

**TRADEMARK PUBLIC ADVISORY COMMITTEE**

**ANNUAL REPORT 2021**



**UNITED STATES PATENT AND  
TRADEMARK OFFICE**



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

November 1, 2021

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 2021. 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.

Very truly yours,

Christopher Kelly, Chair  
Trademark Public Advisory Committee

cc: The Honorable Gina Raimondo, U.S. Secretary of Commerce  
The Honorable Drew Hirshfeld, Performing the functions and duties of the 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 2021

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# Trademark Public Advisory Committee

## Fiscal Year 2021 Annual Report

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### I. Introduction

This is the twenty-second annual report of the Trademark Public Advisory Committee (“TPAC”). This report reviews the Trademarks organization (“Trademarks”) of the United States Patent and Trademark Office (“USPTO” or “Office”) for the Fiscal Year ending September 30, 2021 (“FY 2021”).

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, Manager, Trademarks Customer Outreach, for his invaluable assistance in preparing this year’s report.

### A. Members of TPAC

As of the end of FY 2021, the following individuals were members of TPAC:

- Christopher Kelly (Chair), Partner, Wiley Rein LLP, Washington, D.C. (term ends December 1, 2021)
- Susan Natland (Vice Chair), Partner, Knobbe Martens LLP, Irvine, California (term ends December 1, 2022)
- Stephanie H. Bald, Partner, Kelly IP, LLP, Washington, D.C. (term ends December 1, 2021)
- Kelly D. Walton, Senior Counsel, Electronic Arts (EA), Austin, Texas (term ends December 1, 2021)
- Jennifer Kovalcik, Vice President, Technology & IP Counsel, Community Health Systems, Franklin, Tennessee (term ends December 1, 2022)
- Tricia McDermott Thompkins, General Counsel, Shoe Show, Inc., Charlotte, North Carolina (term ends December 1, 2022)
- David J. Cho, Assistant Vice President Senior Legal Counsel – Trademark and Copyrights, AT&T Services, Inc., Dallas, Texas (term ends December 1, 2023)
- Tracy Deutmeyer, Shareholder, Fredrikson & Byron, P.A., Des Moines, Iowa (term ends December 1, 2023)
- Jomarie Fredericks, Deputy General Counsel and Chief Intellectual Property and Brand Counsel, Rotary International and the Rotary Foundation, Evanston, Illinois (term ends December 1, 2023)

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

## **B. TPAC Subcommittees**

During FY 2021, TPAC had five subcommittees: Trademark Operations, IT and E-Government, Budget and Funding, Trademark Trial and Appeal Board (“TTAB”), and Policy and International Affairs. The subcommittees met through conference calls 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:

- Trademark Operations: Christopher Kelly (lead) and Susan Natland
- IT and E-Government: Jennifer Kovalcik (lead), David Cho and Jay Besch
- Budget and Funding: Kelly Walton (lead) and Jomarie Fredericks
- TTAB: Susan Natland (lead) and Tracy Deutmeyer
- Policy and International Affairs: Stephanie Bald (lead) and Tricia Thompkins

## **C. Public Meetings**

During FY 2021, TPAC conducted four virtual public meetings on: March 12, 2021; May 21, 2021; July 30, 2021; and October 15, 2021. TPAC greatly appreciates the Office’s continued assistance in helping TPAC organize and conduct these meetings, and TPAC especially thanks the Office for the tremendous amount of preparation and organization that enables the virtual public meetings to take place.

## **D. COVID-19 and USPTO Operations**

The USPTO continued to operate virtually in FY 2021 and remained fully functional. TPAC continues to applaud the outstanding efforts of the USPTO management and employees for their stellar performance in this challenging environment.

As discussed below, in its ongoing response to COVID-19, the Office continued an array of measures for stakeholders and USPTO employees, including, maintaining the Prioritized Examination program and continuing to facilitate telework by expanding permitted work hours and connectivity options.

## **E. Transitions within the USPTO**

FY 2021 saw many transitions within the leadership of the USPTO.

- Drew Hirshfeld, Commissioner for Patents, was appointed in January 2021, to perform the functions and duties of the Under Secretary of Commerce for Intellectual Property and USPTO Director following the resignation of Andrei Iancu. TPAC appreciates Director Hirshfeld’s interest and support and his participation in our public meetings this past year.
- In January 2021, Dan Vavonese was named Deputy Commissioner for Trademark Operations, following the retirement of former acting Commissioner for Trademarks and Deputy

Commissioner Meryl Hershkowitz. Prior to his appointment, Mr. Vavonese was a Group Director for the trademark law offices.

- In his role as Deputy Commissioner for Trademark Operations, Mr. Vavonese leads approximately 800 employees responsible for all aspects of trademark examination, registration and maintenance.
- Also in January 2021, Amy Cotton assumed the role of Deputy Commissioner for Trademark Examination, following the retirement of Deputy Commissioner Sharon Marsh. Ms. Cotton also has a long career at the Office, including serving in the Office of Policy and International Affairs (OPIA). Ms. Cotton oversees 130 employees in the Offices of Trademark Policy, Petitions, and ID Class, as well as the Trademark Assistance Center, the Office of Trademark Quality Review and Training, the Trademark Law Library, customer experience, and trademark outreach.
- In October 2020, Mary Critharis was appointed Chief Policy Officer and Director for International Affairs, serving previously as acting Chief Policy Officer and Director. Ms. Critharis serves as policy advisor to the Under Secretary of Commerce for Intellectual Property and oversees the USPTO's domestic and intellectual property policy activities, legislative engagement, education and training, global advocacy, and economic analysis.

## **II. Report Highlights**

### **A. Trademark Operations and Trademark Examination Policy**

In FY 2021, a year of record trademark application filings, Trademark Operations met or exceeded all but one of its performance goals, despite the 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, including efforts to address average first-action pendency, which increased materially in FY 2021.

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

Among its many responsibilities, the USPTO's Office of the Chief Information Officer ("OCIO") provides personnel and technology to support the USPTO, Trademark Operations, the TTAB, and customers to research, file, prosecute, and maintain trademark applications and registrations effectively. 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 that IT teams can deliver.

As reported last year, the USPTO experienced uncertain revenues resulting from the pandemic-related economic downturn. To mitigate the impact of this downturn and preserve the operating reserve, the USPTO deferred planned investments in IT modernization that would have begun delivering a new suite of trademark IT solutions. In the interim, the USPTO funded maintenance of the legacy Trademark IT systems to sustain business operations. Trademark legacy systems continue to be effective, but they limit the Trademark organization's ability to optimize current operations and expand capacity as needed, such as to accommodate greater workloads precipitated by the current influx of trademark applications.

In FY 2021, the organization continued its IT transformation to an agile product Development, Security and Operations ("DevSecOps") model. DevSecOps unifies software development (Dev), security (Sec), and support/operations (Ops). IT further modernized the Trademarks IT delivery infrastructure to improve the delivery of software from development into production with users. Specifically, software could be deployed faster into production via special automated deployment pipelines (within minutes instead of hours/days under the prior system). Another improvement involved implementation of multiple parallel production environments to allow software deployments to occur without downtime, thus increasing overall system availability for users.

Other noteworthy achievements for public end users of Trademark systems include completion of usability testing and initial beta testing of electronic identity verification for USPTO.gov account holders who use Trademark Electronic Application System ("TEAS") and TEASi. Attorneys who have verified their own identities can sponsor support staff who are known to them using a new web-based sponsorship tool. IT collected feedback from test participants to finalize the requirements for these new features to help ensure a positive customer experience in a future release.



The Trademarks IT budget maintained its reduced funding levels at the start of FY 2021. However, the passing of the Trademark Modernization Act of 2020 (“TMA”) along with an application filing surge resulted in the agency allocating additional IT funding. The OCIO added IT development teams to the Trademarks Product Line to implement necessary IT system changes to support TMA requirements. The OCIO also developed Artificial Intelligence (AI)- and Robotic Process Automation (RPA)-based solutions to further streamline pre-examination processes and help process certain aspects of the growing backlog that resulted from the application surge.

To support the Trademarks Special Taskforce for Improper Activities (“STIA”), the OCIO acquired investigative case management software to assist Trademark Examining Attorneys. The software aids in tracking patterns of trademark fraud, collecting evidence, and deciding whether to involve law enforcement agencies to pursue criminal action.

To protect the health and safety of its staff, the USPTO continued mandatory telework during FY 2021, and the OCIO continued providing the tools and support for telework across USPTO’s approximately 13,000 employees. All employees were able to telework efficiently with minimal interruptions to internal examination and external users. The implementation of several workflow efficiencies and training and communication improvements resulted in the mitigation of COVID-19 impacts and restoration of timely processing. An illustrative example is the rapid resolution of the backlog of expedited requests for certified copies of trademark registrations in the USPTO Certified Copy Center.

