



**UNITED STATES
PATENT AND
TRADEMARK OFFICE**

TRADEMARK PUBLIC ADVISORY COMMITTEE

ANNUAL REPORT

November 29, 2002

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TRADEMARK PUBLIC ADVISORY COMMITTEE

ANNUAL REPORT

I. INTRODUCTION

Report: This is the Third Annual Report of the Trademark Public Advisory Committee (TPAC). The Report reviews the Trademark Operations of the United States Patent and Trademark Office (USPTO) for the fiscal year ending September 30, 2002. Our mandate, pursuant to the enabling legislation, is “to represent the interests of diverse users of the USPTO,” including both small and large entity applicants located in the United States. In light of the long-term Strategic Plan presented to us by the USPTO for review and the significance of the Trademark Examiner Reduction in Force, the TPAC has been presented with the challenging task of: (1) reviewing 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, www.uspto.gov.

Members of TPAC: Both the Chairman and the Members of TPAC wish to express their appreciation to: Helen M. Korniewicz, Manager of the Trademark Group at the Chevron Corporation Law Department; Louis T. Pirkey, a partner in the Fulbright & Jaworski law firm; and John T. Rose, Vice President of Human Resources at ABC, Inc., the three retiring Members,

for their service on the TPAC. Their contributions and conscientiousness have been greatly appreciated by both the USPTO and TPAC. These three Members' terms expired on July 12, 2002, and their replacements, Leslie J. Lott, a partner in the Lott & Friedland, P.A. law firm; David M. Moyer, Associate General Counsel, Intellectual Property, for The Procter & Gamble Co.; and Jon Sandelin, a founder and Director of the Stanford University Trademark Licensing Program and Senior Associate in the University's Technology Licensing Office, were appointed in August 2002.

We also express our appreciation to Commissioner Anne H. Chasser and the other 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. Commissioner Chasser and the leadership of the Trademark Operation have distinguished themselves in their ability to deal with very difficult issues during this past year, while maintaining their perspective.

Those Members of the TPAC who continue to serve are: Siegrun D. Kane, a partner in the Morgan & Finnegan, LLP law firm; Kimbley L. Muller, Senior Patent Counsel for Shell Oil Company; Joseph F. Nicholson, a partner in the Kenyon & Kenyon law firm; Griffith B. Price, Jr., a partner in the Finnegan, Henderson, Farabow, Garrett & Dunner, LLP law firm; 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 law firm.

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: Ollie Person, Executive Vice President of the National Treasury Employees Union (NTEU),

Chapter 243; Howard Friedman, President of the National Treasury Employees Union (NTEU), Chapter 245; and Lawrence J. Oresky, Vice President of the Patent Office Professional Association (POPA). The information provided to us by the Non-Voting Members of the TPAC has been helpful and constructive.

II. OVERVIEW

The end of fiscal year 2002 and the beginning of fiscal year 2003 presented the Trademark Operation of the USPTO with unprecedented challenges which go to the core of the USPTO's operation.

A. Developments in 2002

Three specific landmark events took place. The **first** involved the substantial Reduction in Force of the Trademark Examining Attorneys as a result of the continuing significant diminishment of new trademark applications in the last two fiscal years. The Reduction in Force was a controversial and difficult step for the USPTO management to take. Not enough time has elapsed since the September 30, 2002, effective date for the TPAC to have an opinion on whether the reduction will have a long-term impact on the Trademark Office and its operations. The TPAC supported the retention and reassignment of personnel in 2001 to avoid losing experienced Trademark Examining Attorneys in the event of a significant reversal in the pattern of reduced applications. However, it did not oppose the Reduction in Force in 2002 when it became apparent that the reduced level of applications was continuing. This was in keeping with the mandate that the USPTO be prudently managed and remain self-supporting. However, the TPAC viewed the union management negotiations and the details as to the size and terms of the Reduction in Force to be an administrative and personnel matter that was outside the TPAC's statutory charter of responsibility.

A **second** major development has been the creation of the June 3, 2002, USPTO document entitled “The 21st Century Strategic Plan,” which has undergone revisions that were not yet incorporated into a new document at the close of the September 30, 2002, fiscal year. The TPAC, however, has continued to discuss the June 3 Strategic Plan and changes being proposed in it as this Report was being prepared. The recently enacted 21st Century Department of Justice Appropriations Authorization Act provides:

Sec. 13104. Strategic Plan.

