

June 2, 2016

**Comments from Erik M. Pelton & Associates, PLLC**  
**Regarding the Trademark Trial and Appeal Board’s “Miscellaneous Changes to Trademark Trial and Appeal Board Rules of Practice; Proposed Rules”**

The following are the comments of the firm of Erik M. Pelton & Associates, PLLC of Falls Church, Virginia, in response to the *Miscellaneous Changes to Trademark Trial and Appeal Board Rules of Practice; Proposed Rules* published April 4, 2016. The full request for comments was published in the Federal Register in Vol. 81, No. 64 at page 19296.

**Introduction**

The proposed changes to the TTAB rules aim to achieve several worthy goals: simplification and streamlining of proceedings, reduction of costs, and adapting TTAB practice to changes in the Federal Rules of Civil Procedure and modern standards of technology. Although we commend the Board for its efforts to achieve these goals and its constant striving to better serve the public, we believe the proposed rules package falls short of the mark. The proposed changes should do more to balance the process by making overall proceeding timelines shorter, providing additional guidance and sanctions to help resolve discovery disputes arising from lack of production or excessive objections, and protect parties for whom the cost of litigating before the TTAB is not merely an obstacle, but a bar to their rights in their trademarks. Doing so would benefit all parties, but would be of particular help to the small businesses that make up the backbone of the US economy.<sup>1</sup>

Below, we address the Board’s proposed rules package, with both general and specific concerns, and make recommendations for the Board to consider as it moves forward.

**About Erik M. Pelton & Associates, PLLC**

Erik M. Pelton & Associates, PLLC® (“EMP&A”) is a boutique trademark law firm located in Falls Church, Virginia. Established in 1999 by Mr. Pelton following two years of working for the U.S. Patent and Trademark Office as a trademark examiner, EMP&A has registered more than two

---

<sup>1</sup> Small businesses play a significant role in the development, creation, and use of intellectual property. Small businesses employ the majority of American workers, and over the last 20 years have out-paced large businesses in jobs added to the economy. See [www.sba.gov](http://www.sba.gov) and [https://www.sba.gov/sites/default/files/FAQ\\_Sept\\_2012.pdf](https://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf).

thousand U.S. trademarks for clients who are overwhelmingly small businesses. The firm has represented dozens of small business plaintiffs and defendants in all phases of trademark disputes and Trademark Trial and Appeal Board opposition and cancellation proceedings. Mr. Pelton is the author of the chapter “*Inter Partes* Matters: General Background and Prefiling Considerations” in *A Legal Strategist’s Guide to Trademark Trial and Appeal Board Practice* (Jonathan Hudis, ed., ABA 3d ed.) (2016). EMP&A attorneys are actively involved in the International Trademark Association (INTA), the American Bar Association’s Intellectual Property Law section (ABA-IPL), and the Association of Intellectual Property Firms (AIPF).

### **General Comments and Recommendations**

We believe that some of the proposed rule changes violate the spirit of *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 575 U.S. \_\_\_\_, 135 S. Ct. 1293 (2015), and do not respect the guidance provided by the Supreme Court regarding the nature of TTAB proceedings. In *B&B Hardware v. Hargis*, the Supreme Court recognized that TTAB proceedings adjudicate substantive rights of parties: “Registration is significant.” While we welcome the streamlining of proceedings before the Board, changes that distance TTAB proceedings from the solemn nature of proceedings recognized by the Court, particularly regarding testimony by declaration or affidavit, may be contrary to the intent of the Court’s decision in *B&B Hardware*.<sup>2</sup>

We also note that the proposed changes do little to avoid or resolve the significant number of protracted discovery disputes. Because the Board refuses to exercise its ability to sanction parties for abuses of the discovery process, parties have no incentive to cooperate during discovery. The Board’s proposed rules provide no additional sanctions, and thus will not prevent parties from abusing discovery.

Ultimately, although the changes are proposed in the name of streamlining proceedings, most of the revised rules do little to speed up the overall timeline or reduce the costs of a TTAB opposition or cancellation dispute. In fact, some of these changes may raise the costs for certain parties.

---

<sup>2</sup> The Court explained, citing TBMP § 102.03 (2014), “proceedings before the TTAB are in many ways ‘similar to a civil action in a federal district court.’” *B&B Hardware*, 575 U.S. \_\_\_\_, at \*4. The Court emphasized that “[t]he primary way in which TTAB proceedings differ from ordinary civil litigation is that ‘proceedings before the Board are conducted in writing . . . ,’” *id.* at \*5, but that even without live testimony, the Board “allows parties to submit transcribed testimony, taken under oath and subject to cross-examination.” *Id.* Thus, the Court recognized that TTAB proceedings have real, rather than limited, significance.

We recommend that the Board should consider additional rulemakings that would streamline and expedite proceedings, prevent abuses of the discovery process, and make TTAB litigation fairer for small businesses and individuals with limited resources. For example:

