinol* standard for proving fraud was too low. TPAC must now assess whether any action in this area should be taken in the wake of *Bose*. The USPTO is particularly interested in finding ways to decrease the number of applications which include multiple pages of goods because of concerns that the applicant may not in fact have a bona fide intent to use the mark on so many goods.

c. The TTAB Manual of Procedure (“TBMP”).

- (1) Background. TPAC has set these goals regarding the TBMP:
- TPAC would like to have the TBMP posted on the USPTO website in HTML rather than PDF, because HTML is quicker to load and easier to use. The TMEP sets a good standard here.
  - TPAC would like to make the entire TBMP searchable in a single search. Presently, one has to open the TBMP chapter by chapter (in PDF) and use the PDF software’s search function. TPAC would like to see the TBMP match search capability of the TMEP.
  - TPAC would like the TBMP to be updated more frequently. Ideally, the TBMP would be kept continuously up to date. Note this is the same as TPAC’s goal for the TMEP.

The TTAB has not updated the TBMP since significant rules changes were made two years ago. In FY 2009, the TTAB made major progress on a TBMP update. The TTAB assigned a significant number of judges and interlocutory attorneys to update the TBMP, resulting in the expenditure of 3,500 hours of staff time in FY 2009 on this project.

- (2) Status. The TTAB anticipates completion, approval and posting of the revised TBMP on the USPTO website in FY 2010. When the TBMP text is completed and approved, it will be posted in HTML. It is unclear how often the TBMP will be updated in the future. TPAC has reiterated the importance of frequent future updates to the TTAB. TPAC will continue to work with the TTAB regarding the three goals stated above.

**E. International Issues.**

1. TPAC-Championed Issues.

a. Possible Future Changes to the Madrid Protocol.

- (1) Background. The Madrid Protocol is an international trademark filing system. With the Madrid Protocol one can file an application in one's home country and extend the coverage to more than one hundred other countries. The World Intellectual Property Organization ("WIPO") is considering the implications of removing the requirement for a prior national application/registration when filing an international trademark application. Japan and other countries that use different letter formats note that the requirement that the prior national application mirror the international application puts them at a disadvantage for those countries that do not recognize or speak the Japanese characters. Since it does not make sense to use these characters in countries that would not understand them, these registrations become vulnerable to cancellation due to non-use. Eliminating the basic mark requirement would enable these countries to file for marks in languages other than the home country language without facing cancellation for non-use in the home country.

For the United States, the requirement that the international application must match the basic home application means U.S. applicants are limited to the identification regimen of the United States, which is far more restrictive than the other Madrid Protocol countries. Eliminating the requirement would enable United States nationals to file for broader identification of goods/services than would be acceptable in the United States.

- (2) Status. TPAC and other members of the intellectual property community are studying the implications of such a change and whether amendment of United States trademark law would be required.

b. Possible Changes to Nice Classifications.

Background. Norway presented a proposal to WIPO to consolidate international classes 29, 30, 32 and 33 into one food class and one beverage class and to make changes to class 5. The proposal did not succeed, but Norway is likely to come back with a revised proposal.

Others desire to split international class 9 into two three classes, separating computer hardware from scientific instruments or moving items currently in class 9 to other classes. The proponents of this change feel international class 9 as it currently stands covers too many unrelated goods. This improper grouping undercuts the primary purpose of the classification system, namely, to cluster related products together in a particular class.

- (1) Status. TPAC is considering the impact of such changes and is soliciting the comments of the trademark community.

c. Trademark Operation Speed vis-à-vis Paris Convention Priority.

- (1) Background. Under the provisions of the Paris Convention, an applicant in his home country may file an application in a foreign country within six months of the home-country filing and get the same filing date as the home country. This “Paris Convention Priority” gives an applicant time to evaluate international markets of interest without having to worry about third parties filing conflicting prior applications. However, because it is possible for an application filed in the United States to reach publication in less than six months from filing, there was a concern about how this speed conforms with Paris Convention Priority. Did the United States have a legal obligation to hold up applications to allow the six-month priority period to pass? In other words, is it sufficient that a party asserting Paris Convention Priority can oppose or petition to cancel the U.S. registration of a mark?
- (2) Status. Over a year ago, the USPTO asked TPAC for its position on this issue. TPAC stated it would not render a legal opinion on the U.S.’s treaty obligations because doing so is not TPAC’s job. Yet, TPAC unanimously stated that, as a matter of policy, it was fine with U.S. trademark registration applications reaching publication or even issuance within six months of application filing. Speed generally is good in mark application processing. Opposition petitions and cancellation petitions are available to those with Paris Convention Priority.