- (a) Development of Plan.--
 - (1) In General.--The Director shall, in close consultation with the Patent Public Advisory Committee and the Trademark Public Advisory Committee, develop a strategic plan (emphasis added) that sets forth the goals and methods by which the United States Patent and Trademark Office will, during the 5-year period beginning on January 1, 2003--
 - (A) enhance patent and trademark quality;
 - (B) reduce patent and trademark pendency; and
 - (C) develop and implement an effective electronic system for use by the Patent and Trademark Office and the public for all aspects of the patent and trademark processes, including, in addition to the elements set forth in section 13103, searching, examining, communicating, publishing, and making publicly available, patents and trademark registrations.
 - (2) Contents and Consultation.--The strategic plan shall include milestones and objective and meaningful criteria for evaluating the progress and successful achievement of the plan. The Director shall consult with the Public Advisory Committees with respect to the development of each aspect of the strategic plan. (emphasis added)
- (b) Report to Congressional Committees.--Not later than 4 months after the date of enactment of this Act, the Director shall submit the plan developed under subsection (a) to the Committees on the Judiciary of the Senate and the House of Representatives.

A **third** major development which will be a challenge to the Trademark Operations during the next fiscal year is the implementation of the Madrid Protocol, which was signed into law by President Bush on November 2, 2002, together with technical provisions relating to

trademarks. The proposed rules and implementation will have to be in place by November 2, 2003.

B. Performance

Adding to the need for significant reassignments of files to deal with the changing workloads as a result of the Reduction in Force, and the necessary burdens and opportunities presented by the planned move to a new location during fiscal year 2003, 2004 and 2005, is the ongoing effort to convert the Trademark Operation to a total E-Government Office in order to improve the quality of its operations. As noted in last year's Report, the USPTO Trademark Operation has been a leader with respect to the implementation of e-commerce initiatives. Fundamental changes in our society and means of communication 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. Improved programs and initiatives in fiscal year 2002 include the Trademark Electronic Search System (TESS), Trademark Application and Retrieval System (TARR), Electronic Trademark Manual of Examination and Procedures (E-TMEP), Trademark Information Capture and Retrieval System (TICRS), Electronic Publication of the Official Gazette and introduction of new forms through the Trademark Electronic Application System (TEAS). In order to effectuate these changes, the Trademark Operation has continued with major educational efforts to deal with anticipated inertia on the part of users and the Trademark Bar in general, who have always used paper filings. Despite a reduction in filing of over 30% the last two years, the USPTO has moved the office in a positive manner. As in any major Reduction in Force, lives of dedicated employees are affected and time is needed to heal wounds that are a by-product of labor management negotiations involving termination of valued employees. It is a tribute to the dedication of both management and the Trademark Examining

Attorneys that even with reduced staff, the end of the year pendency to first action was 4.3 months.

The migration to e-commerce has raised the electronic filing rate to more than 50% for the first time in history, and the number of trademark registrations issued during fiscal year 2002 was an historic high. In addition, the pendency of actions at the Trademark Trial and Appeal Board (TTAB) has been reduced drastically in the last two years. Commissioner Chasser and her executive staff have performed well under very difficult conditions and in the face of a major diversion of user fees.

C. Flawed Appointment Process

It is the position of the Voting Members of the TPAC that they would be much more effective in fulfilling their mission if the problems created by the part-year term for six Members of the TPAC each year is remedied. The staggered terms of all of the initial appointees to the TPAC expire on July 12. Thus, vacancies exist at critical periods in each fiscal year, making it difficult to schedule meetings with the full Membership and impossible to have the full Membership of TPAC address and consider the issues presented through the entire fiscal year. We continue to strongly recommend that appointment of TPAC Members be made on a calendar year basis, which will permit all TPAC Members to serve at least from January 1 through December 31 of each calendar year. This will cover the cycle of the normal initial meeting of the TPAC in each fiscal year and assure that all Voting Members serve through November 30, which is the date on which its Annual Report is due. We also recommend that terms for Members of the TPAC continue until their successors are appointed, so that there be a cross-section of views represented by the diverse Membership at all meetings. Another serious problem is the fact that there have been significant delays in the appointment of new TPAC

members, resulting in three vacancies during many months in the first two years of the TPAC's existence.