### **C. Budget and Funding Issues**

Total trademark fees collected in FY 2021 increased by 31.6% over collections in FY 2020, due to an increase in trademark application filings, fee collections, and renewals. At the end of FY 2021, the Operating Reserve achieved the optimal operating reserve level and was above the level at the end of FY 2020. In addition, the fee rate increases that went into effect on January 2, 2021 are projected to increase collections by an average of 20% per year.

TPAC worked with the USPTO and the Patent Public Advisory Committee (“PPAC”) to address an unexpected change in procedure by the Office of Management and Budget (“OMB”). OMB directed the USPTO to amend the FY 2022 budget request to align with budget requirements, rather than providing an appropriation of all fees estimated to be collected, as is standard. TPAC and PPAC agreed with the USPTO that this change is improvident and creates budget uncertainty, is inconsistent with the America Invents Act (“AIA”), and decouples patent and trademark demand for services from the forecasted fee estimates, limiting the USPTO’s ability to operate and respond to changing demands in workloads. TPAC urged Congress to reconsider this fee allocation in the President’s Budget and will continue to provide its views on this important budget matter.

### **D. Trademark Trial and Appeal Board (“TTAB” or “Board”)**

The overall workload of the TTAB in FY 2021 remained high by historical standards but was more manageable than in recent prior years. The Board worked diligently in FY 2020 to start FY 2021 in the best possible position. This enabled the Board to reach all its FY 2021 goals for timely disposition of contested motions and issuance of final decisions in appeals and trial cases, in each quarter and for the entire fiscal year. Following steep increases in new case filings, trial case motion practice, and the number of cases maturing to ready for decision (“RFD”) from FY 2017 through the first half of FY 2020, filings began to moderate during the COVID-19 pandemic. The ratio of appeals to trial cases maturing to RFD, previously tilting more heavily towards trial cases, settled back in line with historical averages. While the Board had been hiring new attorneys and

judges regularly when filings were climbing, moderating caseloads minimized the need for significant additions in FY 2021. As of the end of FY 2021, the Board had only slightly increased the combined total of Administrative Trademark Judges (“ATJs”) and Interlocutory Attorneys (“IAs”) on staff, as compared to FY 2020. Even though the Board met its processing goals throughout FY 2021, management continued to focus staff on keeping pendency measures low, in anticipation of future increases in the filing of new cases in FY 2022 and beyond. The TTAB expects case filings to begin climbing again, as a result of the very significant increase in trademark application filings in FY 2021, and anticipates receiving new appeals from the expungement and reexamination proceedings that will start under the TMA in FY 2022. The Board’s staffing and docket management in FY 2021 have positioned it well to handle these anticipated increases.

As in previous years, in FY 2021 the Board met its target for the number of precedential decisions issued, thereby providing valuable guidance to parties involved in its cases. The Board also issued its annual revision of the TBMP on schedule. After completing in FY 2020 a two-year pilot program that encouraged early resolution of cancellation cases involving only abandonment or non-use claims, in FY 2021, the Board began laying the groundwork for a Pretrial Conference pilot program. The Board discussed initial plans with TPAC and began stakeholder outreach, seeking feedback on the prospective pilot. Having transformed its e-FOIA page in FY 2020 into a new virtual Reading Room where users can search many years’ worth of TTAB opinions, the Board’s IT group completed stabilization and enhancements of its electronic filing system and proceeding files in FY 2021. The Board also began development of the TTAB Center, which will replace existing electronic systems in the future; and collaborated with Trademark Operations and the OCIO on system adaptations for deployment of the TMA. TPAC looks forward to seeing further action and progress on these and other matters during FY 2022.

#### **E. Policy and International Affairs**

The Office of Policy and International Affairs (“OPIA”) 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 and Trademark Examination Policy**

##### **1. Performance Statistics**

FY 2021 was another successful year for Trademark Operations.

##### **a. Increase in Trademark Applications**

Trademark application filings increased by 27.5% in FY 2021, which was four times higher than the original projected percent increase. Trademark Operations initially estimated it would receive 789,000 classes for registration in FY 2021. Midyear, the projection for filings was revised to 956,000 classes, in response to a continued surge in applications from both domestic and foreign applicants. Higher than anticipated applications peaked in December 2020 at 71% over the previous year, but growth gradually declined over the last six months of the fiscal year, particularly in the fourth quarter. As a result, the actual number of classes filed in FY 2021 was 943,928, slightly under the adjusted target. Trademark Operations received about 24% of total classes filed from applicants in mainland China, the largest share of filings from any foreign country. Chinese filings increased overall by 123% from FY 2020 to FY 2021 and have increased by 4,771% since FY 2014, far outpacing growth from any other country during these periods. Trademark Operations monitors filings and continues to consult with our global IP partners to gain better insight for future planning. The U.S. Counsel rule, which went into effect August 3, 2019, had an immediate impact on foreign pro se filings. Since enacted, 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 10% of total foreign filings in FY 2021, down from 44% in July 2019.

##### **b. Electronic Filing and Communication**

Trademark Operations achieved its longstanding goal of having all trademark applications and other filings submitted electronically in FY 2021. In FY 2020, Trademark Operations received only one paper application after mandatory electronic filing became effective in February 2020. Now, all trademark filings (with a few treaty exceptions) must be submitted electronically.

##### **c. Balanced Disposals**

Trademark Operations completed 1,413,300 Balanced Disposals in FY 2021. This was about 4% less than the 1,475,000 Balanced Disposals planned for the year and 1.9% more than the amount completed in FY 2020. 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 671,092 Total Office Disposals in FY 2021, about 3.6% higher than the 647,891 disposals in FY 2020. 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 6.3 months by the end of FY 2021, and exceeded the target range of 2.5 to 4.5 months every month since March 2021. The first action pendency target range is a balance between meeting customer needs and managing incoming filings. After having previously achieved this goal every year since 2007, Trademark Operations fell short in 2021, as a result of rising application inventory due to the filings increase. As stakeholders have expressed concern over the significant increase in First-Action Pendency during FY 2021, TPAC will continue to monitor efforts to address and prioritize this issue in FY 2022.

**f. Average Total Pendency**

Despite the surge in filings, Trademark Operations achieved its target goals on Average Total Pendency for FY 2021. Average Total Pendency measures 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). Average Total Pendency was 11.2 months if suspended and inter partes cases are excluded and 12.5 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. Inter partes cases include opposition, cancellation, and concurrent use proceedings before the TTAB. Both total pendency numbers are much higher than in FY 2020 (9.5 months and 11.1 months, respectively).

**g. Overall**

During FY 2021, Trademark Operations met or exceeded all of its performance goals, except first action pendency. TPAC commends Commissioner Gooder and his management team for making these results possible through a challenging time. Most importantly, these results would not happen without a dedicated team of over 1,000 employees 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’ rights. Once again, Trademarks has met or exceeded its targets in this critical area.

**a. Compliance Rate**

Examination quality is measured by evaluating random samples of applications at three 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 and third points of review take 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 goal for FY 2021 was a compliance rate of 95.5% for the First Office Action and a compliance rate of 97% for final disposition. Trademarks exceeded each of these targets: For First Office Actions the compliance rate was 96.42%, and for final disposition the rate was 98.76%.

**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 2021, Trademark Operations exceeded the goal of 50%, with 54.53% of Office Actions meeting the criteria.

**c. New Examining Attorneys**

In FY 2021, a total of 71 new Examining Attorneys were hired to backfill vacancies in the traditional law offices. At the end of FY 2021, there were 663 Examining Attorneys, a net increase of 41 from FY 2020.

The new Examining Attorneys began work in October 2020 and April 2021. The new hires received all of their training virtually while working remotely.

**d. Examining Attorney Training**

Training sessions held in FY 2021 focused on examination procedures related to: (1) Trademark Manual of Examining Procedure (“TMEP”) update review; (2) Section 2(d) and Section 2(e)(1) Excellent Office Action Writing; (3) Section 2(d) Decision-Making; (4) Nice Classification 11th Edition training, highlighting changes in the International Classification system brought about by the implementation of the 2021 version; (5) Performing Artists and Author Names as Marks; and (6) the TMA. Further, the Office of Trademark Quality Review and Training published four editions of its Two Quick Reminders newsletter. In addition, the International Trademark Association provided speakers on trademark issues regarding the cannabis industry.

**3. Initiatives Completed in FY 2021**

**a. TMEP Updates and Examination Guides**

The USPTO issued an update to the TMEP in July 2021. The TMEP represents a valuable resource, both for applicants and for Examining Attorneys, and TPAC commends Trademark Operations for providing ongoing and regular updates to the TMEP.

Between updates to the 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.

Following the U.S. Supreme Court decision in *USPTO v. Booking.com B.V.*, 140 S. Ct. 2298, 2020 USPQ2d 10729 (2020), the USPTO issued an Examination Guide in October 2020 to clarify the procedures for examining applications for marks consisting of the combination of a generic term and a generic top-level domain.

