I. **Introduction.**

This is the thirteenth annual report of the Trademark Public Advisory Committee (“TPAC”). This report reviews the trademark operations of the United States Patent & Trademark Office (“USPTO”) for the Fiscal Year (“FY”) ending September 30, 2012. TPAC’s mission, which is specified in enabling legislation, 35 U.S.C. § 5(b)(1) and (d)(1), is “to represent the interests of diverse users” of the USPTO and to “review the policies, goals, performance, budget, and user fees” of the USPTO with respect to trademarks.

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

**Members of TPAC** As of the end of FY2012, the following individuals were members of TPAC:

- Anne H. Chasser, Cincinnati, Ohio (term ends December 6, 2013)
- Deborah Hampton, Trademark Paralegal, Elizabeth Arden, New York, New York (term ends December 6, 2013)
- Cheryl Black, Partner, Goodman Allen & Filetti, PLLC, Richmond, Virginia (term ends December 6, 2013)
- Jody Haller Drake, Partner, Sughrue Mion, LLC, Washington, D.C. (term ends October 6, 2014)
- Ray Thomas, Jr., Owner, Law Office of Ray Thomas, Jr. PLLC, Washington, D.C. (term ends October 6, 2014)
- Linda McLeod, Partner, Finnegan Henderson, New York, New York (term ends October 6, 2014)
- Maury M. Tepper, III, Member, Tepper & Eyster, PLLC, Raleigh, North Carolina (term ends June 26, 2014)
- Kathryn Barrett Park, Senior Counsel, General Electric Corporation, Fairfield, Connecticut (term ends September 3, 2015)
- Dee Ann Weldon-Wilson, Trademark Counsel, Exxon Mobil Corporation, Irving, Texas (term ends September 3, 2015)

In addition to the above voting Members, the following people are non-voting TPAC members representing the membership of USPTO unions:
• Harold Ross of the National Treasury Employees Union ("NTEU") Chapter 243.
• Howard Friedman of NTEU Chapter 245.
• Randall P. Myers of the Patent Office Professional Association.

We would also like to recognize the invaluable contributions of Professor James G. Conley, of Northwestern University, who served on TPAC from 2009 – September 3, 2012. Professor Conley provided invaluable guidance, energy, enthusiasm and considerable wit. His ability to translate financial data for other members of TPAC and to work closely with representatives from the Office of the Chief Financial Officer ("OCFO") were invaluable, and his contributions and company at meetings will be greatly missed.

**Report Highlights**  FY2012 was a highly active and productive year for Trademarks. Under the leadership of Commissioner Deborah Cohn, Trademarks continued its trend of providing excellent and efficient performance and meeting or exceeding all of its targeted performance measures. TPAC is uniformly impressed with, and appreciative of, the dedicated spirit and capable leadership provided by Commissioner Cohn and her staff.

During FY2012, Trademarks actively sought to engage members of the trademark community and the public to seek input on improvements and enhancements to its online offerings, its examination practices and even its fee structure. The Office hosted an impressive number of Roundtables and outreach events, and also published a number of Requests for Comment in the Federal Register. In each instance, user input has been or is being considered by Trademarks in its activities.

Although the Trademark Trial and Appeal Board ("TTAB") continues to struggle with backlogs and will need to address the pace and efficiency of its output, TPAC is pleased that Chief Judge Rogers has recently filled judicial vacancies and added additional personnel to the Board. The TTAB is also exploring measures to realize additional efficiencies and to benefit from available resources.

The Office of the Chief Information Office ("OCIO") is making progress in delivering enhancements to the e-government offerings of Trademarks, both in ways that are visible to external users and in ways that are important “behind the scenes.” While significant concerns remain with maintaining aging “legacy” systems and with the pace of development and deployment of the “new” integrated system, TPAC is encouraged by the continuing co-operation of OCIO and Trademarks to address these challenges.
II. Discussion of Specific Issues

A. Trademark Operation Performance

1. Performance Statistics

   a. Slight Increase in Applications. In FY 2012, trademark application filing increased from FY2011 levels, to a total of 415,026 classes. This represents an increase of 4.1% from FY 2011 and the highest level of new filings in a fiscal year.

   b. Balanced Disposals Met Projections. Continuing the trend shown in FY2010 and FY2011, Trademark Operation had high productivity in FY 2012. Total Examining Attorney production was 836,436 Balanced Disposals. A “Balanced Disposal” represents one of three potential actions regarding an application: a first Office Action issued, approval of an application for publication (examination is complete), or abandonment of the application. The FY 2012 total of Balanced Disposals exceeded the Trademark Operation’s target of 818,600 Balanced Disposals by 2.2%.

   c. Total Office Disposals. “Total Office Disposals” are made up of the number of applications that either result in issued registrations or that are abandoned. Total Office Disposals for FY 2012 were 383,291, 8.2% less than the target. The number of classes registered were 2.2% above target.

   d. Average First-Action Pendency in Target Range. “Average First-Action Pendency” was 3.2 months for FY 2012, falling within the USPTO’s target range of 2.5 to 3.5 months. First-Action Pendency is the time between the filing of a trademark application and the substantive review of that application by the USPTO (which usually results in either an Office Action or a notice of publication). TPAC continues to wholeheartedly support and endorse the First-Action Pendency range set by the Office. TPAC unanimously believes this range represents an appropriate balance between providing a fast response to trademark applicants and maintaining a stable and sufficient inventory of work for the Examining Attorneys.

   e. Average Total Pendency. “Average Total Pendency” is the average time between the filing of a trademark application and final disposition of that application, whether by registration, abandonment, or issuance of a notice of allowance. Average Total Pendency for FY 2012 was 12 months when suspended and inter-partes cases are included. An application is suspended if the outcome of another matter must be known before action on the application can be taken; this situation often occurs if a previously filed application concerns a confusingly similar trademark but that prior application has not yet either registered or been abandoned. An inter-partes case is an action before the TTAB, such as
an opposition to registration. This number surpasses the USPTO’s goal of 15 months and also compares favorably with the 12.6 month figure from FY2011. When suspended and inter-partes cases are excluded, Average Total Pendency for FY 2012 drops to 10.2 months.

f. Overall Continuing a trend stretching back more than five years, Trademark Operations substantially met or exceeded ALL of its quantitative performance goals for FY2012. TPAC commends Commissioner Deborah Cohn, her senior staff and all of the dedicated Examining Attorneys, paralegals, document supervisors and others in Trademarks for this outstanding performance. The continued efficiency, reliability and success of Trademarks is particularly remarkable in view of the fluctuations and challenges in the market during the recent past.