The Trademark Public Advisory Committee cannot optimally function if the appointment process continues as it has for the past two years. We have raised this issue in both of our last Annual Reports, believing that it would be addressed. Despite the identification of this serious problem, no corrective measures have been proposed to change the terms of TPAC Members to coincide with the critical periods of the fiscal year in which the TPAC Annual Report is prepared and submitted.

III. BUDGET AND LONG-TERM PLANNING

It is impossible for the TPAC to intelligently choose between necessary programs and important initiatives without assurance that user fees will be available to implement these programs. This is due to a series of factors: the uncertainty of the budgeting process; the inability of the USPTO to plan on the availability of specific funds to meet its reasonable budget requests and operational needs; the continued diversion of user fees which could adequately fund the USPTO programs and initiatives; and the failure to fund substantial absolute commitments of the USPTO such as treaty compliance with the Madrid Protocol. The Trademark Operation has been diligent in presenting the TPAC with alternative budgetary information as it is prepared and submitted to the Office of Management and Budget (OMB), and the TPAC supports its requested funding.

IV. DIVERSION

As the Strategic Plan currently notes in the first paragraph of its "Executive Overview":

"Our applicants are concerned that the fees they pay to have their patent and trademark applications examined are being diverted for other purposes, thereby jeopardizing the benefits intellectual property rights bring to our national economy."

It should be noted that in fee structure changes the TPAC has consistently taken the firm position, and continues to take the position, that there should be no increase in filing or other fees in the Trademark Operation of the USPTO until such time as diversion of the funds provided to the USPTO by users of the Trademark Operation ceases. More than a half billion dollars of previously diverted user fees has been unavailable for capital improvements and other needed use by the Trademark Operation. We feel compelled to quote again from last year's Report, as we did at that time from the prior year's Report, in the hope that reiteration will cause our concern to be ultimately acted upon.

“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 the 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 Operation, 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.” (emphasis supplied)

V. THE 21ST CENTURY STRATEGIC PLAN

The Members of the TPAC have reviewed the draft Strategic Plan, following its publication on June 3, 2002. We are indebted to and congratulate Commissioner Chasser and the USPTO leadership for addressing the challenges facing the Government in meeting the needs of the public, brand owners and inventors in the 21st century.

We endorse the USPTO conclusion that it: “must transform itself into a quality-focused, highly productive responsive organization supporting a market-driving intellectual property system,” while keeping in mind that as a Government operation the public interest is the ultimate test of actions taken to meet the challenges faced by the USPTO.

The TPAC continues to review the June 3, 2002, draft Strategic Plan and proposed changes that subsequently are being made in it by the USPTO. The TPAC has provided and will continue to provide its views on specific proposals that affect the Trademark Operations, including proposals not commented on in this Report.

In providing initial comments to the USPTO on selected proposals of the Strategic Plan, the Members of the TPAC have offered the following views:¹

¹ It should be noted that because of the problems cited in the Introduction to this Report, two of the newly appointed Voting Members of the TPAC were first sworn in at the November 4, 2002 TPAC meeting, and one newly appointed member, because of a longstanding conflict, was unable to be sworn in at that time. In addition, three Members of the TPAC whose term expired on July 12, 2002 were not privy to the TPAC discussions underlying this Report.

A. Multi-Track Examination Process and Fees

Proposals in the June 3 Strategic Plan, as amended,² provide for a multi-tiered system for filing and prosecuting trademark applications by optional use of any one of three alternative tracks. The TPAC understands that as proposed at the time of the drafting of this Report the alternatives are as follows:

The qualifications for the **first alternative** include: (a) compliance with all electronic filing requirements of the USPTO; (b) an agreement to respond within sixty days to any Office Action; (c) the submission of all fees for all classes with the filing; and (d) identification of the goods and/or services in conformance with the USPTO Acceptable Identification Manual. In return, the applicant would pay a reduced fee, receive priority examination from the Trademark Examiner within thirty days from filing, and obtain a “second set of eyes” review of any substantive refusal of the application. (The TPAC recommends sixty rather than thirty days.)