**b. The Acceptable Identification of Goods and Services Manual (“ID Manual”)**

The ID Manual lists identifications of goods and 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, 2021, the Eleventh Edition of the Nice Classification, version 2021, came into force. Changes in the Eleventh Edition had an impact on the USPTO’s examination policy and practice.

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: changes to over 200 Class 16 entries to add the specification “printed” and the addition of equivalent downloadable or recorded goods in Class 9 to provide greater clarity as to the nature of the goods; the integration of over 5,000 terms from the Madrid Goods and Services Manager into the ID Manual, and additions to automatic searching of alternate spellings for some terms.

**c. Rulemaking**

In FY 2021, the USPTO issued two final rules to change the Trademark Rules of Practice and a notice of proposed rulemaking.

**i. International Trademark Classification Changes**

On November 3, 2020, the USPTO issued a final rule to amend the Rules of Practice to modify the class headings incorporated into the Nice Agreement during the 30th Session of the Committee of Experts, from April 1, 2020 through May 1, 2020. Specifically, this rule added new services to, or deleted existing services from, two class headings. The changes became effective on January 1, 2021.

**ii. Trademark Fee Adjustment**

On November 17, 2020, the USPTO issued a final rule amending the Rules of Practice to set or adjust certain trademark fees, as authorized by the Leahy-Smith America Invents Act (“AIA”) of 2011, as amended by the Study of Underrepresented Classes Chasing Engineering and Science Success Act of 2018. The changes allow the USPTO to continue to recover the prospective aggregate costs of future strategic and operational TTAB goals (based on workload projections included in the USPTO FY 2021 Congressional Justification), including associated administrative costs. They also furthered 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 operations. Except for one fee paid by international applicants under the Madrid Protocol, the changes became effective on January 2, 2021. The change to the fee paid by international applicants under the Madrid Protocol became effective on February 18, 2021.

### **iii. Changes to Implement Provisions of the TMA**

On May 18, 2021, the USPTO published a notice of proposed rulemaking (“NPRM”) to amend the Rules of Practice to implement provisions of the TMA. The NPRM proposed changes that would: (1) establish ex parte expungement and reexamination proceedings for cancellation of a registration when the required use in commerce of the registered mark has not been made; (2) provide for a new nonuse ground for cancellation before the TTAB; (3) establish flexible Office Action response periods; and (4) amend the existing Letter of Protest rule to indicate that Letter of Protest determinations are final and non-reviewable. The USPTO also proposed to set fees for petitions requesting institution of ex parte expungement and reexamination proceedings, and for requests to extend Office Action response deadlines. Amendments were also proposed for the rules concerning the suspension of USPTO proceedings and the rules governing attorney recognition in trademark matters. Finally, a new rule was proposed to address procedures regarding court orders cancelling or affecting registrations. At the close of the fiscal year, the USPTO was considering all comments received and drafting a final rule.

## **4. Ongoing Initiatives**

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

During FY 2021, 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 2021, Trademark Examining Attorneys and Trademark Quality Review program analysts conducted audits of more than 5,066 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, 2021, in 56% of the audited registrations, either a response deleting goods or services was filed or the entire registration was canceled. In 82% of audited registrations, registrants were represented by counsel.

### **b. Register Protection Initiatives**

In support of the USPTO’s register protection initiatives, the STIA continues to develop policies, procedures, and technology solutions to identify, reduce, and mitigate unauthorized submissions and other improper activities related to trademark filings.

In FY 2021, the STIA investigated and pursued sanctions against bad actors making fraudulent submissions to the USPTO, including misappropriation of attorney names and credentials; forged or otherwise improper signatures; false or invalid attorney information, owner information, and domicile addresses; unauthorized changes to correspondence or attorney information; and digitally altered or fabricated specimens that do not show actual use in commerce. The USPTO has also made important updates to Trademarks IT systems in FY 2021, permitting the STIA access to filing data that was not previously available. The USPTO will continue to implement new IT solutions for investigating fraud and other improper activities, including additional phased updates to TEAS and the uspto.gov login system.

During FY 2021, Commissioner Gooder issued several preliminary and final orders for sanctions. One preliminary order, called a Show Cause Order, was directed to a foreign trademark filing entity responsible for filing thousands of trademark applications that appear to involve extensive violations of U.S. rules of practice, representation rules, and USPTO website Terms of Use. The Show Cause Order explained the USPTO's findings and required the recipient to respond in a timely manner and show cause why the USPTO should not impose sanctions. Commissioner Gooder also issued orders for sanctions, one of which ordered the termination of a group of fraudulent applications seeking registration of already-established trademarks filed in the name of the legitimate owners without the owners' authorization and designating correspondence information belonging to the sanctioned parties.

When an identified scheme involves attorney misconduct, the STIA will refer the matter to the USPTO's Office of Enrollment and Discipline ("OED"). In FY 2021, after an OED investigation, the USPTO issued a final order suspending an attorney from practice before the USPTO because the attorney had authorized and instructed non-practitioners to sign his name to numerous USPTO trademark filings, including declarations, made on behalf of foreign clients in violation of the USPTO's rules of practice and rules on professional conduct.

In FY 2021, the STIA attorneys briefed law enforcement agencies on schemes involving potential criminal conduct. When appropriate, the STIA attorneys assist relevant law enforcement agencies in their investigations by providing both specific information gathered during internal investigations and general background information on agency operations.

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"). The STIA attorneys have also been involved in discussions with similar groups working in foreign IP offices to discuss trends in improper activity and general mitigation techniques.

In FY 2021, Trademarks employees spoke at various events about the issue of fraudulent solicitations and register protection initiatives to increase stakeholder awareness. In addition, the USPTO established an email address, [TMScams@uspto.gov](mailto:TMScams@uspto.gov), allowing customers to report scams and other improper filing activities. The USPTO also continues to update its website to provide focused webpages on scams, register protection, improper submissions, and attorney representation issues. These webpages provide, among other information, the names of companies engaging in suspicious or deceptive solicitations, the names of parties sanctioned by the USPTO for improper activities, information for avoiding unintentionally improper submissions, guidance on identifying and avoiding scams, and recommendations for victims of scams.

### **c. Specimen Database**

The USPTO has recognized that the problem of trademark applicants and registrants submitting fraudulent specimens is significant enough to warrant a dedicated response and began the Automated Specimen Analysis Project ("ASAP"). As part of the project, Trademark Operations 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. The STIA currently uses ASAP in special projects.

**d. IT Security Enhancements**

The USPTO has seen an increase in malicious and damaging uses of its systems. For example, changes to email addresses (primarily the correspondence address) have increased, leading to a number of requests to correct records. In October 2019, Trademarks 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 better tracking of filing activity and reduce misuse of electronic forms. The USPTO soon will begin requiring USPTO.gov account holders filing trademark documents to verify the identities associated with their accounts, either through an automated online identity (“ID”) verification process or through a notarized paper form. The USPTO is exploring additional ways to give customers more control over who can file documents based on the filer’s role or on serial and registration numbers. This initiative will keep filings more secure. In the meantime, the USPTO 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.

**e. TEAS Short Form**

In FY 2020, a TEAS Short Form application widget was provided to a diverse group of testers and was very well-received. Due to the pandemic, the long-term timeline for deployment of the widget was delayed. In FY 2022, the USPTO plans to revisit and update the TEAS Short Form application widget.

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

The USPTO has continued its COVID-19 Prioritized Examination program for certain trademark and service mark applications that launched June 15, 2020. Under this program, the USPTO has been accepting petitions to advance the initial examination of applications for marks used to identify qualifying COVID-19 medical products and services. Additionally, the USPTO waives the fee for such petitions. The USPTO has received 282 petitions since June 2020, and has granted 61% of those petitions. The granted petitions were overwhelmingly for marks related to vaccines, anti-infectives, and anti-virals.

Furthermore, the USPTO updated its webpage on post registration examination to clarify claims of excusable nonuse due to COVID-19.

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

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

The pandemic has affected the USPTO’s workforce just as it has affected stakeholders. Because Trademark Operations 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 Trademark Operations began working on a full-time teleworking schedule, including the new Examining Attorney hires who had been on campus in Alexandria for only 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. The USPTO also 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 USPTO to recognize and address the effect of the pandemic on its dedicated workforce.

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

### **1. FY 2021 IT Priorities – the Office of the Chief Information Officer**

A scalable, secure, and resilient IT infrastructure is a critical component of the USPTO. Not only is it needed to store and protect the valuable and confidential information of millions of our nation’s innovators, it is also essential to providing a robust platform for Examining Attorneys and applicants to process millions of trademark applications. The COVID-19 pandemic revealed the importance of the USPTO IT systems, requiring the support of over 13,000 teleworking employees unable to work from the Office. While many employees were already equipped to telework, numerous additional employees had to be converted to telework and provisioned with equipment. Onboarding new employees presented an additional layer of support for telework. While many companies and organizations endured lost productivity during the pandemic, the USPTO instead has experienced increased productivity, which its telework IT capabilities helped to support.

The OCIO has continued to make progress on its FY 2021 priorities, including cybersecurity, resilience, and migration to the cloud, more fully discussed below.