2. Quality TPAC is pleased to note that Trademarks continues to place an emphasis not only on meeting quantitative measures, but also on the quality of examination, thereby ensuring that the Trademark Register remains a useful and reliable reflection of the substantive rights of trademark owners.

a. Compliance Rate Currently, examination quality is measured by evaluating applications at two different points during the examining process. The review of random samples of applications in various stages of examination results in a measurement referred to as the “compliance rate” (i.e., the percentage of actions or decisions that have been determined to have no deficiencies or errors). The first point of review and evaluation is of initial Office Actions that reject applications for registration or that raise other issues regarding formalities that must be rectified in the application. The second looks at the “final disposition” of applications, either by a final refusal to register or a decision to approve an application for publication. The goal in both instances is to ascertain whether the Examining Attorney’s decisions and written Office Actions comport with bases of refusal set forth in the Trademark Act of 1946, and also whether the Examining Attorney addressed all relevant issues in a prompt and clear manner.

The goal for FY 2012 was 95.5 percent compliance for the first Office Actions and 97 percent for final disposition. For FY 2012, Trademarks achieved 96.2 percent for first Office Action compliance which exceeded the goal. Also for FY 2012, the Trademark Operation achieved 97.1 percent final disposition compliance.

b. Exceptional Office Action In FY2011, the Office introduced a new standard of comprehensive quality. Instead of simply reviewing the timeliness and completeness of an Office Action, Trademarks decided to measure the percentage of first Office Actions that are excellent in all respects. The “Exceptional Office Action” (the measure was renamed) standard includes four criteria: (i) the appropriateness of the likelihood of confusion search, (ii) the quality of the evidence provided, (iii) the clarity
of the writing \( i.e., \) clear, succinct and concise), and (iv) the quality of decision-making. The Office set a goal for FY2012 that 20 percent of all office actions would meet this new measure. The Exceptional Office Action metrics show that the Office has exceeded that goal, as 26 percent of all first Office Actions met the criteria for the Exceptional Office Action at the close of FY2012.

In FY2012 Trademarks held advanced training on likelihood of confusion issues for all managers and examining attorneys. This included best practices for writing and for creating an evidentiary record. In addition to the training, a number of excellence guidelines for examining attorneys were updated on a variety of topics. Trademarks has also begun a new program for best practices in examination which will be completed in FY2013. TPAC applauds Trademarks for “raising the bar” on its performance measures and for focusing Examining Attorneys on appropriate metrics for communication, thoroughness and timeliness in a manner that will benefit trademark applicants.

3. Initiatives Completed in 2012

a. Addition of “courtesy” email recipients

In an effort to improve the experience of trademark applicants and registrants and further take advantage of increased electronic processing, effective November 19, 2011, the USPTO began permitting the submission of more than one electronic email address for receipt of duplicate courtesy copies of trademark-related correspondence sent from the USPTO email in addition to the single official correspondence address. Providing the option of additional email addresses has allowed applicants to add multiple email contacts within their organizations, to manage their communications with the USPTO more efficiently. For example, many law firms and corporations have established a “docketing” email address to ensure that all outbound correspondence from the USPTO is received in a central location. This, in turn, means upcoming response deadlines can better be tracked and docketed before the communication is routed to the appropriate person for follow-up. Allowing for additional recipients of email communication now allows the responsible person to immediately learn of correspondence and eliminates any internal delays in the docketing and routing process.

b. Release of TSDR 2.0

On August 25, 2012, the USPTO released version 2.0 of Trademark Status and Document Retrieval. The new features of TSDR 2.0 include upgraded accessibility to USPTO information and documents that will permit applicants and third parties to view the prosecution history of a trademark file with greater accuracy and efficiency. The new TSDR 2.0 features include-
- A new “Assignment Abstract of Title Information” section that allow users to both review trademark assignment details and filter assignment data by conveyance type.

- A TSDR document viewer that allows users to simultaneously review multiple documents (e.g., the Office Action and subsequent response) in separate windows.

- A listing of the application’s notice of allowance.

- URLs featuring file-specific identifiers (Serial or Registration number) that allow for direct access to specific case data and documents.

- Hyper –links to “parent” or “child” applications of cases that have divided.

TPAC enthusiastically supports continuing efforts by the Office to make information about trademark registrations and their file histories readily available and accessible to the public. TSDR 2.0 represents a continuing step in these efforts.

c. Final Rulemaking and Pilot on Post-Registration Specimens

The USPTO’s final rule on “Changes in Requirements for Specimens and for Affidavits or Declarations of Continued Use or Excusable Nonuse in Trademark Cases” published in the Federal Register at 77 Fed. Reg. 30197 and became effective on June 21, 2012. The final rule permits the Trademark Operation to require additional specimens during the examination of post-registration filings and allows Trademarks to conduct a two-year pilot program to assess the accuracy and integrity of the Register.

The rule originated as a suggestion during a roundtable hosted in 2010 by the USPTO and the George Washington University Law School, entitled “The Future of the Use-Based Register.” The panelists and audience at that event expressed concern about ensuring the accuracy of the Trademark Register and presented the USPTO with a list of suggestions to address the issue, including requiring additional specimen during examination of applications and post registration documents.