**F. Other Issues.**

1. Possible Changes to PAC Structure.

a. Background. There are problems with how TPAC is organized that impinge upon its effectiveness. Legislation is needed to fix the situation.

(1) Problem #1 – Appointment Timing. The beginning of this report listed the terms of the current TPAC members. There is no common date for the ending of terms. The dates fall at various times during the year – June, October and December. Two other members rotated off TPAC in August 2009. This creates problems. The PAC year is built around the federal fiscal year (which ends September 30) and the requirement that a PAC produce an annual report within 60 days after the end of each fiscal year. It creates hardship when PAC membership changes in the middle of a fiscal year or in the 60-day period immediately thereafter.

(i) Possible Solution. It would be better if TPAC members were appointed to terms that coincide with the calendar year due to the statutory requirement that TPAC produce an annual report to the President, the Secretary of Commerce and Congress. 35 U.S.C. § 35(d)(2) requires that this report be submitted within 60 days of the end of the federal fiscal year. That means the report is due by November 29 each year. The report needs to be written by TPAC members who were on TPAC for the prior federal fiscal year. Not much happens on TPAC for the rest of the calendar year after preparation of the annual report due to the hard work it takes to produce it and due to the December holiday season. Thus, it makes sense for turnover to occur at or near the end of the year. Here, there are two options:

(a) Appoint for calendar year terms, to keep things simple.

(b) Have all TPAC terms run from December 1 to November 30, to line things up with the annual report duty.

(2) Problem #2 – Getting the Right Chair. The PAC enabling statute (5 U.S.C. § 35(a)(1)) says the Secretary of Commerce (the “Secretary”) “shall designate a chair of each Advisory Committee, whose term as chair shall be for 3 years.” Accordingly, under present law, one of two things must happen. Each option is sub-optimal:

(i) An existing TPAC member must be appointed chair. If the appointed person is completing a three-year term on TPAC, that would mean the person would serve six years on TPAC with three years as chair. Because being effective on TPAC requires a large time commitment, some TPAC members might decline continued service for an additional three years.

(ii) Someone who is not a member of TPAC must be appointed chair.

In fact, TPAC recommends that the job of chair is too time-consuming to be a three-year job. TPAC members have full-time jobs in addition to their TPAC duties.

(iii) Possible Solution. Create a TPAC officer chain of a (a) secretary/chair-elect and (b) a chair. Expand TPAC to eleven members, so there are nine regular members and two officers. Each year, the Secretary would appoint three new members to a three-year term. Absent extraordinary circumstances, each year the new secretary/chair-elect would be drawn from the three TPAC members completing their third year on TPAC. Yet, the statute should permit drawing from outside of this pool of TPAC members if circumstances make doing so wise. The secretary/chair-elect and chair each would serve for one year. The secretary/chair-elect would automatically become chair after one year without additional appointment being necessary.

(3) Problem #3 – Gaps in Terms. TPAC history demonstrates many TPAC members will not complete their three-year terms for various reasons. Also, even when the term of a member is set to expire, sometimes a replacement is not appointed in time for that person’s term to dovetail with the term of the departing member.

- (i) Possible Solution. Any replacement members should continue to be appointed for the balance of the term left by the departing member, to keep things on schedule. Also, the law should provide that appointments last for the longer of the appointed term or until a replacement can be sworn in. That way TPAC is not left short-handed to address its work.
- b. Status. TPAC is consulting with PPAC on these issues. The two PACs appear to agree on problems and solutions.

2. Listening to the IP Community.

- a. Background. TPAC occupies a unique role vis-à-vis the USPTO because of its access to USPTO officials and information. TPAC wants the IP community to be aware of TPAC's existence so the IP community can bring appropriate issues to TPAC. While TPAC cannot be a mere pass-through of concerns brought to it, TPAC wants to well represent the IP community, so it appreciates input.