- Board practice would be improved greatly if the Board had the ability to issue short (and quick) orders denying summary judgment when appropriate. An overwhelming majority of summary judgment motions are denied, and these motions take several months to decide. The orders are long but mostly just recite the briefs, evidence, and standard with little analysis. The ability to simplify the summary judgment process where appropriate would help expedite Board proceedings.
- Applicants should be able to withdraw an application without consent *and without prejudice* prior to the filing of an Answer in oppositions before the Board. There are many reasons why a party may prefer not to litigate unrelated to the substantive merits of the case. Penalizing an applicant with limited resources for choosing not to litigate when faced with the lengthy, expensive process of defending an opposition is fundamentally unfair and encourages parties with deep pockets to use their economic weight to bushwhack through the Register.
- Board practice would be easier, cheaper, and faster for parties—especially in *ex parte* matters—if the Board changed its policy regarding introduction of evidence from the USPTO’s own records into a proceeding. The Board could easily take judicial notice of USPTO records. At a minimum, given the move to all electronic filing, parties should be allowed to introduce registrations into the record by only the registration number, rather by the inclusion of the full content of the registration in document form.
- Unless the Board adopts meaningful sanctioning powers, needless discovery disputes will continue to drain the resources of parties and the Board. Discovery games harm everyone, especially small businesses, and the problem is exacerbated by the Board’s unwillingness to meaningfully sanction parties.
- Allowing for the filing of video depositions as testimony in video format would be beneficial. Video testimony can be quite valuable, as it is the closest thing to live testimony possible, and therefore very valuable as a fact-finding tool. The Supreme Court, in *B&B Hardware v. Hargis*, noted the importance of the fact that the Board reviews actual testimony, even if not live. The Board should allow parties the option to introduce better quality evidence into the record if they wish, even while the new rules would allow for introduction of lower quality evidence such as testimony by declaration.

- Technology has changed such that the need for parties to “make documents available for inspection” rather than produce them is unnecessary in all but rare circumstances, and the rules should reflect this shift. The prominence of electronic documentation has limited the need for such controlled production, which is burdensome on the requesting party. Parties should be required to actually produce responsive documents and things to each other.
- Parties should be required to produce documents electronically, when possible. Voluminous paper documents are burdensome, create waste and expense, and are usually unnecessary.

### **Specific Comments and Recommendations**

#### *Mandatory Electronic Filing*

We are concerned that the proposed changes requiring filing through ESTTA do not reflect the unreliability of the USPTO’s IT systems. While the Office should be commended for ongoing efforts to improve its technological capacity, the Office’s IT system is not currently reliable enough to require parties to file electronically without alternatives. The Office should make clear that petitions to file on paper because of technical problems will be granted liberally and that there will be no fees for filing such a petition. We believe that a better alternative to mandating electronic filing is to simply charge additional fees for paper filings.

#### *Service By Email*

We have doubts about the efficacy of service by email. First, service by email is more likely to be fallible and unverifiable than service by certified mail. There are any number of reasons why an email may not reach the intended recipient. If email service is caught in a spam filter, is the recipient still adequately served? Secondly, we do not think that an email containing a link will adequately express the gravity of the situation to the uninformed registrant or applicant, especially as the USPTO cautions applicants and registrants to beware of scammers impersonating the USPTO.

Service by email in cancellations presents the additional problem of who is appropriately served. The email of record for most registrants is that of counsel. According to the USPTO, however, counsel’s representation in the matter ceases once the registration issues. What affirmative obligations does service impose on counsel, then? Is a party properly served under the Federal Rules of Civil Procedure and the Constitution if service is effected upon an unauthorized agent?

To reduce of the impact of the above concerns, the USPTO should include information about service via email when sending physical registrations to registrants. This information should

notify registrants that service of a notice of cancellation will be made by email, and that if the registrant was represented by counsel during the registration process, service will likely be effected on counsel, rather than the registrant.

#### *Effective Date & Scope of New Rules*

The new rules should not be applied to existing matters before the TTAB. Making the new rules apply to existing cases may not be fair because (a) they affect docketing issues regarding discovery, email service, and timing; and (b) parties that chose already to use the TTAB as a forum did so believing the current rules would be in effect, particularly for testimony.

The proposed rules call for electronic service of documents between parties and remove the additional five days added to deadlines when parties choose to serve by mail. We appreciate the rationale behind the move to all electronic service. However, the Board should be mindful that parties already engaged in proceedings before the TTAB may have elected service by mail during their discovery conferences. The proposed service rules should not apply to ongoing cases in which parties have elected service by mail. Applying the rules to these parties would not only go against the express wishes of the parties, but would complicate docketing create and confusion between the parties as to deadlines.

The proposed rules also call for changing the timing of when discovery can be served. Under the new rules, discovery must be served before 30 days of the close of discovery. This change is supposed to expedite TTAB proceedings by preventing motions to compel from being filed long after discovery has closed. If this rule is applied to ongoing cases, however, it will cause great confusion among the parties. If there are less than 30 days left in discovery at the effective date of the rules, this could negatively affect parties who still wished to issue discovery requests.

#### *Limitation of Discovery Requests*

Although in most cases, the limitation of requests for production and requests for admission will not come in to play, the limitations may be problematic in certain cases. While we agree with the Board that such limitations are sufficient in most cases, in cases with multiple marks at issue, or with a long list of goods/services, these limitations may actually hamper discovery. In such cases, there should be a clear and easy (and quickly decided) manner to seek leave for additional requests (particularly requests for admission).

#### *Testimony by Declaration*

We appreciate the simplicity and convenience of testimony by affidavit method of the Board's proposed rulemaking. Initially, like many others, we were concerned that this method of taking testimony would prove problematic for purposes of cross-examination. Although we are pleased to see that the rules allow for oral-cross examination, we believe that the cost-shifting involved in the rules is unfair and is detrimental to the process of offering testimony to the Board. The Board should rethink the merits of including this rule in the current rulemaking without additional steps to minimize the cost-shifting impact of this rule.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Erik M. Pelton', with a stylized flourish at the end.

Erik M. Pelton  
ERIK M. PELTON & ASSOCIATES, PLLC<sup>®</sup>