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VIA Email And Hand Delivery

Administrative Trademark Judge Karen Kuhlke
Trademark Trial and Appeal Board
Madison Building
Alexandria, VA
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Re: Notice of Inquiry--TTAB Participation in Settlement Discussions
Federal Register/Vol. 76, No. 78/ Friday April 22, 2011/Notices Pages 22678-22679
Comment Deadline: June 21, 2011

The opportunity to comment on the above-identified Notice regarding "Trademark Trial and Appeal Board Participation in Settlement Discussions" is appreciated. The following statements are the personal opinion of the writer. They do not necessarily reflect the opinion of Oblon Spivak or its clients.

(1) In the Federal Register Notice is the following: "The Board estimates that two-thirds of all *inter partes* cases are disposed of without an answer being filed (*e.g.*, because of withdrawal, default, or settlement). This may suggest that it would not be resource-effective to have a judge, attorney or mediator routinely involved in settlement discussions prior to the close of the pleadings. .... Most of the cases comprising the one-third that are not disposed of prior to an answer being filed still are disposed of without a full trial and do not require issuance of a final decision on the merits."

My understanding is that about 95% of *inter partes* cases do not go to full trial. Thus, it seems there is not a problem, so there is no need to fix it.

(2) The "Authority" listed in the Notice is Section 17 of the Trademark Act, 15 USC Section 1067, which refers to the Trademark Trial and Appeal Board being directed "to determine and decide the respective rights of registration." The Trademark Act does not grant the Board the authority to require that a business entity of any type must engage in settlement discussions if it chooses not to do so. Further, settlement discussions between parties often involve negotiations regarding use of the involved mark(s), use of related but not involved mark(s), money payments, multiple country or worldwide rights, and other issues over which the Board has no authority or jurisdiction.

(3) Adding required settlement conferences in all cases and at multiple stages of the proceeding is wasteful of time and money for the Board and for the parties. The 2007 rules complicated the process and added expenses early in the proceeding. Often clients do not wish to discuss settlement at the early stages of a Board proceeding, preferring to wait until they have more information from the other party about its business and mark(s). Depending on the importance of the involved mark, a party may choose not to consider settlement for various business reasons.

(4) Mediators: First, under what authority may the Board require parties to mediate their proceedings at the Board? Second, mediators are completely unnecessary in these administrative proceedings involving registrability only. Third, the additional delay and increased cost (it is assumed the parties would be required to pay for any outside mediators) works to the disadvantage of the parties. With the added delays and expenses, courts will be a more "resource-effective" use of a party's time and money.

(5) The Board listed "potential benefits" as (a) increasing the number of settlements, (b) gaining efficiency by not reaching the full trial and briefing, and (c) increasing commercial stability by achieving faster and more cost effective resolution to disputes. Inasmuch as settlements (and other procedural disposals of cases prior to full trial) are currently at around 95% of *inter partes* cases, these goals are already met. In fact, implementing required settlement conferences may likely have the opposite effect regarding all three "potential benefits."

(6) The required settlement conferences would raise any number of issues only one of which was raised in the Federal Register Notice -- the question of recusal of judges and interlocutory attorneys from cases. Other potential issues include, but are not limited to: (i) the basis or authority on which the Board could require that parties engage in settlement discussions with Board participation, (ii) the public nature of Board proceedings (Trademark Rule 2.27) versus the very confidential nature of settlement discussions, (iii) whether the settlement conferences will be in person at the Board with party representatives who have authority to bind the party and their counsel required to be present versus the work at home reality, (iv) the lack of training and experience of the Board judges and interlocutory attorneys and other USPTO staff in dealing with either the settlement or the mediation processes.

(7) There is simply no need for the Board to be routinely involved in mandatory settlement discussions in all cases. This proposal will not be "resource-effective" for the parties or the Board and should not be implemented.

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If you have questions or wish further information, please contact the undersigned.

Respectfully submitted,

Beth A. Chapman

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