The **second alternative** requires only that the application be electronically filed with the minimum filing requirements to obtain a filing date. There would be no priority given in examination to this alternative, nor would a substantive refusal necessarily be subject to “a second set of eyes.” The fees for this alternative would be those currently applicable to trademark applications.

The **third alternative** in the Strategic Plan would be the filing of an application utilizing traditional paper filings. Here, too, there would be no priority of examination or “second set of eyes” for review, and in addition the USPTO proposes that this alternative require a higher fee, reflecting the additional cost to the USPTO of paper filings.

² Certain proposals in the June 3 Strategic Plan have been changed as a result of comments submitted by the TPAC and others. The TPAC looks forward to working with the USPTO in providing its views on the proposed revised version of the June 3 Strategic Plan, prior to its submission to Congress early next year.

The Members of the TPAC oppose any increase in filing fees while diversion of user fees continues. The TPAC believes electronic filing and processing of applications should be encouraged and perhaps ultimately required, with limited exceptions. Electronic filing and processing of applications has numerous cost and other benefits to both the applicant and the Trademark Operation, which should be sufficient to incentivize electronic filing. These include obtaining an immediate filing date, a 24-hour, 7-day-a-week ability to communicate to the USPTO, lower costs to the applicant, immediate access to information, advantageous priority date as a result of immediate receipt and effective date of filing, more accurate information in documents, avoidance of lost or misplaced paper files, and a likelihood of accelerated processing of the application, registration and incontestability.

Subject to the comments herein, assuming the implementation of the Trademark Information System (TIS) and the ability of the Trademark Operation to meet the deadlines set forth in alternative one, the TPAC supports the reduced cost option, which can greatly enhance the move towards electronic filing.³ The TPAC Members believe that the “second set of eyes” for applications with substantive refusals is appropriate, but should be applicable on a random basis so that all applications have an equal chance of being included in this quality initiative, which could be used to identify and correct problems in areas which require attention. The TPAC believes that all applicants should be treated equally, except for inherent advantages that inure to the benefit of electronic filers, and that no procedures should ever be implemented which could have the effect or perception of creating classes of reviews in terms of quality of examinations.

³ The TPAC recognizes that the use of all electronic filings under the conditions set forth in alternative one will involve challenging issues, anticipated as well as unanticipated. It is the implementation of this option that will be the test of its success. The TPAC is prepared to work with the USPTO in constructively addressing these issues as they arise in the implementation of the Strategic Plan as finally adopted.

Concern has been expressed as to the need for a method to obtain the expedited issuance of a registration to deal with infringement and counterfeiting problems. The electronic reduced-cost application option is not a substitute for other procedures, including a Petition to the Commissioner in an appropriate case. Thus, the TPAC believes that an expedited application procedure should be made available for good cause through which users, with appropriate safeguards to prevent abuses, can obtain registrations more quickly than in the normal course. To the extent any existing procedure has become a barrier rather than an aid to the petitioner, the problem should be corrected, and the TPAC looks forward to discussing any potential solutions with representatives of the Office.

B. Signatures

The TPAC supports legislation to eliminate the requirement for signed affidavits or declarations to support applications and other papers, and agrees with the USPTO that it can rely on the statutory presumption that filing the papers is an indication of the ownership of the trademark, use of, or intent to use the trademark in commerce, and the truth of any matters set forth in the electronic or paper filing. The TPAC does not believe the change should or would relieve the attorneys or the parties from being responsible for representations that the information submitted is true if stated from their personal knowledge, or, if stated on information and belief, is believed to be true after inquiry reasonable under these circumstances.

The TPAC notes that the penalties for knowingly and willfully falsifying or concealing information or making fraudulent statements or representations, whether in writing or by submission of documents, and the penalties applicable thereto under § 18 U.S.C. 1001, as well as jeopardizing the validity of the application or the enforceability of any trademark registration

resulting from the knowing or willful misrepresentation, provide sufficient deterrent to eliminate the requirement of signatures and signed affidavits or declarations.