#### **a. Cybersecurity**

Cybersecurity plays a key role ensuring that the USPTO IT systems are protecting the confidentiality, integrity, and availability of information processed, stored, and transmitted by those systems, while also protecting the privacy of individuals. The USPTO has made IT vulnerability, identification, and remediation a top priority in the face of significant ongoing and emerging sophisticated threats and attacks. The OCIO is working actively to fund and implement numerous protective measures, including a zero-trust security architecture, an identity and access management system, and an insider threat protection program.

The USPTO works daily to prevent a cybersecurity breach and minimize the effect of any potential breach. To that end, the OCIO, in partnership with the USPTO product lines, (e.g., Patents, Trademarks, Enterprise Business, and Enterprise Infrastructure tools), must:

- i. Defend 24x7** – OCIO must defend against threats to its systems and data 24 hours per day, seven days per week, and 365 days per year. Each product team has a significant responsibility to ensure that its products are secure, compliant, and built on an infrastructure with up-to-date cybersecurity patches. The scale of this defense against a growing number of threats is enormous. For example, in a one-week period during June of this year, the USPTO defended against 1.1 million denial of service attempts; over 300,000 scans and access probes; and over 500 attempts to deploy malicious software into USPTO infrastructure and systems.
- ii. Treat Security as Component of Code** – Carrying out the DevSecOps strategy for developing software code, OCIO implemented cybersecurity designs and components throughout the product lifecycle, starting at the early stages to ensure appropriate security framework is paired with software architecture and design.

- iii. Secure the Cloud – OCIO integrated cloud security capabilities to ensure secure access, monitoring, and configuration of cloud systems.

**b. Resilience**

With very few exceptions, IT products now in production (referred to as “hot”) rely on failover capabilities (referred to as “cold”), which means that for many applications, it would take multiple days or even weeks to recover from a disaster scenario. The USPTO must move from “hot-cold” to a mix of “hot-warm” and “hot-hot” operations, translating into products that are designed to be resilient and allow for minimal downtime. Product and support teams are engaged to validate and improve the resilient migration strategy. Accordingly, the OCIO has prioritized the following:

- Optimizing for Redundancy – Eliminating legacy hardware and software used for older applications prior to relocation.
  - Reducing our Data Center Footprint – Consolidating the current multiple test environments and moving from the Alexandria “lab” data center to the Cloud, as appropriate.
  - Scaling to Meet Demand – Increasing network throughput and continuing the migration from physical to virtual servers for all applications.
  - Adhering to a “Cloud First” Strategy – Developing new production applications for use in the commercial Cloud and migrating existing applications to a Cloud platform.
- i. In FY 2021, OCIO has made significant progress to improve the resilience of the USPTO’s IT systems in the following ways:
    - (a) In partnership with the Department of Commerce and the National Oceanic and Atmospheric Administration (NOAA), the USPTO transitioned internet access services from a commercial internet service provider to a national fiber optic network, which is expected to save approximately \$2.8 million per year. In addition, this service will improve the network bandwidth and establish private connectivity to Cloud providers and to any current and future USPTO data centers.
    - (b) The USPTO took possession of the new Manassas Co-Location Data Center from vendor Iron Mountain in May 2021 and connected to NOAA nation-wide enterprise network (N-WAVE) and leading third-party Cloud providers. The USPTO completed the decommissioning of the Boyers, Pennsylvania, data center and transitioned all operations to the Manassas facility in August 2021. This move will ensure that the USPTO has the space, power, and resiliency in its network infrastructure to ensure that all of its systems and databases are redundant and moving closer to a “hot-hot” status.

**c. Moving to the Cloud**

The OCIO strives to make Cloud computing a resilient and cost-effective hosting option for all four IT product lines and to assist its stakeholders in adopting Cloud computing. The OCIO is focused on the following three areas:

- i. Improved Performance – Cloud computing (a) offers enhanced flexibility to increase/decrease USPTO hardware resources as needs change over time; (b) promotes innovations through Cloud computing offerings such as AI, desktop as a service

(DaaS), continuous integration and continuous delivery (CICD), observations across platforms, and infrastructure automation; improving system uptime through Cloud design for more resiliency and scalability; (c) enables disaster recovery for high-value asset systems; and adopting software as a service (SaaS) when appropriate. During FY 2021, OCIO completed several initiatives to improve performance, including:

- (a) Deployed Trademark Image Search AI on the Amazon Web Services (AWS) Cloud. The Office is collecting feedback on the AI search capabilities.
- (b) Deployed the MyUSPTO.gov disaster recovery module on the AWS Cloud. This allows automatic failover to the Cloud in the event of an onsite application outage.
- ii. Reduced Costs – Adopting Cloud services to both new and existing products and product components when cost-feasible, and reduce the footprint of the Alexandria and Manassas, Virginia data centers will reduce costs. During FY 2021, OCIO completed several initiatives to reduce costs, including:
  - (a) Deployed the USPTO modern fee payment system, Fee Processing Next Generation (FPNG), external website (www.uspto.gov), and MyUSPTO.gov disaster recovery module to AWS. Moving this module eliminated the need to move IT assets physically from Boyers to Manassas and allowed removal of additional servers from the Alexandria data center. FPNG is a Payment Card Industry Data Security Standard-compliant fee processing system with additional security and performance requirements.
  - (b) On-boarded 12 new product teams in AWS, using a new Cloud intake process for future development. This prevents additional servers, databases, and other IT components from being hosted in USPTO data centers, further reducing the USPTO data center footprint, support, and power utilization.
  - (c) Leveraged “Cloud smart” automation and compliance to continue driving down Cloud operational costs. In the first half of FY 2021, the USPTO maintained its Cloud hosting costs despite doubling Cloud teams, assets, and users.
- iii. Faster Delivery of Applications to Internal and External Customers – Focused on greater proficiency in agile processes and response to business demands to reduce the time from development to deployment for new IT functionality; to react more quickly to scalability requirements; and to train and transform the USPTO’s IT workforce to be future-ready with Cloud skillsets. During FY 2021, OCIO completed several initiatives to support faster delivery, including:
  - (a) Moved the USPTO’s external website (www.uspto.gov) to AWS in less than a month in August 2021. This is the fastest delivery of a large-size IT system within the federal government.
  - (b) Modernized the USPTO financial system FPNG and re-hosted FPNG in AWS in only nine months. The team made incremental progress each month, adding features while turning on Cloud modules.

## **2. ID Verification and Sponsorship Tool**

The USPTO is preparing to require electronic or paper-based ID verification for most customers. It also has developed a sponsorship tool for U.S. and Canadian attorneys/agents to verify the identities of their own legal support staff. Where practical, Trademarks has followed

the existing paper ID verification model and attorney sponsorship process used by Patents, including accepting accounts verified through the patent proofing process. Electronic ID verification is a new process, relying on a third-party vendor for verification. Initially, ID verification will be optional, and will eventually become mandatory.

- Electronic identity verification can be completed at any time, and usually in less than 10 minutes.
- This process is lower cost than paper processing/notarization.
- The sponsorship tool serves both as an ID verification method and as a means of associating attorneys with their support staff, a major part of the next phase of TEAS login enhancements focusing on file control and association.

### **3. Development of Robotic Process Automation (“RPA”) Tools**

In FY 2021, Trademarks embarked on improving the efficiency of the trademark workflow by assessing several areas that are performed manually to determine the suitability of using RPA tools. OCIO developed and put into production or are near production the following RPA bots. These bots will save examination time and/or decrease overall application processing time by automating tasks that Examining Attorneys currently have to perform manually.

- a. Trademark Note to File bot:** The Trademark Note to File bot automates the manual copy of data from an Excel spreadsheet to an FNote.
- b. Auto Upload of Examiner Email bot:** This works in conjunction with the Note to File bot. It submits the file on behalf of the Examining Attorney. This automation clears the Examining Attorney’s and Legal Instruments Examiner’s backlog quicker than manual efforts. The bot will upload the body of an email (sent to TMEmailuploading@uspto.gov) to any serial numbers it finds in the subject line as a Note to the File.
- c. Auto Suspension Check bot:** The Trademark Suspension Check bot is now in production. This unattended bot helps reduce the backlog of applications by assisting the Legal Instrument Examiners in clearing the Trademark Suspension queue. This bot identifies whether an application is suspended due to a prior pending application, then determines whether to remove or maintain the suspension.
- d. Trademark Assistance Center (TAC) Chatbot:** Trademarks has a pilot chatbot that would provide preliminary automated support for a specific subset of USPTO customers with the most commonly asked questions pertaining to a limited area of USPTO services. A team has worked on developing fully vetted answers to 25 common questions that TAC currently answers over the phone. The goal is to have the chatbot in place in Q1 of FY 2022.
- e. Pseudomark bot:** Currently in development. This bot applies RPA to the pseudo-marking process and will help automate the process for filtering out marks that do not require a pseudomark.