The USPTO issued a Request for Public Comment (“RFC”) to gather feedback from a larger segment of the trademark community. The USPTO subsequently proposed rules that would allow Trademarks to require additional specimens, information, exhibits, and affidavits or declarations deemed necessary to examine a post-registration affidavit or declaration of continued use or excusable nonuse under Section 8 or 71 of the Trademark Act. The USPTO also proposed to conduct a two-year pilot program to access the accuracy and integrity of the Register by requiring additional
proof of use for Section 8 and 71 Affidavits. The Final Rule codifies the USPTO’s existing practice of requiring additional specimens during examination of applications, establishes a correlating rule for post registration filings, and provides for a two-year pilot program. In response to public comments, the USPTO decided to limit the pilot program to six months and to 500 randomly selected Section 8 or 71 Affidavits.

TPAC supports the important goal of preserving and improving the integrity of the Register. Because the US is a “common law” country that maintains a use-based Register, it is vital for information contained in the Register to accurately reflect the nature and scope of use of registered marks, and to allow the public to rely on information contained in the Register as a reflection of the scope of substantive legal rights.

d. Educational Resources Available Online

Trademarks continues to develop and enhance educational resources about trademarks for users at all levels of sophistication and to make those resources available on the USPTO website. A new video on the harm caused by counterfeit goods and tips on how to identify and avoid counterfeit goods was recently posted. There are currently eleven instructional videos posted, with additional topics under development. Trademarks has also recently completed and will make available a new and expanded version of the USPTO’s booklet on the federal registration process, entitled “Basic Facts About Trademarks.”

e. Trademark Expo Public Outreach Event

In October, 2011, Trademarks hosted a 2-day National Trademark Expo. The event drew 15,000 visitors and provided important education to the public about the value of trademarks both in the marketplace and to consumers. The event included seminars on trademark basics, filing, counterfeiting and information valuable to small businesses. Following on the success of this conference, Trademarks plans to host another Trademark Expo October 19-20th, 2012.

f. Hosted Meeting of TM-5 (expanded from Tri-Lateral)

On December 5-7, 2011, the USPTO hosted the Tenth Annual Trademark Trilateral Cooperation Meeting in Alexandria, Virginia. The Trilateral is a governmental cooperation group established ten years ago by the USPTO, the Japan Patent Office (JPO) and the Office of Harmonization for the Internal Markets (OHIM) to promote harmonization of trademarks among the member offices. The delegation for the Tenth Annual Meeting included the USPTO, JPO, and OHIM, with participation by the Korean Intellectual Property Office (KIPO) and the State Administration for Industry and Commerce (SAIC) People’s Republic of China. Further there was the inclusion of a User Group Session where users could raise issues
directly with the foreign government officials in attendance. Kathryn Park participated in the User Group session on behalf of TPAC.

The Tri-Lateral group has been expanded to the TM-5 for the Eleventh Annual Meeting scheduled in November in Barcelona, Spain.

4. Ongoing Initiatives


On February 24, 2012, the USPTO hosted a roundtable discussion entitled “Future Plans for USPTO ID-Class Practice.” The event, which was moderated by Sharon Marsh, Trademark Deputy Commissioner for Examination Policy, included formal participation by representatives from intellectual property associations and other major user groups. Ray Thomas, Jr. participated on behalf of TPAC.

The roundtable discussion focused on issues related to identification and classification of goods and services and explored ideas for improving the USPTO’s Acceptable Identification of Goods and Services Manual (the “ID Manual”). The USPTO announced its plans to redesign the ID Manual so that it better meets the needs of users, and the USPTO sought and received suggestions regarding desirable features of and content for the new ID Manual. Specifically, a poll was taken for on a hierarchical format comprised of general categories with drop-down lists of specific categories. TPAC supports the proposed format, which should result in a better organized and more user-friendly ID Manual.

In addition to reformatting the ID Manual, the USPTO is considering ways to make the ID Manual better reflect developments in specific industries. One approach is to establish ongoing working groups for key industries. The objective of these working groups would be to gather information which the USPTO could use to regularly update the ID Manual to reflect industry-specific terminology and to incorporate new products and technologies. TPAC supports this proposal.

Improving the ID Manual is a significant task that will require an ongoing commitment from both the USPTO and from user groups and industry representatives. Trademark owners, however, stand to realize significant benefits from an ID Manual that is more flexible, up-to-date and useful in guiding applicants to adopt clear, accurate and acceptable identifications of goods and services. TPAC looks
forward to continuing to work with the USPTO to pursue this initiative.

b. **Enhanced Stakeholder Outreach and New Educational Outreach Programs**

The Trademark Operation recently increased its outreach to obtain public input on a variety of issues. The outreach includes roundtables with stakeholders on specific issues such as identification and classification practice and electronic communication with the USPTO, and a series of more general roundtables co-sponsored by the International Trademark Association (INTA”) in cities across the country.

The USPTO has initiated a new educational outreach program focused on reaching non-trademark attorneys, the small business community, the entrepreneurial community, and business students. In partnership with colleges and universities, entrepreneurship clubs and similar groups, the USPTO gives informational lectures that cover trademark basics. The program provides valuable information to a target audience that needs a better understanding of trademark issues.

c. **Enhanced Stakeholder Feedback on Examination Policy**

In addition to the in-person outreach initiatives discussed above, Trademarks has also set up electronic tools to receive additional feedback from customers about proposed changes to examination policy. In response to requests from attorneys and other stakeholders, Trademarks is using a web-based collaboration tool called IdeaScale® to allow users to post comments about a proposed exam guide and to view and respond to the comments of others. Trademarks reviewed and considered the user input received through this tool before the final versions of the guide was issued. The IdeaScale® tool will be used on a regular basis to obtain user feedback in the future.

d. **Enforcement Response to Misleading Trademark “Registration” agency solicitations**

In response to the increase of non-USPTO solicitations and concerns raised by the trademark community regarding these misleading communications, the USPTO posted a warning on their website. The notice raises the awareness of these unofficial solicitations, how to distinguish them from official USPTO communications, and how to file a complaint. The Office also sends similar warning notices with certificates of registrations to trademark owners.
Earlier this year, there were an alarming number of these solicitations. The number of complaints of non-USPTO solicitations has subsided, in part because the USPTO issued a cease and desist letter to the United States Trademark Registration Office, one of entities responsible for sending out large volume of these misleading communications. The company responded immediately with written assurances that it would no longer send out misleading non-USPTO solicitations.