C. Early Review

The TPAC supports the Strategic Plan's proposal that the USPTO institute earlier review of applications and a process to identify problems and correct concerns through training and guidance. The TPAC believes that this procedure should be followed with a representative sampling of applications, with particular emphasis on areas in which problems have been identified.

D. Reinforce Trademark Assistance/Customer Relations Management Center

The TPAC agrees with this initiative to assist customers and provide information on quality issues to the Trademark Operation. The TPAC has considered alternatives such as the appointment of an independent ombudsman to receive complaints from users of the Trademark Operation without fear of retaliation, as well as inclusion of evaluation forms on a random basis for customer response upon the issuance of registrations. We believe a credible system of identifying areas of repetitive customer complaints is critical to maintenance of a quality USPTO operation. We understand initiatives have already taken place to provide general measurements of customer satisfaction, but we also understand that the procedures for doing so are subject to union-management agreement. We believe any sampling used for this purpose must be credible.

E. Auto-Response Confirmation

The Strategic Plan proposes to: "put auto-response confirmation on all USPTO e-mail addresses, including examining attorneys." (Currently, it is limited to correspondence with the Law Offices and the Commissioner's Office.)

The TPAC favors this provision and also favors use of a mechanism, which automatically forwards correspondence to the new person responsible for a case. Given the interest in e-commerce, the TPAC believes it is essential to have a mechanism that automatically reassigns a case from one Examining Attorney to another Examining Attorney when necessary, and also advises the applicant of the reassignment.

F. Listing Examining Attorneys on TARR

The TPAC is in favor of listing the Examining Attorney on TARR. In any organization, accountability is key. Listing the name of the Examining Attorney will facilitate serving the public by enabling open communication between interested parties and the Examining Attorney responsible for the case. We believe any inconvenience to Examining Attorneys as a result of receiving and redirecting calls on matters not being handled by them does not offset the benefit to the users and the public of being readily able to reach the person that is responsible for the relevant files.

G. Pseudo Marks and Design Codes

The USPTO should continue to address pseudo marks and design codes, to improve the quality of its database and the results obtained from searches of that database. The TPAC understands there have been quality issues associated with a previous contractor in terms of coding applications for designs and pseudo marks. The TPAC applauds the USPTO for identifying the issues and taking action to improve such coding in 2002. The TPAC understands funds available to the USPTO are not sufficient to clean up all past incorrect coding. To ensure a high quality examination of future designs and pseudo mark applications, correcting past coding errors is essential. The TPAC supports the Congressional return of diverted funds to permit the necessary expenditures to make the needed corrections.

H. Assignment of Co-Pending Applications to the Same Examiner

The TPAC supports the principle that co-pending applications filed by the same applicant for the same mark on related goods should be assigned to the same Trademark Examining Attorney. Doing so can minimize inconsistent treatment of identical marks by the same applicant.

When the same entity that owns an existing registration files an application for the same mark on additional goods, the TPAC does not recommend that any special effort be made to have the new application reviewed by the same examiner who handled the existing registration.

I. Examination of Specimens

The TPAC recommends that the trademark examination process continue the examination of specimens to determine proper trademark use.

J. Foreign Registrations

The TPAC supports acceptance of copies of foreign registrations rather than requiring certified copies.

K. Domestic Representative

The TPAC supports elimination of the requirement that a foreign applicant appoint a domestic representative, provided the foreign applicant agrees to be served by publication.

L. Director's Authority to Raise Fees

The TPAC opposes any expansion of the Director's power to raise fees without Congressional approval, and reiterates its opposition to any increase in fees while a diversion of user fees is permitted.

VI. E-GOVERNMENT INITIATIVE

A. Trademark Information System (TIS)

The USPTO proposes to create an almost paperless Trademark Operation principally through use of TIS and by various other means. TIS would create electronic file wrappers, and

electronic workflow for all incoming and outgoing correspondence, fees and other communications with the Trademark Operation. This will, among other benefits, help to eliminate lost papers, which has long been a problem at the USPTO, assist in pendency, enhance docketing, allow access to records, facilitate work at home, help in preliminary searches, minimize information entry and typographical errors, aid the examination process, and permit automatic response features. The TPAC wholeheartedly endorses the Trademark Office's continued development of the electronic Trademark Information System and its other electronic initiatives.

