



UNITED STATES
PATENT AND
TRADEMARK OFFICE

Under Secretary of Commerce For Intellectual Property and
Director of the United States Patent and Trademark Office
Washington, DC 20231
www.uspto.gov

November 30, 2001

The Honorable Donald Evans
Secretary of Commerce
U.S. Department of Commerce
Washington, DC 20230

Dear Secretary Evans:

The Trademark Public Advisory Committee, pursuant to legislative mandate, is pleased to submit its Annual Report to the President, the Secretary of Commerce, and the Committees on the Judiciary of the U.S. Senate and House of Representatives.

The Trademark Operation has continued its highly effective effort toward overall transformation of the office into an effective e-government operation. It has been a leader among federal agencies and received prestigious awards in recognition of its efforts. Through e-government, the agency has been able to implement a number of flexibilities including a successful telecommuting program.

We look forward to working with the agency in the coming year to help address the dynamic environment. We trust that you will find this report informative and useful.

Respectfully submitted by the
Trademark Public Advisory Committee

By 
Miles J. Alexander, Chairman

MJA:pad

Enc.

cc: Mr. Nicholas P. Godici
Acting Under Secretary of Commerce for Intellectual Property and
Acting, Director, U.S. Patent and Trademark Office



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**TRADEMARK
PUBLIC ADVISORY COMMITTEE**

ANNUAL REPORT

NOVEMBER 30, 2001



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I. INTRODUCTION

Report: This is the Second Annual Report of the Trademark Public Advisory Committee (TPAC). This Report reviews the Trademark Operation of the United States Patent and Trademark Office (USPTO) for the Fiscal Year ending September 30, 2001. In doing so, we recognize that the Members of the TPAC have been chosen “to represent the interests of diverse users of the USPTO” regarding trademarks and, as such, we have Members who represent small and large entity applicants located in the United States, as provided by the enabling legislation. We are committed to our duties, which include: (1) the review of both the short-term and long-term “policies, goals, performance, budget and user fees” of the USPTO “with respect to trademarks”; and (2) advising the Director on these matters.

Pursuant to the requirement of the statute creating the TPAC, this Report is submitted within sixty days following the end of the fiscal year, and we transmit the Report to the President, the Secretary of Commerce and the Committees on the Judiciary of the Senate and the House of Representatives and also submit the Report for publication in the Official Gazette of the USPTO. The Report is available to the public on the USPTO Web site.

Members of the TPAC: Both the Chairman and the Members of the TPAC wish to express their appreciation to: Griffith B. Price, Jr., a partner in the firm of Finnegan, Henderson, Farabow, Garrett & Dunner LLP; Susan C. Lee, counsel to the firm of Pena & Associates, P.C.; and David M. Moyer, Associate General Counsel for Trademarks and Trade Relations at the Procter and Gamble Company, the three retiring Members, for their service on the TPAC during its initial year of existence. Their contributions and conscientiousness have been greatly appreciated by both the USPTO and the TPAC.

We also express our appreciation to the dedicated leaders of the USPTO who have provided us with thorough oral briefings and written submissions, including draft operational, budgetary and business plan preliminary reports.

Those Members of the TPAC who continue to serve are: Helen M. Korniewicz, Manager of the Trademark Group at the Chevron Corporation Law Department; Joseph F. Nicholson, a partner in the Kenyon & Kenyon firm; Louis T. Pirkey, a partner in the Fulbright & Jaworski LLP firm; John T. Rose, Vice President of Human Resources at ABC, Inc.; David C. Stimson, Chief Trademark Counsel for Eastman Kodak Company; and the undersigned, Miles J. Alexander, Senior Partner in the Intellectual Property Group and Co-Chairman of Kilpatrick Stockton LLP.

In addition to the above voting Members, the statute provides us with the benefit of the knowledgeable views of three non-voting Members representing the USPTO unions. They are: Virginia L. Cade, Area Vice President for the Trademark Building and Treasurer and Steward of the National Treasury Employees Union, Chapter 243, Howard Friedman, President of the National Treasury Employees Union, Chapter 245; and Lawrence J. Oresky, Vice President of the Patent Office Professional Association.