TPAC commends the USPTO for responding to the trademark community’s outcry, educating trademark owners on this issue and taking aggressive action against unprincipled companies.

e. Improving Integrity of the Use-based Register

By way of background, In re Bose Corporation, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009) set a new heightened standard for determining fraud in trademark matters. In Bose, the Federal Circuit held that a fraud claim is established only if there is “clear and convincing” evidence to prove that a mark was obtained/maintained as a result of the Applicant/Registrant knowingly making “a false, material representation with the intent to deceive the [US]PTO.” Bose triggered concerns that the Federal Circuit’s decision in that case would remove incentives for trademark owners to take care to limit the identifications of goods and services in their registrations to accurately reflect only those goods on which a mark is actually used, thereby undermining the degree to which the public can rely on the Register to provide accurate information regarding the scope of trademark rights. Those concerns prompted the USPTO’s latest efforts to improve the integrity of the use-based register by clearing “deadwood” (i.e., registrations for marks that are not currently in use in interstate commerce).

In April of 2010, the USPTO partnered with George Washington University Law School to co-host a roundtable entitled “The Future of the Use-Based Register”. The well-attended event included a discussion on the issue of “[w]hether a register with accurate lists of goods and services and minimal ‘deadwood’ is a critical feature of the U.S. registration system”. As a follow-up to the roundtable discussion, in June of 2010, the USPTO published on its website the “Request for Comments: Suggestions to Improve the Accuracy of Identification of Goods and Services in Trademark Applications and Registrations at the USPTO”. That publication included: i) suggestions made during the brainstorming session held immediately after the roundtable discussion; ii) the USPTO’s effectiveness-assessment of and/or comment on each suggestion;
and iii) an invitation for the public to e-mail feedback, which resulted in more suggestions. A majority of the suggestions listed in the “Post Registration” section of that publication mentioned the Section 8 Affidavit/Declaration.

In FY 2012, the USPTO requested TPAC’s recommendation on the issue of whether the United States should consider a legislative change/amendment to shorten (by two years) the filing period for the initial Sections 8 & 71 Affidavits/Declarations. After carefully analyzing several factors, TPAC concluded that any burdens of an earlier filing window for the initial Affidavit of Continued Use were outweighed by its benefits (e.g., earlier removal of “deadwood” for a more accurate use-based register). TPAC formally conveyed its support for a potential legislative change to provide an earlier filing window for the initial Section 8 or Section 71 Affidavit of Continued Use, while commending the USPTO on its continued efforts to improve the integrity of its use-based register.

On August 16, 2012, the USPTO published a “Request for Comments (“RFC”) Regarding Amending the First Filing Deadline for Affidavits or Declarations of Use or Excusable Nonuse” in the Federal Register. Since any change to the Section 8/71 filing window would require a legislative amendment, such a change would be beyond the USPTO’s rulemaking authority. The purpose of the RFC, therefore, is to collect public comments that may be used for consideration of a Congressional amendment to the Lanham Trademark Act. TPAC continues to advocate for a change to the initial Section 8/71 filing window, and we applaud the USPTO for continuing to explore ways to improve the integrity of the use-based register and also for involving the user community in these efforts.

B. IT and E-Government Issues

1. Trademarks Next Generation (“TMNG”)

TMNG represents an ongoing effort by USPTO to enhance its e-government offerings to better suit the needs and preferences of its customers and to update and integrate Trademarks IT systems into a single platform. Once fully implemented, TMNG will be a modern, integrated trademark IT infrastructure that will equip Examining Attorneys and trademark owners and practitioners with all the tools needed for end-to-end electronic trademark processing.

Although TMNG was originally conceived in August, 2009 as an 18-month initiative to gather user feedback and to make enhancements to the online offerings of Trademarks, the project has significantly expanded in
scope and now encompasses the separation of Trademarks IT infrastructure from other USPTO systems; development of a new, fully-integrated IT system for Trademarks; and roll-out of user enhancements (such as recent enhancements to assignments and to TSDR 2.0). In order to effectively plan and implement this significant multi-phased task, OCIO has been working on an ongoing basis with Trademark Operations to create an infrastructure that serves the business needs of the Trademark Operation and the user community.

Working with legacy applications that continually prove incompatible with modern IT systems represents a significant challenge, and it did not take long to realize that the initial 18-month timeline for completion of TMNG was not feasible. In fact, TPAC believes that even the current forecast of FY 2014 for completion of TMNG may be a bit optimistic. Nevertheless, based on our ongoing discussions with OCIO, TPAC is pleased to report that OCIO has been diligently working in parallel on the important phases of TMNG (separation and virtualization of existing IT systems, design of the “new” IT structure for Trademarks and roll-out of user enhancements), and OCIO has made progress in a number of areas. At the beginning of FY2012, OCIO identified the following priorities for Trademarks IT:

1. Deploy Universal Laptops with hard phones for all Trademark users.
2. Start TRAM migration.
3. Develop a Single Sign On, Authentication & Authorization solution in TMNG.
4. Complete the Separation and Virtualization of remaining legacy Trademark systems.
5. Enhance/expand TSDR to implement requirements of TSDR 2.0.
6. Provide an interim solution for OTQR to generate reports.
7. Start the TMNG User Centered Design process to develop new user interface for TMNG.
9. Create a fully functional test environment for testing new application releases or updates.