### **4. Stabilize Trademark and TTAB Systems**

The OCIO continued to maintain, stabilize, and enhance existing legacy systems. This activity occurred, albeit with challenges, in parallel with modernization efforts. Stabilization reduces the risk of future system outages in infrastructure and existing systems. As part of a two-year IT stabilization effort that began in FY 2020, the USPTO completed stabilization efforts for fifty percent of Trademark Operations and TTAB systems in the first phase, which were

selected based on their risk and business criticality. While stabilizing systems, the OCIO supported major initiatives to enhance existing Trademark and TTAB systems. During FY 2021, the USPTO successfully completed stabilization activities for the remaining Trademark and TTAB systems, which include FAST 1, FAST 2, TTABIS, ESTTA, and TTABVUE.

## 5. TTAB Center Highlights

- a. The TTAB Center product group supports the needs of the TTAB. Its current components include:
  - ESTTA – a system for the electronic filing of submissions to the Board proceedings
  - TTABVUE – a public application for viewing TTAB dockets and images
  - TTABIS – an internal system for generating actions and tracking the status of proceedings, as well as recording data and issuing reports
  - TTAB Reading Room – a public platform for searching and displaying Board final decisions and precedential orders
- b. During FY 2021, the TTAB product team began working on a new TTAB Center that integrates the current functions of the Board’s legacy systems described above. The team initially started development on a new Notice of Opposition form, which will serve as a template for replacing other ESTTA forms. Future iterative deployments of TTAB Center capabilities will allow for incremental retirement of the four legacy systems. The new TTAB Center will be a cloud-based system and provide increased security and cost savings. In addition, the new system will incorporate new features, such as authentication and a user docket for case management, and will enhance user experience. Incidentally, the sound technical infrastructure established for the new TTAB Center is considered the archetype for other Trademark cloud-based components to emulate as they undergo similar modernization efforts.

## 6. Transformation to Agile DevSecOps Product Model

Continuing the organizational IT transformation that began in the previous year, the OCIO and the USPTO transitioned from a mix of waterfall and agile SAFe methodologies to a full agile product DevSecOps model, where individual product teams are responsible for all development, security, and operations for a given product component. 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 2022 and further refine these new processes.

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:

**i. Trademark External**

A modernized one-stop shop where attorneys and owners can complete an end-to-end trademark filing experience. Trademark External provides the ability to search trademark applications and registrations, file trademark documents, check the status of applications and registrations, view documents, pay fees, respond to letters from the USPTO, and perform post-registration activities.

**ii. Trademark Exam**

A center where trademark Examining Attorneys and professional staff can securely log in and complete end-to-end review, examination, and processing of applications/registrations. Includes the 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.

**iii. Trademark International**

A center that supports the exchange of data and the requirements specific to the Madrid Protocol.

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 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.

**iv. Trademark Content Management Services**

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.

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 business functionality.

**v. Trademark Data and Analytics**

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.

## **vi. Trademark Trial and Appeal Board (TTAB) Center**

A modernized TTAB functionality/workflow integrated within Trademark Intake and Exam Centers for Administrative Judges, Interlocutory Attorneys, and professional staff.

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.

## **7. Progress Toward New Replacement Systems**

The Trademarks IT budget maintained its reduced funding levels at the start of FY 2021, so modernization efforts were initially curtailed. However, the passing of the TMA along with an application filing surge resulted in the agency allocating additional IT funding. The agency added IT development teams to the Trademarks Product Line to implement necessary IT system changes to support TMA requirements. These TMA requirements were primarily developed on the modernized platform.

### **a. TM Exam**

At the beginning of FY 2020, a team of Examining Attorneys conducted an evaluation of the TM Exam tool that will replace FAST 1. The evaluation was successful, therefore voluntary adoption of TM Exam was launched in early August. This voluntary offering allows all Trademark Examining Attorneys to voluntarily use the new TM Exam tool. Full adoption of TM Exam by all Examining Attorneys is now a goal for FY 2022.

As noted above, the TMA requirements required for examination were developed based on the TM Exam tool.

In addition, another successful proof of concept was completed for the replacement of search tool X-SEARCH. The deployment of the new tool is now a goal for FY 2022 to replace X-SEARCH for all Examining Attorneys.

### **b. TRAM Replacement**

During the FY 2022/FY 2023 budget formulation process, TRAM replacement was identified as a major goal to be completed by the end of calendar year 2024. USPTO was able to justify IT Funding Levels above the President Budget for FY 2022 and FY 2023 specifically to replace TRAM. To meet this goal, planning teams held extensive meetings to identify the scope of work. The teams accomplished the following:

- Developed the comprehensive strategy for how to retire TRAM
- Developed a Trademark data decomposition strategy
- Analyzed and categorized over 848 TRAM artifacts
- Created and assigned 60 TRAM Functional Areas for replacement

## **8. Overall Concerns and Recommendations**

The largest challenges faced this fiscal year were responding to the aggressive mandated deadline for implementing IT system changes to support implementation of the TMA and to address increased automation to support processing the large backlog of trademark applications resulting from the trademark application filing surge.



The Trademarks IT budget for FY 2022 has increased to account for major new initiatives and allow for resuming previously deferred modernization activities such as the replacement of the monolithic TRAM system and replacement of the TEAS/TEASi systems. However, planned work related to the TMA flexible-response times may result in re-prioritization of available resources.

TPAC recommends the USPTO continue its long-term efforts to replace legacy IT systems and promote greater efficiency in examination by leveraging and developing new tools to automate appropriate processes with user-driven input and prioritization. In the interim, TPAC recommends OCIO continue to support legacy systems until replaced, 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, by, among other things, leveraging new AI and RPRA technologies, while providing stable and secure IT systems.

TPAC commends the USPTO IT product teams for their productivity during the COVID-19 pandemic. The USPTO's ability to make significant progress on its deployment of new enhancements and capabilities, all while stabilizing and securing the entire system, is a testament to its thoughtful strategy and planning. The USPTO's rapid pace of execution has been well-served by the OCIO's implementation of agile DevSecOps strategies (see the AGILE manifesto) in its process for setting, tracking, and completing its goals. As the Office continues to face an increasing number of cyberattacks, the OCIO should sustain its focus on the robust security and resiliency of the USPTO IT systems. This will not only protect the valuable data of millions of trademark applicants, but it will also support an efficient and comprehensive examination process by leveraging new AI and RPA technologies.

## **C. Budget and Funding Issues**

### **1. Fee Collection**

Total trademark fees collected in FY 2021 were \$472.3 million, representing an increase of 31.6% over collections in FY 2020. Trademark application filings, fee collections, and renewals all increased this year. With the prior fiscal year Operating Reserve and other sources of income, \$610.5 million in total resources were available. Total spending was \$402.7 million, resulting in \$207.8 million available in the Operating Reserve at the beginning of FY 2022.

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, which has certainly been evident the last two years due to the COVID-19 pandemic, economic uncertainty, subsequent market rebound in some sectors, and fluctuation in foreign applications. The optimal reserve target is reviewed every two years to assess the likelihood and consequence of certain risks such as the risks of above-mentioned variability, to ensure an appropriate reserve level that mitigates the uncertainty and complexity of the operating environment.

At the end of FY 2021, the Operating Reserve achieved the optimal level, and was above the optimal level at the end of FY 2020. TPAC appreciates the efforts of the Office of the Chief

Financial Officer 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 continues to monitor the Operating Reserve closely with a goal of exceeding the minimum level and moving toward maintaining a six-month reserve of trademark operating expenses.

## **2. Appropriations**

On December 27, 2020, the FY 2021 Omnibus and COVID Relief and Response Act passed and provided the USPTO with \$3.695 billion in spending authority. In the spring of 2021, OMB directed the USPTO to amend its FY 2022 budget request. Rather than providing an appropriation of all fees estimated to be collected, as is standard, OMB directed the USPTO to provide its budget requirements (excluding the operating reserves). TPAC believes that this is an unwarranted change creating unnecessary budgetary uncertainty, is inconsistent with the intent of the AIA to provide the USPTO with full and timely access to all fees collected, and decouples patent and trademark demand for services from the forecasted fee estimates, limiting the USPTO's ability to respond to changing demands in workloads. The monetary impact of this change makes an estimated \$64 million in fees no longer immediately available in the USPTO's internal operating reserve, making these funds unavailable to synchronize spending with the dynamic demand for services. The funds would need to be later requested to Congress to be released from the Patent and Trademark Fee Reserve Fund. Since the USPTO is fee-funded, any delays or disruption of the USPTO's ability to access its funds could disrupt its operations. Due to TPAC's and PPAC's concerns, the two organizations sent a joint letter on July 27, 2021 to the Chairs and Ranking Members of the House and Senate Judiciary Committees requesting that Congress appropriate to the USPTO its estimated fee collection level of \$4.058 billion rather than the \$3.994 billion level requested in the President's Budget. TPAC urges Congress to reconsider this fee allocation in the President's Budget.