II. OVERVIEW

The end of Fiscal Year 2001 and the beginning of Fiscal Year 2002 presented the Trademark Operation of the USPTO with tremendous challenges, which are not merely evolutionary, but in some instances transformative in nature. Some of these challenges have been exacerbated by changes to American society and culture arising from the traumatic events of September 11th.

During the past year, there was a hiatus in the long pattern of annual increases in trademark applications filed, and particularly in the marked increase in applications during recent years of economic growth, with annual filings posting 27% increases in Fiscal Years 1999 and 2000. Applications filed in Fiscal Year 2001 have decreased from the prior fiscal year. However, notwithstanding this change, the Trademark Office still must deal with the second highest level of applications in its history. Although some of the corporate Members of the TPAC were able to foresee the slowing of applications within their own operations in light of the slower growth that we experienced in our economy, the general wisdom was and is that the Trademark Office had to prepare for continued growth, as has been the experience in the Patent Operation. It is still anticipated that the adoption of the Madrid Protocol will contribute to that growth in future years.

Adding to the need for significant structural adjustments to deal with the changing workloads, and the necessary burdens and opportunities presented by the planned move to a new location during Fiscal Years 2003, 2004 and 2005, is the ongoing effort to convert the Trademark Operation in the USPTO to an e-commerce office and thereby improve the quality of its operations. The USPTO Trademark Operation has been a leader in innovation with respect to the implementation of e-commerce initiatives. Revolutionary changes in our society through e-commerce have resulted in the need to convert from practices that have existed for over a century during which time the USPTO has been a paper office. These changes necessarily require the Trademark Operation, through education, to deal with anticipated inertia on the part of users and the Trademark Bar in general.

III. BUDGET AND LONG-TERM PLANNING

The TPAC delayed until October 16th its final meeting before the deadline for its November 30th statutory report in order to have the most current available budgetary information on which to base its report. This delay was also in the hope that its new Members would have been appointed by then to replace those Members whose one-year terms had expired during Fiscal Year 2001. In addition, it had been anticipated that the new Under Secretary of Commerce for Intellectual Property and Director of the USPTO would have assumed his or her duties and been available for consultation with respect to the Director's vision for the Trademark Operation, and would have had the opportunity to share that perspective with the TPAC.

However, none of the above appointments have taken place at the time this report was prepared. Thus, this Report does not have the benefit of the balanced views of additional Members of the TPAC or the insights of the new Director of the USPTO, necessary to provide the more comprehensive report we would have preferred to submit at this time. We recognize that these delays pale in light of the impact of the events of September 11th and subsequent developments, impacting our ability to forecast with any degree of certainty the long-term effect of these and subsequent events on the Trademark Operation of the USPTO.

We have been fortunate in having the benefit of the very constructive cooperation and able leadership of both Nicholas P. Godici, Commissioner for Patents and Acting Under Secretary of Commerce and Acting Director of the United States Patent and

Trademark Office, and Anne H. Chasser, Commissioner for Trademarks, as well as that of other experienced and dedicated officials in the Trademark Operation.

In trying to analyze and constructively comment upon the long-term policies, goals, programs, budget and fees of the USPTO, the TPAC was hampered by the fact that, at the time of our October 16th meeting--and indeed a month into Fiscal Year 2002--the USPTO is still without a decision as to the portion of its fee income that it will receive through appropriations that is necessary for its planning and operations. This is similar to the position that existed last year. It is critical to identify as a high priority for the successful operation of the USPTO the need to provide it with the ability to plan for the future based upon funding which was envisioned for a performance-based government business model.

As we suggested last year, the value of intellectual property to the U.S. economy and the bona fide protection of those assets is an important part of the mission of the USPTO. The performance of that mission can be frustrated when funding of the Trademark Operation is not based on its short- and long-term needs to serve the interests of its diverse users and the public. The Members of the TPAC continue to express concerns in this Report over the diversion of trademark user funds, which have been provided by the public and businesses utilizing the Trademark Office for the purposes of making the Trademark Operation self-sufficient. These diversions, for purposes unrelated to the operation of the Trademark Office, belie the concept of a performance-based government agency. In that context, we reiterate the conclusion stated in our Report of November 30, 2000:

