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SPEAKERS:

HELEN MINSKER, AIPLA

BARBARA FRIEDMAN, INTA

JAMES WALSH, ABA
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COMMISSIONER CHASSER: Good morning, everyone. I am Anne Chasser, the Commissioner for Trademarks. And I would like to welcome everyone on behalf of the United States Patent and Trademark Office.

This meeting is a public hearing on the subject matter of the Federal Register Notice published on August 30th, 2001, usually referred to as the Mandatory Electronic Filing Notice.

The notice was actually entitled Electronic Submission of Applications for Registration and other Documents.

That notice sets today, October 12th, as the date of the public hearing for those who wish to comment on the contents of the notice.

The public hearing is not the only opportunity to comment on the electronic submission of applications for registration and other documents. The period for submitting written comments opened on August 30th, 2001, and will remain open until October 29th, 2001.
Written comments may be mailed or e-mailed to the office. Details can be found in the Federal Register notice, which is posted with other notices on the U.S. PTO web site at www.uspto.gov.

Further, if any of you wish to view the written comments of others, they will be posted on the U.S. PTO web site in the near future.

The Federal Register Notice under discussion is a notice of proposed rule-making. The proposed rule has three general requirements.

First, if the rule becomes a final rule, it will require that all U.S. pro se applicants and registrants and other U.S. applicants and registrants represented by attorneys file any trademark related document for which a Trademark Electronic Application System, TEAS, form exists on the U.S. PTO web site using the appropriate TEAS form.

Second, the proposed rule sets out two major exceptions to that requirement to filing TEAS.

The first exception allows foreign applicants as defined in section 44 B of the Trademark Act of 1946
to file on paper.

The second exception allows any U.S. pro se applicant or registrant or attorney for other U.S. applicant or registrant to file on paper if they submit as part of the paper filing an affidavit stating either that they do not have access to TEAS or the technical capability to use TEAS.

Finally, the notice of proposed rule-making suggests amending rule 1.10 to exclude the filing of any trademark document under rule 110 if an electronic form exists for that document.

For the trademark operation to meet its goals of improving quality of our products and services, maintaining low pendency and reducing our costs, the office must achieve at least 80 percent of trademark related documents filed electronically by 2003.

Therefore, the trademark operation has taken a proactive role in promoting electronic filing. However, this rule is not the only option. We're very eager to hear the comments of the three bar associations represented today. And we hope they will
support the goals of the trademark operations and our strategic goals.

Further, we hope that members of the trademark bar who may disagree with the contents of the proposed rule will have positive suggestions as to how the office can reach its stated goal of 80 percent electronic filing by 2003.

I'll now open the floor to our first speaker. The proceedings are recorded. So I would ask each speaker to identify yourself and the association or organization that you represent.

Speakers will be asked to limit the comments for 10 minutes. And we look forward to hearing from you.

The order of our speakers are -- our first speaker is Helen Minsker speaking on behalf of the American Intellectual Property Law Association.

The second speaker will be Barbara Friedman speaking on the behalf of the International Trademark Association.

And the third speaker will be Jim Walsh who
will be representing the American Bar Association.

Helen Minsker?

MS. MINSKER: Thank you, Commissioner Chasser. And thank you on behalf of the AIPLA for allowing us to present our comments today.

First of all, AIPLA wants to let the PTO know that we very much applaud the efforts you have made to date to streamline your operations, including the electronic filing system.

Our comments today are really directed toward how to improve that system. In general, AIPLA would support mandatory electronic filing provided certain issues that we have identified through looking at the rule's notice as well as through experiences of our members who use the system are resolved.

I think the overriding concern that the AIPLA members have is that we want to make sure that having mandatory electronic filing does not somehow jeopardize an individual's trademark rights perhaps by causing them to miss a filing deadline.

Plus, there are some administrative issues
that we think should be resolved before the system becomes mandatory.

With that, let me make a few specific points of things that we think could be changed or improved.

First of all, you have noted in your comments that there is an exception for when you may file papers instead of filing electronically. But our concern is that exception is too narrow. In practice, what it amounts to is either you don't have a computer or access to a computer, at least that's the way we're interpreting it.