In this connection, the TPAC notes that the Trademark Operation has, by its past work on this and other aspects of its "electronic office," played a leadership role both in the USPTO and throughout the Federal Government in developing electronic systems for the efficient administration of governmental functions on a businesslike, customer-oriented basis in accordance with the Administration's fundamental principles of Government operation.

The Trademark Operation's leadership role in this regard has been widely recognized and praised, and the TPAC believes it has positioned the USPTO well for the further development of its all-electronic Trademark Operation. We hope and expect that the USPTO's continued work on TIS will continue to benefit both the Trademark Operation and the public, and support the Office in its efforts in that work.

In addition, the TPAC notes that the feasibility of a number of the other Trademark Operation initiatives set forth in the USPTO Strategic Plan (including, for example, proposals for a pilot project to divide work on specific trademark applications between attorney examiners and paralegals) would depend on the implementation of TIS to minimize or eliminate the time otherwise required for files to be routed from Examiners to paralegals and back again. This

consideration suggests, and the TPAC believes, that implementation and expansion of TIS to the fullest possible extent at the earliest possible date should continue to be a goal of the Trademark Operation under any Strategic Plan adopted.

B. Assignments

The Strategic Plan proposes to incorporate the assignment records into the trademark operation database. The TPAC believes that, as the Trademark Office implements its plans for an almost paperless trademark operation through use of the electronic Trademark Information System (TIS) and other means, steps should be taken to insure that all information necessary to enable users to determine the status and title of a registration is available as part of the TIS electronic registration file. For completeness and convenience, that information should include the assignment history of each registration as well as all relevant information about declarations of continued use, incontestability affidavits, renewals, and the like.

The TPAC believes that implementation of TIS will make it practicable to integrate assignment information from the Assignment Services Division, currently under the Office of the Chief Information Officer, into the Trademark Operation's TIS database. We do not have sufficient information, however, to express a view about whether actual incorporation of the Assignment Services Division into the Trademark Operation would either be necessary to achieve this goal, or desirable in terms of promoting efficiency and economy in their respective operations. We believe the proposal to do so should be investigated further before implementation.

C. Electronic Filings

The TPAC applauds the Trademark Operation's continued efforts and initiatives to achieve the levels of electronic filings it has targeted and supports continued publicizing of its benefits and training of the Bar and the public to reach those goals.

VII. REDUCTION IN WORK FORCE

It is unfortunate that the USPTO was required to undergo a reduction in force of many Trademark Examiners at the end of fiscal year 2002. We believe that the Office had no choice in the matter and that the work force had to be balanced with work levels. The TPAC believes the Trademark Operations and morale, which was seriously impacted, would have been much worse in the long term if a reduction in force had not taken place or had taken place through multiple steps. However, as noted above, it was not the proper role of the TPAC to engage in the labor-management aspects of determining the appropriate extent of the reduction or the specific terms of its implementation. One of the major challenges of the coming year will be an effort to raise the morale of the Trademark Examining Attorneys towards the level that existed prior to the Reduction in Force.

As fiscal year 2003 proceeds, we understand that the Trademark Operations will carefully monitor the situation but no additional reductions in force currently are anticipated.

VIII. WORK-AT-HOME PROGRAM

The TPAC continues to endorse the work-at-home program and its expansion, which it understands increases productivity and morale, while having substantial benefits with respect to retention of experienced Trademark Examiners and reducing cost of office space, as well as travel time to and from work. The TPAC also supports the monitoring of this program and the

use of web-based training programs which will minimize the need for face-to-face training, except as necessary for effectiveness. The TPAC Members also recognize the need for appropriate in-time office interaction and the need to avoid compromising appropriate training.

IX. QUALITY

A. Training

The TPAC supports training which it views as an essential means to maintain highly skilled Trademark Examiners. We believe that there is no substitute for good, periodic face-to-face training sessions, which we understand will be continued. If a majority of training migrates to a web-based training program, the TPAC recommends that the USPTO monitor the effectiveness of the training to be undertaken, with a report to the public of the benefits of the web based training program. The TPAC believes that Examiners will support training provided the USPTO presents effective means to accomplish the training process.