“It is our understanding that as a performance-based organization, the USPTO is expected to conduct its business from a performance, financial and accountability standpoint in a manner comparable to a private

business. As such, it must rely on customer demand and payments, as well as customer satisfaction and product quality, rather than being viewed by its users and the public as having some of the inefficient attributes associated by many with a Government operation. Thus, the TPAC firmly believes that the USPTO must seek to parallel the best attributes of both a private and public enterprise. We believe that by designating the USPTO as a performance-based organization, as indicated in the testimony introduced at the hearings and passage of the U.S. Patent and Trademark Office Efficiency Act (Pub. L. No. 106-113 (1999)), Congress intended the USPTO to be a self-funding organization accountable for its policies and performance. Further, it is clear that the only source of revenue available to the USPTO is user fees. It is also manifestly apparent that any policy which imposes responsibility for performance without having available the revenue generated from its operations, is a policy that, in the opinion of the TPAC, is antithetical to the effective operation of the USPTO and the best interest of its customers, users and fee payers, as well as the general public and the U.S. economy which relies heavily upon the protection of intellectual property rights.”

We reiterate the above opinion because of its importance. We have seen no change this past year in the Congressional policy, which continues to permit the diversion of funds from the USPTO for other purposes.

IV. WORKFORCE

Like all organizations, whether in the public or private sector, people are critical to the success of the mission of the organization. An experienced workforce is certainly a key element to the success of the Trademark Operation from the standpoint of efficiency, productivity, quality, cost and morale. To this end, the decision by the Trademark Operation has been made, and the TPAC believes properly so, to take all reasonable measures to retain the high quality of trained examining corps and administrative personnel that have been established over many years. Thus, with a lower number of applications this year and the new innovations introduced by trademark management, the reduction of backlog in the operations has improved and is reaching a target level of

responsiveness to the needs of the business community and the public. In order to meet the long-term staffing objectives of the Trademark Operations, some of its examining corps will be temporarily detailed into other needed positions. These include roles within the organization, which will permit attention to be directed to a variety of important tasks and projects. Personnel have been assigned to various operational and corporate areas of the USPTO which relate to trademark activities and the Trademark Trial and Appeal Board. Through this approach, together with a hiring freeze, flexible workforce initiatives, expected attrition rate and the elimination of certain overtime and bonus practices, the Trademark Operation anticipates being able to retain its experienced examining corps during the anticipated economic slowdown in the growth of America's business.

As Fiscal Year 2002 proceeds, we understand that the Trademark Operation will carefully monitor the situation and will consider any necessary adjustments based on developments during the next fiscal year.

V. WORK-AT-HOME PROGRAM

The successful work-at-home program continues to expand and currently includes approximately 90 Examining Attorneys and several paralegals. The TPAC fully supports the Trademark Operation's initiative to expand the successful work-at-home program and hoteling concepts. This program appears to yield dividends in terms of workforce satisfaction, flexibility, productivity, office cost savings, quality of work, and retention of experienced Examiners. Ultimately, the TPAC believes this program may permit extensive long-term use and retention of experienced personnel in areas remote from the USPTO, with lower cost to the Trademark Operation. The Trademark Operation has

received, an “Employer Recognition Award” from the Metropolitan Washington Council of Governments, and the “2001 Government Agency in Excellence Award” from the Telework Association Council, as an employer, which created a workplace in which telecommuting produces a “smarter way to work.”

VI. SAFETY

With respect to the need to protect the USPTO and its personnel from potential danger of work disruption while providing a safe work environment, a high priority has been given by the leadership of the Trademark Operation and the USPTO to assuring the integrity and safety of its operations. The TPAC has discussed with the Trademark Commissioner and the Acting Director of the USPTO action that has been and is being taken, and is satisfied that these issues are being seriously analyzed and addressed. A discussion of the specific steps that have been and will continue to be taken is not appropriate for a public report.

VII. TRADEMARK ELECTRONIC APPLICATION SYSTEM (“TEAS”)

The Trademark Operation has continued its highly effective efforts towards the overall transformation of the office into an effective e-government operation. It has been a leader among Federal agencies and received prestigious awards in recognition of its efforts. The specific strategies followed have been to increase the number of applications voluntarily filed electronically and to increase the number of applicants voluntarily doing so. By the end of Fiscal Year 2001, approximately 25% of all applications filed were TEAS filings. Although the need for electronic filings has been reinforced as a result of terrorist activities, including anthrax and other potential attacks on our society through

use of the postal system or by other similar means, the rationale and motivating force for the adoption of the e-government model predated these events. It was firmly based upon cost, quality, productivity and other factors impacting the success of the Trademark Operation.