## **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 trademark register, processes, and services provided. TPAC commends the 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 five-year financial outlook and determined a fee adjustment was needed. The USPTO proposed adjustments to current trademark fees as well as setting new fees to address fiscal sustainability. The new fee schedule went into effect on January 2, 2021, with the annual impact estimated to be \$70 million. The USPTO continues to monitor the impact of this fee increase on revenue collections and applicant behavior. In addition, an international applicant fee related to the Madrid Protocol was increased from \$400 to \$500 on February 18, 2021. The USPTO routinely studies fees and whether additional adjustments are needed and will begin a planned analysis next year, taking into account public policy, operational efficiencies, and financial needs.

#### **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 billion (\$210 million of which is from previously collected fees for trademark services provided to customers). The USPTO has confirmed with 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 of 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 and increase initiatives to protect innovation and brands in the U.S. Additional details on the unavailable amounts can be found in the Financial Section of the 2020 Performance and Accountability Report. On April 9, 2020, TPAC and PPAC 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. Direct v. Indirect Spending**

Total Trademark fee collections account for approximately 13.1% of the total USPTO fee collections. The Trademarks organization’s share of the USPTO’s FY 2021 expenses was 10.8%. Direct expenses for Trademark Operations and the TTAB accounted for 54.1% of total USPTO Trademark expenses. Spending on Trademark and TTAB IT systems was 13.0% of total Trademark IT expenses. IT, including both program-specific systems and general infrastructure expenses, comprised 22.9% of total Trademark expenses. Trademark user fees for allocated indirect expenses within the USPTO came to 28.7% of all Trademark expenses reported for FY 2021. The Trademark share of the allocated direct and indirect costs is higher than the percentage share for Patents. As a comparison, Patent and Patent Trial and Appeal Board (PTAB) direct expenses comprised 73.0% of total USPTO Patent expenses. Spending on Patent and PTAB IT systems comprises 4.5% of total Patent expenses, with an additional 22.5% 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.

#### **6. 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 related to possible diversion to general DOC functions of user fees paid by trademark owners and inventors to protect their brands and innovations.

## **7. USPTO Regional Office and 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. Although efforts have been impacted by COVID-19, 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 again, some of these services have not been continuously available this year due to COVID-19. Overall, TPAC applauds the efforts that have been made to strike a balance between patents and trademarks in connection with the Regional Offices and outreach.

## **D. Trademark Trial and Appeal Board (“TTAB” or “Board”)**

After a slight moderation in new case filings in FY 2020, the TTAB's new filings continued moderating in the first half of FY 2021 before rebounding some in the second half of the year. Production by attorneys and judges increased, enabling the Board to meet all of its FY 2021 goals for timely processing of contested motions in trial cases and issuance of final decisions in appeals and trial cases. Filing levels of extensions of time to oppose, notices of opposition, and petitions for cancellation were down, though still near historically high levels reached before FY 2020. New appeal filings were up, but not dramatically. The rate at which cases matured to RFD on the merits declined slightly.

FY 2017 through FY 2019 saw significant increases in new appeal and trial cases being commenced and in trial cases maturing to RFD. This resulted in an inventory of cases requiring disposition on the merits that was more heavily weighted toward 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. However, the combination of hiring additional judges and moderating filings during FY 2020 and FY 2021 allowed the Board to get a firm handle on processing of motions and issuance of final decisions during the latter part of FY 2020 and throughout FY 2021. As a result, the Board met all of its pendency goals, in each quarter and cumulatively for the year, in FY 2021. The Board's noteworthy achievements will help the Board manage anticipated increases in new appeal and trial cases that may result in FY 2022 and beyond. These potential increases may come from the surge in trademark application filings throughout FY 2021, as well as new appeals that may arise in FY 2022 and beyond from the deployment of new expungement and reexamination proceedings created by the TMA.

Average pendency for appeals from RFD to decision in FY 2020 was 11.7 weeks, just below the goal of no more than 12 weeks. In FY 2021, pendency ranged from just above 7 weeks to a bit more than 8 weeks, on a quarterly basis, and was 7.7 weeks for the year.

Average pendency for trial cases from RFD to decision in FY 2020 was 17.7 weeks, above the goal of no more than 15 weeks. In FY 2021, pendency ranged from 8 weeks to just above 11 weeks, on a quarterly basis, and was 9.8 weeks for the year.

In FY 2020, end-to-end, or commencement to completion, pendency was down almost 9% for trial cases, while end-to-end appeal pendency was up a bit more than 10%. In FY 2021, end-to-end appeal pendency decreased 19%, from the FY 2020 figure of 44.7 weeks to 36.1 weeks. End-to-end trial case pendency increased 2.7%, from 146.6 weeks to 150.6 weeks.

Pendency for contested motions in FY 2020, at 12.4 weeks, was slightly above the target of no more than 12 weeks. In FY 2021, quarterly averages ranged from just under 9 weeks to 10.5 weeks, and the cumulative average for the year was 9.9 weeks.

In FY 2021, the TTAB added one ATJ and two IAs to its staff, and began planning for filling support positions early in FY 2022. A focus for the Board in FY 2022 will be further development of its Analytics and IT team.

### **1. 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, pre-trial conference. In FY 2021, the TTAB laid the groundwork for a pilot program that would actively engage the parties in cases that appear to be heading to a trial that could result in a large, unwieldy, or unorganized record. While the Board recognizes that a large record is not necessarily an unwieldy, unorganized, or redundant record, these issues tend to manifest themselves in cases that involve more contested motion practice and inefficient presentation of evidence and arguments. In the pilot, the Board will focus on putting the parties on the right track with a conference suggesting more efficient ways of proceeding, thereby presenting the best case for consideration on the merits, and saving time and resources for the parties and the Board.

The Board already has authority under its existing rules of practice to require the parties to participate in a conference. However, the rule providing this authority is broadly worded. The Board is developing the pilot program, for deployment at a time to be determined in FY 2022, which will be transparent and establish defined means for identifying cases with characteristics that make them appropriate cases for inclusion in the pilot. During the final quarter of FY 2021, the Board engaged TPAC in discussion of the pilot and began outreach to stakeholders, to encourage comments and feedback. In particular, the Board seeks feedback on the types of cases that should be placed in the pilot and the types of subjects to be discussed in the conferences commenced within the pilot. The Board will continue outreach to stakeholders in FY 2022, before determining when to commence the pilot.

### **2. Revisions to Trademark Trial and Appeal Board Manual of Procedure (“TBMP”)**

In June 2021, the TTAB revised its TBMP, in accordance with its annual revision schedule. The TBMP update incorporates case law reported between March 1, 2020 and February 28, 2021 and reflects current TTAB practice and procedure.

### **3. Stakeholder Outreach**

During FY 2021, though operating in a virtual environment, the TTAB continued various initiatives to engage stakeholders in discussions of policy and procedure and to 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 continued

its partnerships on various programs with IP stakeholder groups, the USPTO's Trademark Operations, the USPTO's OPIA, and USPTO Regional Offices, including events featuring public hearings in TTAB cases. A highlight of outreach events included the Lanham Act Anniversary program jointly sponsored by the USPTO and Texas State Bar IP section, which included presentations by TTAB personnel on best practices and an oral argument in a TTAB case.

Outreach events with a global or international focus included the following:

- ATJ participation in European Union IP Case Law Conference
- Deputy Chief ATJ participation in Global IP Roundtable
- Two ATJs addressing protecting trademarks at a U.S.-China Industry Seminar
- ATJ participation in the World IP Forum
- ATJ participation in a Sakpatenti (National IP center of Georgia) event

Events involving stakeholder IP groups included the following:

- IP Law Association of Chicago
- Texas Bar IP Section Advance Intellectual Property Law program
- Boston Patent Law Association
- ABA IP dispute resolution program and ABA-IPL Trademark Day
- Rocky Mountain IP & Technology Law Institute
- Midwest IP Law Institute
- New York IP Law Association Trademark CLE Series
- AIPLA's Trademark Boot Camp
- Individual ATJs or IAs also participated in programs held by various colleges and universities, including Chicago Kent Law School, the University of the South, George Washington University Law School, Syracuse University, and the USC Gould School of Law IP Institute.

#### **4. Information Technology Developments**

The TTAB opened a new online Reading Room on July 31, 2020 that replaced 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. In FY 2021, the Board continued to solicit feedback for continuing improvement of the Reading Room.

During FY 2021, the Board completed a multi-year effort to enhance and stabilize its electronic filing system, ESTTA, and its electronic files and docket – TTABIS for internal use and TTABVUE for public use. The TTAB's IT team also engaged in collaborative work with the Trademarks organization and OCIO to prepare for the implementation of the TMA and retirement of TRAM. The Board team also laid the groundwork for the future TTAB Center in the cloud, which eventually will replace the legacy systems – ESTTA and

TTABIS/TTABVUE. A redesign of the TTAB’s web pages also was completed in FY 2021, and the redesigned pages enhance accessibility of critical information for TTAB customers.