B. Paralegals

The TPAC supports in principle a pilot program to determine if non-attorney Examiners (paralegals) can assume greater responsibility and exert a positive influence on the examination function. We, however, believe it is important to determine that a greater role for paralegals will not duplicate the Trademark Examiner's role or confuse the applicants as to whom to contact to resolve issues. The TPAC does not support paralegals performing any substantive role in the examination process, *e.g.*, with respect to determining, by way of example, descriptiveness, likelihood of confusion, genericism, or misdescription. The TPAC recommends that the Trademark Operations set forth clear lines of distinction between substantive and non-substantive functions and monitor the pilot program to determine if paralegals are exerting a positive influence on the examination process.

C. Re-Certification

The TPAC believes that methods are currently in place to award and monitor productivity and excellence. We agree that monitoring Trademark Examiner performance is appropriate, but that a re-certification of the Trademark Examiners every three years is not needed and does not address any problem that exists today that cannot be handled with existing methods of Examiner review. As there is no initial program to certify Examiners other than the requirements that they be a member of the Bar, re-certification of all Examiners is not as productive as other methods that can identify and focus on specific problem areas. The TPAC does support mandatory CLE training, which can enhance performance by all Examiners.

X. SPECIALIZATION

The TPAC endorses the development and continued use of expertise within the Trademark Examining Corps. The TPAC also endorses the consultation by Trademark Examiners with those having expertise in specific classes where appropriate and where productivity credit is given to both parties for this consultation.

The TPAC is not in favor of concentrated training directed to the objective of having all Trademark Examiners equally qualified to handle all classes of goods and services. As technology becomes more complex, the need for Trademark Examiners with specialized knowledge in complex fields becomes increasingly important. The TPAC recognizes, however, that there is a need for flexibility in handling applications and that assignment of applications outside a Trademark Examiner's normal area of expertise or knowledge, therefore, may be necessary.

XI. TRADEMARK TRIAL AND APPEAL BOARD (TTAB)

The TPAC has worked with the TTAB on a number of issues over the past year. Chief Administrative Trademark Judge David Sams and other representatives of the TTAB have

attended all the public meetings of the TPAC and Judge Sams has given regular briefings to the TPAC on the principal issues facing the TTAB.

The TPAC is impressed by the progress that the TTAB is making in a number of areas and congratulates the TTAB for its efforts and accomplishments. In particular, the TPAC notes the following significant accomplishments by the TTAB over the past year: pendency for disposal of final actions has decreased from 41.5 weeks in 1999 to 7 weeks in September 2002; pendency for disposal of summary judgment motions has decreased from 78 weeks in 2000 to 17 weeks in September 2002; and pendency for contested motions other than summary judgment motions has decreased in this same period of time from 16.7 weeks to 11 weeks. In addition, the TTAB has made significant progress in implementing electronic filing and electronic workflow systems.

The TPAC has discussed a number of specific issues with the TTAB over the past year and has arrived at the following positions:

A. Electronic Filing

The TPAC strongly supports e-commerce for all aspects of the USPTO's operations as highly beneficial to trademark owners. The first stage of electronic filing that has been implemented by the TTAB covers extensions of time to oppose. The TTAB expects that it will be able to accept electronic filings of all documents within the next year, which is ahead of the TTAB's original implementation schedule. In November, 2002, the TTAB proceeded to full implementation of its electronic workflow system (TTABIS).

Unlike the savings predicted for the USPTO for e-filing of trademark applications, the TTAB does not foresee significant savings in the first year of e-filing at the TTAB, but it does expect to see savings in clerical processing costs over the long term as e-filings increase. TTAB

status information, including the capability to check the status of extensions of time to oppose, is available on the USPTO web site. The TTAB's goal is to make information on an extension of time to oppose available on the web site within two weeks of the date the request for extension of time to oppose is filed. The TPAC is pleased with the steps that the TTAB is taking to implement electronic filing and supports and encourages a prompt and complete transition to electronic filing.