I think we all know that many of us do have computers and use them regularly. But everybody has a day when something just doesn't work. Perhaps it is a computer virus or a network problem. But the point is we think that there should be a broader catch-all provision to allow you to file by paper when those exception circumstances occur and perhaps submit a declaration saying that you had good cause for filing by paper that day instead of doing an electronic filing.
I don't think there is going to be much potential for abuse of that. And I think it would make people much more comfortable of the system if you had that kind of backstop that they could rely on.

Second, there are some payment and accounting issues that are causing difficulties and still need to be resolved.

As you know, you have to pay by credit card or deposit account. But members have expressed problems that they have had with matching up a particular payment for an application with their file.

We would like a system that when you make the payment for an electronic filing it includes the serial number so it appears on your statement with the serial number and with the attorney document number.

We respect that the PTO needs to be efficient. But we all need to be efficient in our office operations and our companies as well. This would save an enormous amount of time if it showed up on the statement with the serial number and the document number on it. We hope you will find a way to
revise the system to do that.

The other thing is I think everybody is a little nervous about what will happen when it becomes a mandatory system and everybody is filing that you could have a glitch with your payment system. Perhaps your credit card account is -- the statement is wrong or it accidentally gets overdrawn because too many people in the firm are filing at the same time.

Most fee payments right now under the rules are statutory deadlines that if you miss paying the fee on the date the application goes down. We would like to see a provision added that will add a cure provision.

So that if you try to make the payment in good faith but something went wrong, it didn't work, you could submit the payment later and confirm that it was a glitch and you did have a good faith intent to do it.

There are still some difficulties with the system for getting signatures on the applications. Many of us have experienced difficulties. We create
the electronic application. We need to get it to our client to sign. If the client is not terribly savvy with the computer or the software is not working quite right, it is not a very easy system right now.

So we would like to see some technical improvements on that.

We do applaud the addition of the text form that you have already added and the pen and ink signature. That is a step in the right direction.

Essentially, we would like to have it as easy as having an e-mail attachment. It is not quite there yet based on the experience of most of us with that system.

We also note that pen and ink signature it seems right now to only apply to applications, and we think it should apply to everything. At least that's our interpretation of it.

There is one issue that we think you may need to look at just to make sure mandatory electronic filing complies with the Trademark Law Treaty, TLT.

As you know, under TLT an office cannot
13 require that you specify the basis for the application as a filing date requirement. But right now when you sign under the screen you do specify the basis and that's what gives you the particular form to fill out.

So I think that's something you will have to work out internally to make sure you are in compliance with TLT.

We also would like to see a provision for restoring lost electronic submissions, sort of the lost paper or lost in cyberspace exclusion. You already have that. If the paper filing is lost in the PTO, we could present evidence that we really did file it.

And we would like to have some similar system where we could present evidence that we actually did submit the electronic filing if for some reason there is some terrible problem and it doesn't go through.

You mentioned the Section 44 exception for foreign applicants. And we perceive that there may be an ambiguity there that needs to be resolved.

Under the proposed rule it says, a person described in 15 U.S.C. 1125(b), better known to most of
us as Section 44(b), certain foreign attorneys will be and applicants will be exempted.

What is not clear to us is whether that only applies to filings under Section 44, which would be Section 44(d) and (e), or whether it applies to any application filed by a foreign applicant, which could include Section 1(a) and Section 1(b).

So we would like to see that clarified. We think it should apply to all applications. But it was not clear to us.

Also, we would like confirmation that that exception will apply even if the foreign applicant uses a U.S. attorney to file the application on his behalf.

One other technical point relates to image formats. Right now if you have to scan specimens the only formats allowed are GIF or JPG.

Those do not work so well for some people with their computer hardware. PDF is very widely used, and we would like to see you add PDF as another format that people could turn to to scan their specimens and design marks and things like that.
And then the last issue that I wanted to raise is simply the timing of when we have mandatory filing. We certainly think you should continue to encourage applicants to file electronically as much as possible. But until these issues that we have raised are resolved, we think making it mandatory should be deferred.

We know that you are going to the X and L (phonetic) standard. And that will probably help some of these things. But still, we think all of these issues need to be resolved first.

Also, our impression is that while you do have the goals of the deadline, I think you said 2003, trademark filings have decreased this year which perhaps will give the office a chance to catch its breath and perhaps deal with some of these things in an orderly fashion before making it mandatory.