## **5. Personnel**

In FY 2021, one new ATJ was appointed. Martha B. Allard filled the position left vacant by Judge Lorelei Ritchie, who left federal service late in FY 2020. The TTAB also added two new IAs in FY 2021: Kevin Crennan and Tashia Bunch, both coming to the Board from the Trademarks organization. As of the end of FY 2021, the TTAB had 25 ATJs, plus Chief Judge Rogers and Deputy Chief Judge Thurmon, 18 full-time IAs and one part-time IA, a Managing IA, a Supervisory Paralegal, two Lead Paralegals, and eight Paralegals. Further, during FY 2021, the TTAB continued hosting Trademark Examining Attorneys on a work project detail at the TTAB, and hosted two legal externs during the summer.

## **6. Performance Measures and Statistics**

In FY 2020, cases maturing to RFD status fell by 8.5%, while production of final decisions increased by 12%. As a result, the Board started FY 2021 with almost 40% fewer cases awaiting decision on the merits than at the beginning of the prior year. Just under 30% of the cases ready for decision were trial cases. Over the course of FY 2021, the inventory of cases RFD remained relatively steady. Ultimately, the number of cases ready for decision at year’s end totaled 93, 29% of which were trial cases. TPAC recognizes these positive developments and appreciates the diligent work of TTAB staff to keep pace with its workload.

The Board’s management team – Chief Administrative Trademark Judge Gerard Rogers, Deputy Chief Judge Mark Thurmon, Managing IA Kenneth Solomon, and Supervising Paralegal Tyrone Craven – is cognizant of the challenges that remain for the future. In particular, the surge in new trademark application filings received by the USPTO in FY 2021 may result in increasing new appeals and trial cases for the Board in FY 2022 and beyond. The deployment of new expungement and reexamination proceedings in the Trademarks operation may result in further upward pressure on appeal cases for the Board, depending on the rate at which registrations are cancelled in whole or in part. In addition, the Board’s Analytics and Information Technology unit, supervised by Latoya Brown, spent much of FY 2021 planning for automated handling of new appeals that may result from the new TMA proceedings.

The Board plans to manage its workload by adding targeted personnel, as may be needed, and taking other measures to enhance analytical assessment of cases, case types, and anticipated workloads for all Board personnel. The Board achieved all its performance measures during FY 2021 and entered FY 2022 well-positioned to continue meeting its goals.

“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.

- In FY 2021, 6,669 oppositions, 2,400 cancellation proceedings and 3,531 appeals were filed (compared to 6,712 oppositions, 2,501 cancellation proceedings and 3,487 appeals in FY 2020). Of the three types of proceedings, only appeals increased, by 1.3%. Extensions of time to oppose also decreased: 17,200 were filed in FY 2021, down 9% from 18,893 in FY 2020.

- The TTAB maintained the same pendency goals in FY 2021 as in FY 2020. Its goals are an average processing time of no more than 12 weeks to issuance of final decisions in appeals and no more than 15 weeks for such decisions in trials. The FY 2021 average for ex parte appeals was 7.7 weeks (compared to 11.7 weeks in FY 2020), well within the target. For inter partes cases, the FY 2021 average was 9.8 weeks (compared to 17.7 weeks in FY 2020), well under the target of no more than 15 weeks. Pendency is measured from the date the case becomes RFD to the date the final decision is issued.
- The average pendency of precedential decisions issued in FY 2021 was 40.3 weeks for final decisions in inter partes cases (compared to 37.9 weeks in FY 2020), 43.6 weeks for final decisions in ex parte cases (compared to 40.8 weeks in FY 2020), and 29 weeks for interlocutory orders (compared to 22.4 weeks in FY 2020).
- The TTAB issued final decisions addressing the merits in a total of 668 cases in FY 2021 (an 8.4% decrease compared to 729 cases in FY 2020), leaving the total inventory of cases RFD at the end of FY 2021 at 93 cases (a 26.2% reduction compared with the FY 2020 final inventory of 126 cases). The vast majority of all cases commenced at the TTAB are resolved without the need for a final decision addressing the merits.
- The average end-to-end (commencement to completion) pendency of inter partes cases decided in FY 2021 was 150.6 weeks (compared to 146.6 weeks in FY 2020), an increase of 2.7 %. Median pendency of such cases was 140 weeks (compared to 132.5 weeks in FY 2020), an increase of 5.7%.
- The average end-to-end processing time for ex parte appeals decided in FY 2021 was 36.1 weeks (compared to 44.7 weeks in FY 2020), a decrease of 19%. Median pendency of such appeals was 34 weeks (compared to 39 weeks in FY 2020), a decrease of 12.8%.
- The average pendency of non-precedential decisions on contested motions issued in all of FY 2021 was 9.9 weeks, well under the TTAB's target of no more than 12 weeks, and versus 12.4 weeks realized in FY 2020. The number of motions resolved by issued decisions was 1439 in FY 2021, a 7.6% increase from 1,337 motions in FY 2020.
- At the end of FY 2021 there were no motions pending before the Board that had been RFD for more than 12 weeks. This positions the Board to continue to meet the pendency measure for processing contested motions in FY 2022.
- The inventory of contested motions RFD at the end of FY 2021 was 186, as compared with 213 such motions pending at the end of FY 2020. The number of cases with motions RFD was down 12.7% compared to the end of FY 2020.
- Interest in having trial cases decided following the use of ACR procedures declined some. In each of FY 2020 and FY 2021, the TTAB decided fewer cases 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 the recent high of 230 cases in FY 2019 to 158 cases in FY 2020 and 166 cases in FY 2021. 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. In addition, the Board's 2017 changes to its rules for trial case procedures incorporated the option for using



affidavit or declaration testimony, in lieu of more costly deposition testimony, into all trial cases. Previously, this was an option limited to ACR cases.

## **7. Precedential Decisions**

The TTAB issued 39 precedential decisions in FY 2021, within 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 include the various Section 2 bases for refusal or challenge, issues under Sections 1, 2, 3 and 45 regarding whether matter functions as a mark, marks that include TLDs, pleading and entitlement to a statutory cause of action (formerly, standing), discovery, admissibility of trial evidence, judgment as a sanction, the application of the U.S. Counsel rule at the Board, and issues involving compliance with Examining Attorney requirements under various Trademark Rules. In addition, in FY 2021, the Board launched an online nomination form where members of the public can nominate non-precedential decisions to the Board to consider for re-designation as precedential.

## **8. Fee Adjustments and New Fees**

As part of the USPTO's biennial fee review under its fee-setting authority, the TTAB adjusted certain fees and added certain new fees for its services. These became effective January 2, 2021.

The fee changes allow the TTAB to recover a higher percentage of the costs of its operations and thus require less of a subsidy from Trademark Operations. Changes included 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) 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, in any appeal or trial case. The final rule also provided 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 trademark register, supporting efforts to provide greater protection of the register.

## **E. Policy and International Affairs**

### **1. Intellectual Property ("IP") Attaché Program**

The USPTO's IP Attaché Program, an important part of OPIA, continues its advocacy for the improvement of IP systems internationally and support for U.S. businesses and other stakeholders 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 directly 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 the first three quarters of FY 2021, the IP attachés assisted more than 7500 U.S. stakeholders, conducted more than 50 public awareness programs (with more than 4500 participants), conducted more than 2900 meetings with foreign government officials, and reported 40 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 pandemic, and training on patents, trademarks, copyrights, and trade secrets in various countries, including the United Arab Emirates, Saudi Arabia, Mexico, Peru, Bolivia, Ukraine, China, and Thailand. The IP Attaché for the Middle East and North Africa worked with Kuwaiti authorities to establish a mechanism for filing online complaints about counterfeit products in Kuwait, in response to stakeholder concerns.

Throughout FY 2021, 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 Kansas, Nebraska, Ohio, Kentucky, Arizona, and Washington, D.C.

## **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 the first three quarters of FY 2021, OPIA's Trademark Team, through the USPTO's Global Intellectual Property Academy ("GIPA") and in cooperation with the IP attachés, trained nearly 1000 government officials through 31 trademark examination, administration, law and policy programs, all conducted virtually. In addition to providing IP capacity-building training for foreign governments, the team also led or contributed to 13 programs providing IP education and outreach to U.S. stakeholders and U.S. government officials. In total, the team reached over 2330 people. Additionally, through the first three quarters of FY 2021, GIPA, with the IP Attaché Program where appropriate, and OPIA's Enforcement Team trained over 3649 government and law enforcement officials in 55 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. Full fiscal year training and activity statistics will be available in the USPTO's 2021 Performance and Accountability Report and Data Visualization dashboards.

This fiscal year, the USPTO provided webinars on various trademark topics including trademark examination, trademark office administration and management, TTAB practice, the U.S. Counsel rule, geographical indications, and the Madrid Protocol to officials and stakeholders in Afghanistan, Argentina, Brazil, Chile, Colombia, El Salvador, the Kingdom of

Tonga, Mexico, Paraguay, Peru, the Republic of Fiji, the Republic of Nauru, Uruguay, and countries in Sub-Saharan Africa and 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. Last, the USPTO offered webinars for U.S. industry on recent trademark and copyright cases from China as well as a program on using various IP rights for product design protection in China.