The Trademark Operation has undertaken a variety of steps to enhance the user-friendly attributes of electronic filing through the past fiscal year, and is continuing those efforts. Those steps included the introduction of new improved methods for obtaining signatures from clients, electronic confirmation of electronic filings and alternative credit card payment methods. The Trademark Operation provided educational programs throughout the country with educational institutions, bar groups and law firms, which successfully promoted TEAS program among practitioners and users. Cities in which programs were eagerly received and successfully promoted include Chicago, Dallas, Houston, Washington and Atlanta, with additional cities scheduled.

The Trademark Office hosted a ceremony recognizing the 100,000 E-TEAS applications filed by the General Electric Company, which was attended by many outstanding practitioners from the trademark community. Ronald E. Myrick, Chief Intellectual Property Counsel for GE, was present as was Kathryn Barrett Park, Trademark Counsel for GE, who demonstrated the ease of using TEAS by filing a GE trademark application during the event through a live Internet connection. This event was merely part of a larger e-government advocacy program to serve as an incentive to convert business practices to 21st century methods.

To handle increased levels of electronic filing during the past year, an additional e-commerce law office was created, bringing the total offices handling only electronic filing of applications for all classes of goods and services to three, with additional plans

for expanding the number of these e-commerce law offices. The Trademark Operation also plans to use substantial funds to promote electronic filing and the conversion of the Trademark Office into a state-of-the-art e-commerce operation in which its records are available on-line.

Despite its best efforts and widespread support for electronic filings, there continues to be articulate and significant resistance by individuals and leading intellectual property groups to mandatory electronic filing at this time. However, there is extensive support for electronic filing and for incentivizing the conversion from paper filing, including changing the USPTO fee structure to recognize the cost differential if the goal of 80% electronic filing is not reached by Fiscal Year 2003. The TPAC recognizes the need to phase in and provide incentives to users to convert to electronic filing, and supports the use of fee differentials as incentives for that purpose. Incentivization through treating paper applications as filed when received, as opposed to date of mailing by U.S. Postal Service "Express Mail Post Office to Addressee," has not been as well received and is not recommended by the TPAC at this time.

The TPAC supports ultimately requiring electronic filing subject to: (1) the exceptions for those unable to access or use TEAS and the exceptions required by the Trademark Law Treaty; and, (2) establishing that the system is reliable, and as user friendly as feasible, in order to respond to many of the reasonable concerns expressed during the public comment period in response to the notice of proposed rulemaking: "Electronic Submissions of Applications for Registration and Other Documents." 66 Fed. Reg. 45792-45797 (August 30, 2001).

The TPAC believes that the high levels of customer satisfaction have confirmed the benefits of electronic filing, particularly when compared to problems created by

human error and the other drawbacks of paper filing. The benefits include: (1) the ability under many conditions to file 365 days a year whether or not the USPTO is open; (2) the reduced time within which an application can generally be filed, particularly intent-to-use applications; (3) accuracy and speed of filing receipts; (4) an automated validation of the success in filing the application; (5) reduction in processing and labor intensive handling of paper applications which increases not only cost, but also the enormous time involved in manually recording data, lost files and other problems inherent in a paper system; (6) reduction in processing time for amendments to allege use and statements of use; (7) the ability to utilize the work-at-home program, which has proved so beneficial from a productivity, morale and quality standpoint; and, (8) the more recently demonstrated benefit of being able to avoid disruptions of mail delivery as a result of terrorist activity.

The TPAC is aware of the need to satisfy reasonable concerns of consumers with respect to signatures, design marks, handling of fees, computer downtime and disruptions, and other concerns expressed by users of electronic filing. We believe the Trademark Operation has been very responsive to these concerns and has taken constructive steps to alleviate them and address both real and perceived issues.