Although some of these priorities remain, OCIO has made progress on many, including the achievements discussed below.

2. TSDR 2.0

As discussed above, on August 25, 2012, the USPTO released an updated and enhanced version of its Trademark Status & Document Retrieval offering (TSDR 2.0). This online offering replaces the prior TARR and
TDR databases and provides new features for users, including access to one place for viewing, printing, and downloading snapshots of all USPTO data in a file history for a trademark application or registration. Users can now view status information, download and print documents from a file history, view assignment documents affecting a trademark, and link directly to any “parent” or “child” applications of cases that have been divided. OCIO also plans to add a feature to TSDR to support the anticipated electronic Official Gazette.

TPAC applauds OCIO for the enhancements and changes made to TSDR in FY2012. OCIO has successfully pushed the Trademark Status and Data Retrieval (TSDR) application to the cloud. TSDR makes the retrieval of trademark prosecution history and documents on all trademark files available to external users in one central location. Future enhancements to TSDR will allow users to also retrieve TTAB documents.

3. Virtualization and Separation

Although not apparent to the external user, the separation of Trademarks IT systems from other USPTO systems and the virtualization of those systems has represented a significant undertaking for OCIO. Separation of systems simply means ensuring that all Trademarks IT systems and databases are housed on servers that are independent and separate from other USPTO systems. Virtualization of those systems seeks to increase their agility and scalability. It should also decrease power consumption and lower maintenance costs. Without separations and virtualization of existing IT systems, the design and deployment of a new IT infrastructure cannot occur.

During FY2012, 7 systems were separated and virtualized, and 5 systems are currently in the testing phase. Along with the 5 systems virtualized in FY2011, this represents a significant portion of Trademarks IT infrastructure.

4. Use of “Off-the-Shelf” Software May Speed Development

As part of the architectural framework for TMNG, OCIO evaluated commercial off-the-shelf software products for managing cases. The evaluations included market and gap analysis, interviews with other federal agencies and a pilot program. These evaluations resulted in the identification of two commercially available software systems that can be configured to support the new IT infrastructure for Trademarks, thereby saving the time and expense of developing a customized system. TPAC applauds OCIO for identifying an existing software system that is compatible with the structural needs identified for TMNG. Users of the Trademark System stand to benefit from significant savings in time and resources in this phase of the development.
5. **Support and Maintenance Concerns for Legacy Systems**

While developing and building the TMNG system, OCIO must also maintain the existing IT systems for Trademarks. Those systems are of varying age and structure, and these “legacy” systems present challenges in maintenance and stability as newer programming languages and protocols lead hardware and software providers no longer support some of the languages and systems on which the “legacy” Trademarks IT systems are built.

TPAC remains concerned with the need to balance resources between the design and development of TMNG, a new, integrated IT system that should alleviate many of the support issues currently plaguing Trademarks IT systems, and effectively maintaining and supporting existing “legacy” systems to allow for efficient workflow in Trademarks. TPAC encourages OCIO and Trademark Operations to continue to regularly meet and communicate to maintain and improve understanding and cooperation between these two groups. In the best of circumstances, those of us who rely on technology in the workplace face frustration when that technology fails and must be maintained or fixed, and TPAC therefore commends OCIO and Trademarks for their commitment to work together and to maintain good communication through what can occasionally be trying circumstances. TPAC remains hopeful that the ongoing development of TMNG will continue to alleviate and diminish the need for support of “legacy” systems.

6. **Rollout of New “Universal Laptops” – One year later**

The Universal Laptops (“UL”) have been fully deployed and largely successful throughout the USPTO with one exception – the Trademark Examining Corps. OCIO has been able to deploy all other ULs ahead of schedule for reduced costs. Users tout the marked improvement in the email and voice mail systems and the speed and performance of the laptops, both on campus and remotely.

Unfortunately, for Examining Attorneys, their dependency on the legacy systems FAST and X-Search impede faster deployment of the ULs. These legacy applications present an ongoing challenge for the remote use of the laptops, due to latency on the internet. Because these applications are difficult to work around, too costly and time consuming to rewrite, and incompatible with other systems, Trademark management and OCIO have had difficulty finding a way to make FAST and X-Search work remotely on the ULs. There are concerns over lack of a back-up plan if Trademark management and OCIO are unable to resolve performance issues for XSearch and FAST.
TPAC recognizes the difficult position Trademark management and OCIO are in working with the legacy systems. TPAC recommends, however, that the implementation of any future changes to the hardware or software environment supporting Trademarks not occur before an adequate contingency plan has been identified.

C. **Budget and Funding Issues.**

1. **Budgeting Under the Spectre of a Continuing Resolution**  In spite of improvements to its ability to retain user fee income, the USPTO, as a government agency, remains subject to the twin requirements of Appropriation and Authorization in order to be able to spend the money that users pay to the Office. This means that, regardless of its actual revenues, the USPTO may only spend up to the amount that is “Appropriated” by Congress in the federal budget and that is “Authorized” by Congress. Frequently, Congress has difficulty passing the budget for a given FY in a timely manner. When this happens, federal agencies, including the USPTO, frequently are forced to operate under a “Continuing Resolution” (“CR”), which effectively freezes their spending at levels set forth in the budget for the prior FY. The process of planning and budgeting for the future human capital needs and technology infrastructures of the agency are seriously compromised by the ongoing uncertainty associated with these continuing resolutions.

As a User Fee-funded Agency that plays a critical role in supporting the advancement of the US economy, it is particularly unfortunate for the USPTO to be “frozen” under a CR and unable to spend funds that Users have already paid into the Office simply because of the vagaries of the federal budgeting process. In spite of good financial stewardship and planning by leadership at the USPTO, TPAC remains concerned about the negative impact that the budgeting process has on the ability of Trademark Operations to engage in effective long-range planning and to efficiently pursue multiple-year initiatives without undue delays or disruption. Thus, while TPAC applauds the recent improvements to the funding model for the USPTO, we continue to advocate giving the USPTO the ability to access and spend its funds without the disruptions presented by the Appropriation/Authorization process.