But as I said at the beginning, we do very much applaud the efforts you have made, and we would like to continue to work with you to make this a great system for everybody. Thank you.
COMMISSIONER CHASSER:  Barbara?

MS. FRIEDMAN:  Good morning.

And on behalf of the International Trademark Association, I would like to thank you very much for the opportunity to present our comments on the proposed rule-making on mandatory electronic filing.

As I hope we demonstrated in the past, INTA strongly supports and is committed to increasing voluntary electronic filing. INTA's president, Nils Montan, expressed that commitment before Congress noting in his June 7th, 2001, testimony before House members that, "The benefits are obvious."

These include improved and quick access to information, transmission of a filing receipt free of clerical errors within 24 hours and avoidance of lost papers.

These all go down to the benefit of trademark owners seeking registration of marks. While INTA is a clear supporter of electronic filing, as Mr. Montan stated in his testimony last summer, we strongly believe that mandatory electronic filing is not
indicated or necessary at this time. And therefore, we cannot endorse the PTO's proposal.

I believe that you will find many of my specific comments echo those just made by my colleague from AIPLA, Ms. Minsker.

We understand that voluntary usage of the automated system has increased steadily and is now around 30 percent. We believe this increase speaks volumes for continuing effort to promote voluntary usage.

We are also mindful that the slowdown in new trademark filings appears to have enabled the agency to bring key indicators of productivity within very desirable ranges.

We are aware that first action pendency is down. In some cases to as low as two months.

Under these circumstances, we take the position that the PTO should continue on the already very successful course of promoting usage rather than promulgating rules that would impose mandatory electronic filing.
Continued voluntary use of E-filing is further indicated because many practitioners still are becoming accustomed to using the automated system. With such a significant customer base still getting its feet wet, so to speak, we believe that mandate and usage of the system would not be the best practice.

We also have received comments from members of our organization who make fairly substantial e-filings. They have indicated concerns regarding the effectiveness of the system.

For example, whether due to action or fault on the front end or the back end, it appears that transmission and reception of drawings in special form and specimens lead to some level of distortion and/or mishap.

This has created an understandable reluctance among practitioners to utilize electronic filing for youth-based applications and marks and design format.

Additionally, a significant number of practitioners will not sign applications or other documents on behalf of their clients. The reasons for
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this are varied and all are well reasoned.

Some lack sufficient knowledge to sign on behalf of their clients. Some believe it is in their client's best interest not to have their attorney sign for them. Some simply are not willing to take on the ethical question of whether they should be signing on behalf of their client.

For these customers of the PTO, and we believe that it is a sizable population, there remains logistical difficulties in obtaining a client's signature, thus making mandatory electronic filing impractical.

Experience with the system also indicates to our members that one is unable to modify or insert in the TEAS application language other than that specifically designated in the TEAS format.

The inability under the present format to insert comments, explanations or modifications of standard language makes mandatory electronic filing impractical.

Finally, one cannot make an initial 2 F claim
based on evidence other than prior registrations.

And that's another indicia of the impracticality of mandatory filing at this time.

We are well aware that since the inception of electronic filing the PTO consistently has addressed customer concerns and defined a process consistent to meet customer needs.

As the trend demonstrates, practitioners have responded in turn by increasing their use of the system. We applaud the PTO for its efforts and suggest that the agency continue to rely on this successful formula of improvement and educational initiative.

I would also take this opportunity to address the proposed exceptions to mandatory electronic filing.

First, regarding the proposed section 2.22(a), the exception to the rule pertaining to lack of access or technical inability to use the TEAS system, we have the following comments and issues.

First, the proposed language does not specify whether the exception encompasses circumstances of temporary inaccessibility. For example, when one's
system or the PTO system goes down. Additionally, the proposed exception is somewhat ambiguous in that it is unclear whether an applicant or attorney without access is expected to make reasonable efforts to obtain access.

Second, will the declaration or affidavit filed under 2.22(a) be examined.

Third, might the voracity of a declaration be used by others to call into question a filing date accorded a paper-filed application. And similarly, what might be the administrative process in the PTO for challenging such a filing and the underlying application.

Fourth, what would be the effect on the application of filing a false affidavit or declaration.