Also, from time to time, TPAC will want to aid the USPTO in spreading the word about an issue, such as the existence of ACR (above). TPAC needs good connections with the IP community to accomplish this goal.

- b. Status. TPAC has initiated contact with major IP organizations to build or strengthen channels of communication. On an issue-by-issue basis, TPAC members have reached out to smaller IP organizations, such as state and local IP bar associations.

TPAC has expanded its accessibility by having its public meetings held at the USPTO webcast and by soliciting in-person and e-mail comments and questions at those meetings. Contact information for all TPAC members is posted on the TPAC portion of the USPTO website, so the public can easily contact any TPAC member.

TPAC has begun asking that all materials that will be presented by USPTO officials at public TPAC meetings in Alexandria be posted on the TPAC portion of the USPTO website at least two weeks prior to these meetings. This deadline has not always been met, but this is a new request from TPAC. Performance here by the USPTO is improving.

3. Becoming More Transparent.

- a. Background. TPAC has been working on being more transparent – on making it easier for the public to monitor what TPAC does. TPAC must comply with legal standards for openness. *See* 25 U.S.C. § 5(i) and the TPAC Charter. Also, TPAC wants to build a good relationship with the IP community. The USPTO General Counsel’s office provided advice to TPAC on how to meet the law’s openness requirements in a memo dated August 19, 2009 (the “Openness Memo”). This memo was posted on the TPAC portion of the USPTO website.
- b. Status. TPAC has reengineered its meeting practices to comply with the Openness Memo. Also, as described in the above section on “Listening to the IP Community,” TPAC has taken steps to make it easier to monitor and interact with TPAC. Transcripts of all public TPAC meetings are posted on the TPAC portion of the USPTO website. TPAC embraces transparency.

**IV. Glossary of Abbreviations and Acronyms.**

“ACR” means “Accelerated Case Resolution,” which means expediting Trial Cases through consent to quicker procedures.

“Champion” means a member of TPAC who has primary responsibility for an issue TPAC is following.

“Examining Attorneys” means trademark examining attorneys. They review, and approve or reject, applications for U.S. trademark registrations.

“Indirect Costs” means costs of the USPTO that provide some benefit to both the patent and trademark operations. These could be characterized as overhead costs. Indirect costs include the functions of administration, information systems, finance, and the Office of General Counsel.

“FY” means the federal government’s fiscal year.

“IT” means information technology.

“OCFO” means the Office of the Chief Financial Officer of the USPTO.

“OCIO” means the Office of the Chief Information Officer of the USPTO.

“Office Action” is a response to a trademark registration application. It can raise substantive obstacles to registration (such as likelihood of confusion with another trademark registration) or procedural ones (such as changes needed to the description of goods and/or services).

“TBMP” means the Trademark Board Manual of Procedure, which explains and discusses application of the rules of procedure for litigating matters before the TTAB.

“TMEP” means the Trademark Manual of Examining Procedure, which is a reference guide for trademark application prosecution and registration maintenance.

“TPAC” means the USPTO’s Trademark Public Advisory Committee.

“Trademark Operation” means the part of the USPTO that processes trademark applications and registrations. It does not include the TTAB, rent for office space, trademark employee post-retirement benefits, certain trademark information dissemination activities (*e.g.*, recording assignments), or the cost of IT systems dedicated to trademarks.

“Trial Cases” means mark registration opposition proceedings and mark registration cancellation proceedings. These are administrative litigations conducted before the TTAB.

“TSNG” means “Trademark Systems Next Generation” – a new computer system being designed and built for the Trademark Operation.

“TTAB” means the Trademark Trial and Appeal Board. The TTAB is an administrative court within the USPTO. Primarily, it hears oppositions to the grant of trademark applications, petitions to cancel trademark registrations, and appeals by trademark applicants of adverse decisions of Examining Attorneys.

“User Fees” are fees paid to the USPTO for trademark processes. They include application filing fees, fees charged at some steps in the prosecution of trademark registration applications, and fees charged to keep trademark registrations in effect.

“USPTO” means the United States Patent and Trademark Office.

Note: Technically, a trademark applies to goods and a service mark applies to services. Yet, for simplicity’s sake, this report uses “trademark(s)” to refer to both trademarks and service marks.