2. **Maintaining the Trademark Fence AND Patent Fence**  Title 35 of the United States Code has historically contained a “fence” provision, which prohibits the USPTO from spending trademark user fees to fund patent operations. In FY 2011, the America Invents Act added a “patent fence,” providing a corresponding prohibition on the use of patent user fee income to fund trademark operations. While the USPTO’s CFO has long worked to develop and improve its methods for accounting for the allocation of “shared services” that are common to both Trademarks and Patents, the
existence of two “fences” presents an increased challenge to avoid the use of user fee funds from either Trademarks or Patents for operations of the other division. TPAC encourages the Office of the CFO to continue to explore methods that will permit discrete tracking of Trademark User Fee revenues and Patent User Fee revenues and that will allow each operation to separately control and track its funds.

3. **Update on Activity Based Cost accounting** Since 2008, Trademarks has been working to develop and implement an Activity Based Information (ABI) accounting system. The ABI system has been introduced to various operating divisions within Trademarks. The usefulness of the resulting accounting system has fundamentally changed the operations of the USPTO. In FY 2012, the ABI model was built and implemented at the TTAB.

   With the implementation of ABI accounting, Trademark operations can now use more accurate numbers to make resource allocation decisions that can be aligned with strategic objectives of each division. TPAC applauds the progress in Trademarks adoption of ABI and looks forward to the further development and implementation of the ABI models for staff operations such as the OCIO, OCFO, the office of the General Counsel and Legal Affairs and the office of the USPTO Director itself. The discipline and accountability inherent in such an ABI system is useful for both operations (Trademarks and Patents) as well as staff functions.

4. **NOI Regarding Adjustment of Fees** On August 16, 2012, the USPTO published a Notice of Inquiry (“NOI”) in the Federal Register seeking comments on the potential adjustment to trademark application filing fees so as to incentivize complete electronic communication between trademark applicants and the USPTO. In the NOI, the USPTO indicated that it is considering a reduction to the existing TEAS Plus filing fee and also considering a reduction in regular TEAS filing fees for applicants who agree to authorize email communication and to file all responses and prosecution documents electronically with the USPTO.

   Although public comments have not yet been summarized or published, TPAC applauds the USPTO for seeking to align User Fees with the related examination costs incurred by the Office. Stated simply, users who choose to communicate with the USPTO in a manner that is less efficient or that costs more to process should be expected to cover the cost of that choice. Those users who choose to interact with the USPTO in a lower-cost manner should be rewarded with the resulting savings. TPAC looks forward to working with the USPTO and with stakeholders to further explore the possibility of adjusting trademark fees to more closely reflect examination costs.
D. Trademark Trial and Appeal Board.

1. Precedential Decisions

Reversing a decline in FY 2011, FY 2012 saw an increase in the number of precedential decisions (45 as opposed to 38 in FY 2011), which represented an eighteen percent increase from the prior year. The increase in the number of precedential decisions is a positive development, and one that TPAC called for in its Annual Report for FY 2011. TPAC expects that the TTAB will continue to designate even more cases precedential in FY 2013, and get close to the high water mark in recent years of 54, which it reached in FY 2010.

When the TTAB designates decisions as precedential, trademark owners can rely upon those cases to guide them in their assessment of trademark issues, such as determining whether a proposed mark is available for use, design appropriate filing and prosecutions strategies, and prioritize enforcement. TTAB precedents also clarify evidentiary and procedural issues that arise in practice before the Board. TPAC notes that among the 45 precedential decisions rendered by the TTAB in FY2012, several concerned cases of first impression. For example, two decisions addressed for the first time the proper construction of Section 2(b) of the Lanham Act, which prohibits registration of governmental insignia. Other TTAB decisions provided further clarification on issues that are of key concern to trademark owners and litigants, including descriptiveness, genericness and electronic discovery. TPAC credits the commitment of Chief Judge Gerard Rogers for taking steps necessary to provide more precedential decisions for trademark owners. TPAC also applauds Chief Judge Rogers for hiring additional judges. TPAC is confident that with the additional judges that are likely to join the TTAB early in FY 2013, the number of precedential decisions will continue to grow.

2. Performance Statistics

As discussed in more detail below, pendency generally continued to increase in 2012, and pendency was at its highest in several years, starting in FY 2011.

a. Opposotions and Cancellation Proceedings
In FY2012, there was an increase in the number of oppositions filed, from 4,985 in FY2011 to 5,160. This continues a trend from FY2010, in which the number of oppositions rose by approximately 10%.

Cancellations, which had fallen slightly in FY2011, also rose, to 1,463, a 7% increase after FY 2011’s 1,362.

b. Pendency

Pendency of matters before the TTAB continued to increase in many aspects, as noted above, continuing a dramatic trend that started in FY2010.

- The pendency of issued final decisions from the ready-for-decision date (RFD) on the merits (that is, either the date the ex parte appeal or inter partes proceeding is submitted for consideration on the briefs or the date of oral hearing, if one), increased to 25.9 weeks over the FY 2011 level of 17.9 weeks. This increase is particularly striking when one recalls that the FY2011 figure represented a spike over the FY2010 level of 12.4 weeks and the FY2010 level, in turn, was nearly double the FY2009 level of 6.6 weeks. Over the past four years, then, pendency has increased exponentially, to almost six times the level it was in FY 2009.

- The increase in pendency has impacted the number of cases awaiting decision. Cases awaiting decision at the TTAB at the end of FY2012 rose to 613, as compared to 565 in FY2011. In FY 2009 there were 67 cases awaiting decision. That number doubled in FY2010 to 127. In FY2011, that number had more than tripled to 565.