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

### **3. People's Republic of China ("PRC") Trademark-Related Matters**

OPIA has prepared U.S. Government comments on multiple measures and guidelines issued by the China National Intellectual Property Administration ("CNIPA"), the State Administration for Market Regulation, and the Judicial Interpretations of the Supreme People's Court. These proposed measures and Judicial Interpretations include provisions to implement requirements of the U.S. - China Phase One Trade Agreement regarding standards for examination and trial, measures for the protection of geographical indication products, and measures for administration of trademark agencies. In January 2021, the USPTO released its report examining how non-market factors have contributed to the recent exponential growth in patent and trademark filings in the PRC. The USPTO's experts on PRC-related intellectual property offered multiple webinars during the year covering a variety of trademark and other IP topics, including enforcing IP rights in the PRC and how the U.S. government can help companies protect their IP. A highlight of USPTO's outreach effort involved a two-day virtual industry seminar for stakeholders from the United States and the PRC featuring presentations by experts from both USPTO and CNIPA as well as experienced practitioners in both jurisdictions on the examination, opposition, and cancellation practices of each office. Personnel from the USPTO also organized and participated in a three-day virtual information exchange with CNIPA personnel located in multiple examination centers around the PRC covering trademark examination from the examiners' perspectives, examination of non-traditional trademarks and geographical indications as certification marks, and strategies for examiner training and quality review. The USPTO has supported the Office of the United States Trade Representative in working with CNIPA, including participating in ongoing technical calls related to implementation actions regarding the U.S. - China Phase One Trade Agreement. In spring of 2021, CNIPA launched a Special Campaign to target bad faith trademark registrations, which prominently featured administrative penalties. The Special Campaign, in effect from April through October 2021, focused on preemptive registrations of the marks of others. The USPTO continues to solicit information from stakeholders about their experiences during the Special Campaign and in all facets of protecting and enforcing IP rights in the PRC, including with respect to combatting bad faith filings and other actions at CNIPA and the USPTO.

### **4. Anti-counterfeiting**

This year, in partnership with the National Crime Prevention Council, the Commissioner for Trademarks funded an ongoing outreach project to raise awareness of trademark counterfeiting, with a focus on the online sale of counterfeit goods. This project is managed by OPIA. The first phase of the years-long campaign is aimed at teens, tweens, parents, and

teachers to educate them on the dangers and risks 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, includes informational and educational online materials, the use of social media, PSAs, and online games to reach young teenagers and their parents about the risks from counterfeiting.

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 subsequently published a Federal Register Notice on November 13, 2020, to obtain comments from the public on the issue of secondary liability for trademark infringement. In July 2021, the USPTO published a summary of public input on the issue. These comments and views will assist in USPTO’s work pursuant to the DHS report, including through ongoing discussions about the appropriate balance and structure of the law of secondary trademark infringement liability.

## **5. WIPO Standing Committee on Trademarks, Industrial Designs, and Geographical Indications (“SCT”)**

At the WIPO 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 2020 to share practices as to how various countries evaluate the specific conditions that allow an indication to qualify for protection as a GI. Additionally, the session included a discussion regarding GIs registered or used in bad faith in the domain name system.

As for trademarks, the SCT continues to discuss protection for country names in trademarks and in generic top-level domains (“gTLDs”). Additionally, the SCT continues to conduct a questionnaire on countries’ development, use, and enforcement of nation brands.

## **6. Madrid Protocol**

Over the past several years, proposals have been made to the WIPO Working Group on the Legal Development of the Madrid System for the International Registration of Marks (“MWG”) by a number of Arabic speaking countries as well as China and Russia to add three new working languages, namely, Arabic, Chinese, and Russian, to the existing three working languages of the Madrid System, namely, English, French, and Spanish. The new languages issue is on the agenda at the next MWG meeting in mid-November 2021. In preparation, the USPTO is engaging with U.S. stakeholders to gather information to determine the benefits and

drawbacks of adding new languages for U.S. trademark owners and users of the Madrid System.

## 7. ICANN

OPIA/USPTO is the IP advisor to the National Telecommunications and Information Administration at the ICANN Governmental Advisory Committee and various other ICANN community meetings. The main topics of discussion within ICANN continue to be domain-naming service abuse (involving pharming, phishing, malware, and botnets), possible changes to the existing policy for future new gTLDs, the development of a framework for access to the WHOIS domain name registration database (largely dark since passage of the EU General Data Protection Regulation in May 2018), and a dispute resolution mechanism for acronyms of Intergovernmental Organizations.

## 8. TM5

TM5 is a forum of five intellectual property offices—the USPTO, CNIPA, the European Union Intellectual Property Office, the Japan Patent Office, and the Korean Intellectual Property Office—that allows the trademark offices to work together to harmonize processes, discuss challenges, and exchange information throughout the year, especially through its cooperative projects aimed at improving and aligning trademark processes, including combatting bad faith filings, common status descriptors, ID list, non-traditional marks, image searching, anti-counterfeiting, and misleading (fraudulent) solicitations.

### a. Annual Meeting, October 26-28, 2020

In October 2020, the USPTO hosted the first-ever virtual TM5 Annual Meeting over three days, including a user session. Welcoming remarks for the Annual Meeting were provided by USPTO Director Andrei Iancu, newly-elected WIPO Director General Daren Tang, and Commissioner for Trademarks David Gooder. Over 70 delegates from each of the five offices and WIPO participated in the closed portion of the meeting, which discussed TM5's ongoing projects and deliverables, including a collection of manga (i.e., Japanese comics) to provide education on combatting bad faith trademark applications and a comprehensive guide to applicant requirements for filing three-dimensional marks, which are available on the TM5 website. The third and last day was devoted to a user session, which provided users of each trademark office the opportunity to obtain updates on projects, office developments, and interact with partner delegations. Over 160 association representatives participated in this interactive event, including U.S. trademark practitioners from the Association of Corporate Counsel, the American Intellectual Property Law Association, the American Bar Association, the Intellectual Property Owners Association, the International Federation of Intellectual Property Attorneys, the International Trademark Association, and the U.S. Chamber of Commerce. In order to virtually host this multilateral, multilingual TM5 Annual Meeting, OPIA/GIPA partnered with the OCIO, which piloted the USPTO's use of Remote Simultaneous Interpretation-capable virtual meeting platforms.

### b. Midterm Meeting and IT Experts Meeting

The USPTO participated in the virtual 2021 TM5 Midterm Meeting on May 25-26, 2021 to discuss ongoing and proposed projects and to exchange views on recent filing trends. In July 2021, the USPTO participated in a virtual technical cooperation workshop on IT for

trademark examination. Topics included block chain, artificial intelligence, telework, and goods and services technologies.

## **9. The TMA**

Companion House and Senate bills (H.R. 6196/S. 3449) introduced in 2020 were passed by both Houses of Congress and signed into law as part of the 2021 Omnibus spending package. As discussed more fully in the Trademarks Operations section, *above*, the TMA provides new tools to address “clutter” on the Trademark Register, codifies trademark examination Letter of Protest procedures that allow third parties to submit evidence, provides the USPTO flexibility in establishing Office Action response periods by regulation, and establishes a rebuttable presumption that irreparable harm exists when trademark infringement is proven. The USPTO provided technical assistance to Congress and has held stakeholder roundtable discussions regarding implementation of the new legislation.

## **10. The Stopping Harmful Offers on Platforms by Screening Against Fakes in E-Commerce (“SHOP SAFE”) Act of 2021**

The SHOP SAFE Act of 2021 aims to reduce the availability of harmful counterfeit products online. It proposes to amend Section 32 of the Lanham Act to establish trademark liability for online marketplace platforms when a third party sells a counterfeit product that poses a risk to consumer health or safety and that platform does not follow certain best practices for screening and vetting sellers and products. The legislation was passed out of the House Judiciary Committee in September 2021.

## **11. USPTO Response to Certified Copy and Authentication Delays Caused by COVID-19**

As a result of the COVID-19 pandemic, the USPTO experienced longer processing times for providing certain certified documents required for pursuing patent and/or trademark protection in foreign IP offices. The USPTO has focused resources to address these delays and processing times are normalizing.

Additionally, in certain circumstances, foreign trademark applications require a legalized version of a document from the United States Department of State. Processing of these documents has also been delayed because of the pandemic. Various stakeholders have raised concerns about these delays, and the State Department is working to address the issue.

The USPTO has been working to identify ways to mitigate the effects of the processing delays at the State Department. For example, OPIA along with its IP attachés in country are in contact with officials where these issues have been identified and have attempted to facilitate processing. TPAC appreciates USPTO’s efforts to assist applicants and rights holders in mitigating the adverse effects of the COVID-19 pandemic on the legalization process.