Given all these questions and uncertainties, we easily can envision the creation of a process that might serve to undermine any efficiencies to be realized by mandatory electronic filing.

We would also take this opportunity to raise
an issue regarding the second proposed exception, a proposal creating a process for dispirit treatment as between U.S. and non U.S. applicants ostensibly to obviate an issue with U.S. compliance under the Trademark Law Treaty.

I think it is safe to say that there is at the very least uncertainty among practitioners as to the appropriateness of creating such dispirit treatment, especially if the purpose of the exception is compliance with the treaty whose objective is to create a system of standardized filing requirements.

It also would appear that the creation of a dispirit system for U.S. and non U.S. applicants, even if it is legally permissible, may be inadvisable. To the extent that there is a concern that mandatory e-filing would violate TLT provisions that apply to foreign applicants, it would appear to be more appropriate to seek to amend TLT to permit member countries to require electronic filing rather than to carve out an exception that creates dispirit treatment.

This concludes my remarks. In summary, INTA
Does not believe mandatory electronic filing is necessary, but strongly supports continued voluntary use of the automated system.

In order to promote greater voluntary use, we suggest ongoing educational outreach by the PTO regarding use of the system and its many benefits and, where indicated, modifications to the system.

We would also not oppose consideration of certain financial incentives to encourage increased volume of electronic filing in the form of fee adjustments for those who submit documents electronically.

And INTA stands ready to assist the PTO in developing and implementing these initiatives.

Thank you.

COMMISSIONER CHASSER: James Walsh.

MR. WALSH: Good morning. And thanks for the opportunity to speak on this subject this morning.

I'm Jim Walsh. I'm with the Washington office of Arnold and Porter. I'm here today in two capacities. Number 1, as the chair of Committee 203 of
the ABA, the Trademark Office Practices Committee. And 
secondly, I'm going to speak on behalf of our firm and 
Hershey Chocolate and Confectionery Company and Hershey 
Foods Corporation.

Both the firm and those companies have made 
almost exclusive use of the electronic filing system 
since it became available. But I will change hats 
midway in my presentation.

First, with regard to the ABA. We're 
currently looking at the notice and the issues, and we 
have not yet formed a formal position. But for the 
purposes of today's hearing, I would like to identify 
some of the issues that we are considering and that we 
will take positions on as appropriate.

I think you will find that a lot of issues 
that we're looking at are the same that were addressed 
by the two previous speakers.

First of all, we're looking at whether or not 
there remains any urgency about undertaking mandatory 
filing at this time in view of the fact that pendency 
in the office appears to be at record lows.
Secondly, we're looking at a number of technical issues. First, whether the signature requirement as implemented in the electronic system is sufficiently flexible for all types of filers to facilitate easy filing.

Secondly, whether the payment system is appropriate and sufficiently flexible for all types of filers to maintain necessary accounting of where the funds are going.

Thirdly, we're looking at the broader question of whether the format, the formats that are available, are sufficiently expansive to accommodate all potential filers.

And lastly, on the technical issues, we're looking generally at the issue as to whether the current system is sufficiently flexible enough in every sense to be user friendly for all the different types of parties who would wish to use it.

Another general area that we're looking at are the exceptions. And with regard to the exceptions, we're looking at the overall issue as to whether the
exceptions are sufficiently broad, whether something like the good cause exception might also be required.

Secondly, we're looking at the exception with regard to foreign filers and the issue as to whether it is a good precedent for the PTO to be setting to establish one system for filing which is TLT compatible and another system which is not by making this exception for foreign filers.

And in that regard, we'll be looking at whether it is the kind of precedent that we would want to set within the U.S., might other exceptions like this the TLT requirements be instituted. And even more importantly, is it the kind of example that the U.S. would want to set for the rest of the world within this regime, which was so supposed to establish a simple and uniformed system for filings around the world. Do we want to set an example where we have a dual system for foreign versus domestic filers one compatible with TLT and one not.

The other issue that we're looking at in the ABA committee is whether or not mandatory filing really
is necessary at all, that ultimate question, and in relation to that, whether some other mechanism like financial incentives might be one that should be considered before mandatory electronic filing is instituted.