- The average pendency of trial cases (not including interlocutory decisions inter partes cases) was 203.3 weeks, which represents an improvement over FY2011 levels of 213 weeks. The median pendency of trial cases increased from 176 weeks in FY2011 to 186 weeks in FY2012.

- For appeals, in FY2012, the average time to disposition was 67 weeks from filing to decision, which was an increase over average pendency in FY2011 at 51 weeks, again reflecting substantial increase over FY 2009 (44 weeks) and FY2010 (45.5 weeks). Median pendency for appeals increased to 53 weeks over the FY 2011 level of 43 weeks.
The pendency of issued decisions on contested motions, which came in at 8.7 weeks for FY2012, was basically consistent with the FY2011 average of 9.6 weeks. The total number of issued decisions on contested motions was 793, holding steady at the same number issued in FY2011, which was down from the 920 level for FY2010. The number of cases awaiting decision, however, rose to 256 in FY2012, representing a significant increase over the 213 that were awaiting decision at the end of FY 2011.

TPAC continues to be concerned about the dramatic increase in pendency from FY2009 through FY2012. In FY2010 and into FY2011, the Judges were tasked with revising the TBMP, which required extraordinary effort. During that time, there were also several judicial vacancies at the TTAB. The TTAB has now added staff to manage revisions to the TBMP and has also hired additional judges during FY2012. TPAC therefore anticipated that pendency rates would start to return to their earlier levels. This has not happened, and, in fact, pendency is even worse, in many measurements, as detailed above. TPAC recognizes that cases are becoming more complex, with more voluminous records, that add to the burdens placed on the Judges. Nonetheless, it is TPAC’s expectation that the TTAB can begin to halt and to reverse these increases in pendency and to bring these numbers more in line with the needs and expectations of its users. TPAC once again urges the TTAB to set publicly defined goals for speed, and to report quarterly on those goals, in much the same way the Trademark Operation does. TPAC recognizes, as it did in the Annual Report for FY2011, that it will take some time to bring pendency levels down, but we are nevertheless surprised that, rather than decreasing, pendency has climbed overall in FY2012.

Chief Judge Rogers is in the process of adding four new judges, who should be on board during the first quarter of FY2013, as well as identifying other ways to help with the work load. These include: use of detailees from the Trademark Examining Operation for special projects, designing standard language that can be used by all TTAB judges in drafting opinions and standardizing the look and feel of decisions by developing a uniform citation protocol. All of these initiatives will have a positive impact on productivity in FY2013.

It is the expectation of TPAC that these efforts should start to dramatically improve pendency in the next fiscal year as more judges, with more assistance, are able to process a greater number of matters in a timely and efficient manner. In a pilot of the detail project for Trademark Examining Attorneys, for example, those judges assigned a detailee felt it improved their production. As the detailee project continues, measuring its impact might be helpful to ascertain the level of support optimum for the judges.
TPAC encourages the TTAB to continue to explore other options to improve productivity in FY2013 so that pendency begins to reverse its recent trend.

The TTAB has historically been a forum preferred by trademark owners to resolve disputes. It is much more cost effective to go this route, and the panels of judges who determine cases are truly expert in the field of trademark law. As TPAC has noted in the past, it is important that these substantial benefits not be overshadowed by long delays, which could disincentivize parties from employing the TTAB’s expertise to resolve their trademark disputes. TPAC believes the TTAB should continue its concerted effort to sizably reduce its pendency statistics in FY2013 so its stature as the tribunal of preference for resolving trademark matters is not diminished by a reputation for long delays.

c. Final Decisions

In a welcome development, the total number of final decisions on the merits increased over 10 percent from FY2011 (in which 452 cases were decided) to 501 cases decided. TPAC welcomes this trend and, based on the reasons discussed above, expects to see this trend continue in FY2013.

d. Active inter-partes cases filed Under the “Old” Rules

In November of 2007, the TTAB instituted a major rules change that impacted cases filed after that time. For the last several years, the TTAB has been working on resolving all the "old rule" cases, and has made significant progress in that regard. At the end of FY2011, there were 324 cases still pending, down from over 800 in FY2010. In the last Fiscal Year, even more old cases were disposed of and at the end of FY2012 there were a total of 166 cases still pending under the old rules. Of these, 52 are "on track", 27 are suspended for settlement, 43 are suspended for civil action, 18 are submitted for decision, 6 are awaiting appeal period, and 20 are on appeal to the Federal Courts.

The TTAB's goals with respect to those “old rule” cases that have been suspended for settlement is to have the cases settle and be removed from the docket, or to move the cases on to discovery and/or trial, under a schedule that allows no further delays. With cases that are “on track”, the TTAB strategy has included having TTAB Interlocutory attorneys set schedules to be adhered to, and ensure discovery is completed on schedule and involving the ATJ for a conference if a party proposes to file a motion for summary judgment between the close of discovery and trial. While TPAC recognizes that there are some cases over which the TTAB has no ability to control, such as those suspended because of a federal
court matter, it applauds the TTAB for being proactive with the parties to ensure cases suspended for settlement are not allowed to remain inactive. TPAC, like the TTAB, looks forward to the day when the Board will no longer have to operate under two different sets of rules.


In May of 2011, the TTAB published the Third Edition of the TTAB Manual of Procedure (the “TBMP”). This publication reflected the first revisions to the TBMP in seven years. In June, FY2012, just a little over a year after the Third Edition had been published, the TTAB published the first revision of the Third Edition, which includes practice updates occurring between November 15, 2010 and March 2, 2012 and also incorporates amendments to the Trademark Act, the Trademark Rules of Practice and the Federal Rules, where appropriate. Revising the Manual on at least an annual basis has been advocated by TPAC for some time, and TPAC happily acknowledges that the TTAB has made a strong start in keeping the TBMP up to date and thus of higher value to the user community.

The ability of the TTAB to continue to update the TBMP is due in no small part to the addition of a staff person at the TTAB, with primary responsibility for keeping the Manual current. TPAC expects that the TBMP will now be updated on a consistent basis, at least annually, if not more frequently. The TBMP is also fully searchable, another improvement for the user community.