B. Reduction of Pendency

The TPAC supports a formal 90 day status report to the TTAB's Chief Administrative Trademark Judge for all pending motions and cases that are ready for decision. The TPAC suggests that the TTAB explore the desirability of setting up internal status conferences for matters that have been pending for more than 90 days. The TTAB currently keeps a docket system which tracks cases closely, including information on how long judges and interlocutory attorneys have had a particular matter. The TPAC believes that this information should be available to the public.

C. Fees

The TPAC opposes any increase in any TTAB fees as long as there is diversion of the USPTO's revenues.

D. 60 Day Extensions of Time to Oppose

The TPAC supports changing the USPTO's rules and Section 13(a) of the Lanham Trademark Act (15 U.S.C. § 1063(a)) to provide that the first extension of time to oppose upon written request be for a period of 60 days. Further extensions of time for filing opposition would continue to be granted by the Commissioner for good cause.

E. Alternative Dispute Resolution

Currently 98.5% of the TTAB's cases are disposed of before trial. Potential advantages of greater use of Alternative Dispute Resolution (ADR) include prompter and more frequent settlements. Informal ADR currently is available at the TTAB but is not widely used.

The TPAC encourages the use of ADR in the TTAB's operations and believes that the TTAB should have more authority to encourage parties to consider mediation as a way to enhance the chances of resolving cases at an earlier stage. The TPAC believes information on and encouraging mediation should be distributed when the issues are first joined in inter-party proceedings. However, the TPAC does not believe that ADR should be mandatory and it recommends that the mediators not be TTAB personnel.

F. Telephone Motion Practice

The TPAC is in favor of increased use of conference calls for discovery disputes. The TTAB currently encourages attorneys to use telephone conferences for handling motions, although the practice is not mandatory and is left to the discretion of the interlocutory attorney. The TPAC supports further utilization of telephone motion practice, similar to the practice in the Federal courts. The TPAC suggests that the parties in discovery disputes identify the issue in advance prior to the conference and, if the judge wants the parties to brief the issue, the judge should then request it.

G. Automatic Discovery Disclosure (Rule 26(a) Federal Rules of Civil Practice (FRCP))

The TPAC is in favor of the TTAB offering expedited discovery options, but it is not in favor of mandatory disclosure requirements. The TPAC does not recommend that the TTAB adopt the Rule 26(a) disclosure provisions of the Federal Rules of Civil Procedure which are required for civil litigation. This practice could result in substantial expense to the parties before

they have had sufficient time to consider settlement. Implementation of the Rule 26(a) procedures may also lead to uncertainty and increased motion practice.

Considering the high rate of TTAB cases settled before decision, the existing TTAB procedures appear to function well to permit settlement in a time frame that meets the needs of the parties. Moreover, any party desiring prompt action may utilize existing TTAB procedures that allow for immediate discovery. As to sanctions, the TTAB already has Rule 11 sanctions (except for monetary awards). Finally, there are other procedures available that may be used to improve efficiency, such as pre-motion telephone conferences, status inquiries and status reports.

H. Work at Home

The TPAC supports the TTAB's work-at-home program on the condition that the TTAB's standards of quality are maintained. Currently seven judges, four interlocutory attorneys and two paralegals are participating in the program. Given the capabilities of e-commerce, the TPAC does not expect that the work-at-home program should result in any delay in judges circulating and commenting on draft decisions.

I. Electronic Hearings

The TPAC encourages the TTAB to continue to explore the advantages of greater use of teleconferences and video conferences for all aspects of its operations, including final hearings. The TPAC understands that there are a number of financial, technology and facilities issues that need to be addressed and urges the TTAB to consider the advisability of the greater use of this technology in the appropriate circumstances. This would be to the mutual benefit of the parties and to the TTAB.

J. One Judge Panels

The TPAC will continue to explore with the TTAB the possible use of one-judge panels in appropriate circumstances, possibly at the discretion of the Chief Administrative Trademark Judge.

XII. MADRID PROTOCOL

The TPAC will be addressing during the 2003 fiscal year the detailed plans of the USPTO for compliance with the Madrid Protocol, which was finally ratified by the Senate on October 17, 2002, and signed by the President on November 2, 2002. The USPTO is actively addressing the challenges of compliance, as well as the fact that the cost of compliance is estimated to be seven million dollars, which has not been included in the budget for this coming year during which these expenditures will be required.