At this point I'm going to change hats and speak with a little bit more definition about positions. And I am speaking now in my capacity as an attorney at Arnold and Porter and as a representative of Hershey companies.

I want to emphasize at the outset that both in the case of Arnold and Porter and Hershey Foods, both of these, both this law firm and these companies have used this system almost exclusively since it became available.

We're not speaking from the standpoint of what I would say. We're not looking to turn the clock back, and we're not looking to stop the advance of technology. Quite the contrary. Both are totally committed to using the electronic system and improving it.
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In that regard, I want to first say that the office has made a tremendous beginning in setting up this system. And they have not only made a good beginning, but the office has been extremely responsive to provide assistance in individual instances where difficulties were encountered and likewise when an engineering problem was found we found people very responsive in trying to change the system so that it works better.

Craig Morris, in particular, I think, should be recognized for the good work he has done and how responsive he has been in this regard.

I'm going to talk with a little more particularity now from experience about some of those technical issues that I addressed earlier and that you have heard about from the other speakers.

First of all, as to signatures, although the system has improved as of June, we still don't have a really perfectly user friendly system on signatures. And there is more that needs to be done on that to make things absolutely fluid in getting documents
transmitted back and forth between parties and signed without having to reenter data or reattach documents.

Likewise, with regard to payments, this is an issue you have heard about from everyone. There is a need within law firms and indeed corporations to keep a strict accounting of who is responsible for the ultimate payment of the fee. And in the current system, there is no real easy way to do that.

So we're looking forward to a payment system that will facilitate that.

Likewise, with regard to drawings, in many instances we have had -- we have now gone to having draftsmen do all of our drawings doing perfect drawings. We have scanned them in the prescribed format.

But in spite of that, we find in most instances that we're still required to provide a new drawing later on in the process. I don't know yet know what the answer to that is.

One issue is documents other than applications haven't really been discussed here to any
great extent. But in particular, in filing extensions
of time to file statements of use which we file
exclusively electronically we have had five or six
instances fairly recently where applications have been
held abandoned and we're protected because we have the
confirmations that have come back to us electronically
showing that we made the timely filings.

But we still haven't, and I know if PTO has
found out yet, why it is those filings weren't
processed after they were filed electronically.

The other, these are more macropoints that
derive from all of those particular technical points I
just addressed.

Again, what is needed is a very fluid and
flexible system that is totally user friendly from all
the different types of filers.

People need the ability to send documents
back and forth to clients to have them sign. And to do
all of that without the need to reinput data they have
to have the ability to prove things to see that clients
haven't made changes that are inappropriate.
In the end, as I said, what we need is a totally flexible user friendly system.

In conclusion, I think in the proposal at this point there is a fundamental tension. On the one hand, the office, I believe, is sincere in putting forth a proposal which is based on customer service and efficiency.

But on the other hand, particularly for those people who have haven't tried to use the system yet, this customer service is going to be rendered with some pain.

I don't think that's -- we're going to help you, but it is going to hurt. I think that's sort of the message that is going out.

What I would propose would be more sort of a field of brains approach to this. Continue the good work you are doing. Build on the system that you have made, improve it. And when you have a system that is really totally user friendly, people will come to it.

And I think in view of the record low pendency, I think the opportunity is out there for you
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to do that without ever having the need to go to a
mandatory system.

I would propose that you just continue what
you are doing. This is, again, on behalf of the firm
and Hershey Foods. Put the mandatory proposal on hold
until you do these further things, these technical
fixes, the educational aspect of it.

And I think you will find that you will be at
that 80 percent level without the need for a mandatory.

Thank you.

COMMISSIONER CHASSER: I would like to now
open the floor up for comments.

If anyone would like to share their comments,
if you could limit it to five minutes.

No? Then we will end the public hearing on
the rule for the electronic submission of application
for registration and other documents.

I thank everybody for attending today. The
comment period closes on October 29th. We will review
all of the comments and respond accordingly to those
comments.
Thank you very much.

[Whereupon, at 10:30 a.m., the hearing concluded.]
CERTIFICATE OF STENO TYPE REPORTER

I, Frances M. Freeman, Stenotype Reporter, do hereby certify that the foregoing proceedings were reported by me in stenotypy, transcribed under my direction and are a verbatim record of the proceedings had.

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