Similar to the use of the IdeaScale® tool in Trademarks, TPAC encourages the TTAB to offer a version of the TBMP that will allow users to provide comments and input. TPAC understands that this functionality is planned to be piloted in the first half of FY 2013.

4. **Accelerated Case Resolution (ACR)**

The TTAB continued to advocate that parties adopt ACR in FY2012, and those cases in which ACR was agreed to by parties showed that ACR does significantly improve the speed at which a matter is resolved. Because ACR can be adopted by the parties at any time during the pendency of a case, the statistics about ACR are somewhat uneven. Nonetheless, a close look at available information demonstrates that, even with older cases, ACR provides measurable time-saving benefits.

There is considerable information on the TTAB website on the availability of ACR, including a list of cases in which it has been used. The website also includes options that were developed with input from AIPLA as “plug and play” options, another set of possible approaches recommended by the TTAB itself, in which parties can determine a certain time frame for the
various steps in its proceedings, and tailor the case to fit within the time frame. The TTAB also continued public advocacy in support of ACR. ACR has been adopted in a variety of ways by parties. In some cases, the parties have stipulated that the briefs in a summary judgment motion can be used as the trial briefs presenting the case for final decision on the merits with the parties expressly stipulating that the Board can resolve any unresolved issue of material fact that was overlooked or unforeseen. Another use of ACR involves the parties agreeing upon alternatives to traditional discovery, trial and briefing. Indeed, a key benefit of ACR is that it is very flexible and the parties can design an approach that meets the needs of their case. One major hurdle that precludes the adoption of ACR more broadly has been a lack of awareness on the part of practitioners as to its availability and flexibility. To that end, the TTAB has been very active over the last few fiscal years promoting ACR with information on the TTAB website, through the major IP organizations with articles, presentations and the like, and through public speeches.

TPAC applauds the efforts of the TTAB to publicize the benefits of ACR and to make ACR readily available to parties with matters pending before the Board. It is the hope of TPAC that parties to TTAB proceedings will increasingly take advantage of this valuable method to more quickly resolve disputed trademark issues.

5. **TTAB Roundtable on Processing Times**

On November 1, 2011, Chief Judge Gerard Rogers convened a TTAB Roundtable to obtain user feedback on TTAB processing times to determine what performance measures the Board might consider adopting.

Many valuable suggestions were put forward by participants at the Roundtable. One such suggestion was to provide statistics that break out “outliers” (i.e., individual cases in which there were extraordinary circumstances that occasioned delay), so that users can get a better sense of pendency rates in a typical Board proceeding. Another helpful suggestion was to measure pendency by treating separately the time the matter is before the Board and the time the matter is in the hands of the parties.

The Board has already started to capture some of the outliers in the performance measures it uses and will consider whether it can further break down pendency to give users a better grasp of relative processing times. TPAC applauds the TTAB for involving its users in developing more useful measures for processing times, and we look forward to further development of these measures.

6. **Creation of TTAB Dashboard**
In FY2011, TPAC called for the TTAB to create a dashboard, similar to that used by the Trademark Operations, to provide users with easy-to-understand visuals showing important TTAB statistics. In FY2012, the TTAB took an important first step to this end by publishing quarterly statistics on its website. TPAC welcomes greater transparency on the part of the TTAB, and we regard the publication of this information as a good initial step. More, of course, remains to be done.

The TTAB has been working on dashboard prototypes, and TPAC understands that a TTAB Dashboard will be released publicly on the TTAB Web Site during the first quarter of FY2013. TPAC agrees that the TTAB should publish its current measures in dashboard format with the expectation that those can be added to and modified over time as users comment on or ask for additional data. TPAC notes that good statistics on ACR might help promote it by showing the relative speed of results obtained when ACR is employed.

7. TTAB New Hires and Staffing Plans

In fiscal year 2012, the TTAB took many positive steps on a staffing plan that will ultimately position the Board to be able to attack small backlogs, position staff to support the business unit’s development and outreach efforts, and be prepared to handle what appear to be likely workload increases in the coming years because of the recent increases in trademark application filings. The Board started the year by adding Administrative Trademark Judge (ATJ) Linda Kuczma. Also in the first quarter, the TTAB hired a senior level attorney/TBMP editor, Cheryl Butler. Ms. Butler, a former Board interlocutory attorney, ensured issuance of the Board’s 2012 revision of the TBMP, on June 19, 2012, approximately one year after the current edition issued. During the second quarter, the Board added Debra Decker, former Chief of Staff for the USPTO Office of General Counsel, as its Senior Administrator, thus filling a position with critical planning responsibilities; and promoted former Managing Interlocutory Attorney Cindy Greenbaum to Administrative Trademark Judge. Ms. Greenbaum’s appointment was followed by the selection of new Managing Interlocutory Attorney Kenneth Solomon, who transitioned from private practice and brought a career’s worth of IP litigation and law firm management experience. The Board finished the fiscal year by promoting one its program analysts, Latoya Brown, to a position as the Board’s first Supervisor for the Quality Team, which has been piloting quality review of paralegals and customer service representatives for the last year and a half. In addition, offers were extended to three candidates for Interlocutory Attorney positions and four candidates for ATJ positions, with all expected to begin their duties between late September and early November, 2012. The new attorneys include Wendy Cohen and Christen English, both with significant private practice experience with IP firms,
and Benjamin Okeke, transitioning from the Trademark Examining Operation. The new judges include two private practice attorneys, Francie Gorowitz and Anthony Masiello, both with lengthy careers in IP who are returning to the USPTO where they served as examining attorneys early in their careers; Susan Hightower, an partner in a trademark boutique with significant appellate experience; and Michael Adlin, who was promoted from an interlocutory attorney position at the Board and also had significant law firm experience before joining the USPTO.