The objective of having the Trademark Operation reach a goal of 80% electronic filing by Fiscal Year 2003 in order to realize the cost, quality, public access and other benefits attributable to reduced paperwork is, in the opinion of the TPAC, a desirable and realistic goal. Although the TPAC believes making electronic filing mandatory at this time would be premature, the TPAC recognizes and supports the proposition that, subject to appropriate and necessary exceptions and safeguards, electronic filing likely will have to be made mandatory. This will likely have to be done in order to obtain compliance in

sufficient numbers on the part of those who, out of habit, and comfort levels with past practice or other concerns, will never voluntarily convert to electronic filing. The TPAC plans to closely monitor the progress that is made through improvements, inducement and education over the next fiscal year and thereafter consider the appropriate timing of any move towards mandatory electronic filing.

VIII. INCREASE OF TRADEMARK FEES

The Members of the TPAC cannot endorse or support the increase in filing fees for trademark applications or fees for other services provided by the Trademark Operation of the USPTO until such time as there is assurance that the revenues raised through such fees are not diverted to fund other Government agencies and programs. The diversion of hundreds of millions of dollars from trademark and patent user fees, which have never been returned to the USPTO, mandate opposition by the TPAC to any increase in trademark fees that are not fully committed to enhancing the USPTO and the Trademark Operation's mission.

IX. MISSION OF THE TRADEMARK TRIAL AND APPEAL BOARD

The TPAC has been discussing with the Trademark Trial and Appeal Board (TTAB) the TTAB's plans for fulfilling its mission. A major focus has been on ways to reduce the TTAB's backlog of cases. In particular, the TTAB and the TPAC are exploring the following ideas to increase efficiency: greater use of electronic filing, greater use of teleconferencing by interlocutory attorneys, work-at-home opportunities for TTAB staff, and possible changes to the rules on extensions of time to oppose. The TPAC is continuing to study the merits of additional changes, such as greater use of

mediation, one-judge panels for appropriate cases and increased imposition of sanctions in cases of abuse of motion practice.

The TTAB has taken a number of steps over the past year in several of these areas. It is developing an electronic filing program and has expanded its web site to provide a searchable database for active and terminated TTAB proceedings. It has instituted a pilot work-at-home option for judges, interlocutory attorneys and paralegals and has encouraged and expanded the use of teleconferencing. It has placed special priority on deciding summary judgment motions.

These efforts, in conjunction with increases in TTAB productivity and a decrease in the number of opposition and cancellation proceedings filed at the TTAB, have resulted in substantial decreases in the TTAB's backlogs. In October 2001, the TPAC received a report from Chief Judge David Sams that the TTAB achieved an all-time high in the number of decisions it issued in the past year. In that period, according to that report, pendency to final decision of cases ready for decision dropped from an average of 23 weeks to 9 weeks and the pendency of summary judgment motions ready for decision dropped from an average of 50 weeks to 14 weeks.

The TPAC will continue to work closely with the TTAB on these and other programs to increase the efficiency and quality of TTAB operations so that it can provide even better service to trademark owners in the coming years.

The TPAC is reviewing the current methods of conducting consumer satisfaction surveys of those engaged in practice before the TTAB, with a goal of improving methods for accurately measuring performance and perception of performance.

X. QUALITY

The TPAC has reviewed the quality initiatives contained in its business plan for an improved, comprehensive internal quality review program to identify areas most in need of attention. Plans have been initiated to: implement a Customer Relationship Management Program; improve Examiner reference materials; place in effect a peer-to-peer pilot program for improvement of the application process; and utilize improved surveys for measuring the quality of the Trademark Operation services through its Office of Quality Management and Training, and training programs. The TPAC has discussed and endorsed these initiatives and other initiatives relating to quality control that are detailed in the USPTO Business Plan, which was prepared as part of the Fiscal Year 2003 budget submission and was also in response to the Congressional directive to develop a long-term plan for the USPTO.

XI. MADRID PROTOCOL

The TPAC continues to support the adoption of the Madrid Protocol, recognizing the reasonable views of both those who support its adoption and those who oppose it. It is clear that significant resources of the USPTO would be required to implement timely compliance with its provisions and maximize the benefits to users of the USPTO.

XII. CONCLUSION

The TPAC looks forward to having its full membership as soon as feasible and working with the new Director and Under Secretary of Commerce to address the critical challenges that face the Trademark Office and the USPTO during this new century.