

SUMMARY REPORT ON JULY 25, 2006, MEETING BETWEEN USPTO OFFICIALS  
AND REPRESENTATIVES OF THE ABA-IPL SECTION, IPO, AIPLA, AND INTA

On July 25, 2006, representatives of the American Bar Association Section of Intellectual Property Law ("ABA-IPL Section"), the International Trademark Association ("INTA"), the Intellectual Property Owners Association ("IPO") and the American Intellectual Property Law Association ("AIPLA") (hereinafter collectively the "Organizations") met at the United States Patent and Trademark Office ("USPTO") to discuss the proposals to amend the Rules of Practice (the "Rules") before the Trademark Trial and Appeal Board ("Board") that were published in the Federal Register on January 17, 2006 [71 F.R. No 10, at 2498].

In attendance at the meeting from the Organizations were: (for IPO) Catherine Mennenga, Jay Hines and Dana Colarulli; (for INTA) David Cho, Michael Heltzer and Barbara Friedman; (for AIPLA) Michael Kirk, Phillip Hampton, Jonathan Hudis and Vince Garlock; and (for the ABA-IPL Section) Tom Brooke, Hayden Gregory and Jonathan Jennings. For the USPTO, those in attendance included David Sams, Chief Administrative Trademark Judge, Gerard Rogers, Administrative Trademark Judge, David Mermelstein, Interlocutory Attorney, and James Toupin, General Counsel of the USPTO.

At the meeting, the Organizations provided consensus viewpoints regarding five of the proposed changes to the Rules in descending order of importance (i.e., "1" being the greatest source of concern and "5" being the least): (1) Scope of the Mandatory Initial Disclosures; (2) Reduction in the number of Interrogatories; (3) Serving Notice of Board Proceedings; (4) Protective Order; and (5) Expert Disclosures.

The Organizations stressed that each group continued to stand behind their respective written submissions presented during the comment period on the proposed Rules, and those written submissions are an invaluable source for suggestions and ideas regarding the proposed Rules — particularly on issues that the Organizations did not have an opportunity to discuss during the meeting. Neither the USPTO officials nor the Organizations viewed the meeting as a substitute for a hearing; instead, everyone present understood that the meeting was merely a convenient way for the Organizations to provide consensus viewpoints to the USPTO regarding the proposed new Rules. The Organizations saluted the efforts of the USPTO officials to improve the efficiency and fairness of Board proceedings, and welcomed any questions or input on the comments presented.

A summary of each of the five points discussed at the meeting follows:

**1. MANDATORY INITIAL DISCLOSURES**

The Organizations explained why they were opposed to the Board's proposal for lengthy and detailed initial mandatory disclosures. Instead, the Organizations suggested more modest automatic initial disclosures of the type described in Rules 26(a)(1)(A) & (B), Fed. R. Civ. P. The Organizations did not believe that initial disclosures should be used as affirmative evidence by the adverse party. However, the Organizations stated that the disclosing party should be precluded from introducing during its testimony period any witness testimony, documents or

other materials not previously disclosed in the party's mandatory disclosures or in any supplement thereto before the close of fact discovery. Additionally, the Organizations asked the Board to specify by rule that a party's mandatory disclosures would not be due until after the defending party files its answer.

According to the Organizations, the categories of information required as part of the proposed mandatory initial disclosures are too broad and raise issues that will not be relevant in many proceedings. Consequently, the Board's "one-size-fits-all" approach creates unnecessary burdens and costs. The breadth of these disclosures and the anticipated high cost of responding to them will discourage early settlement of proceedings by eliminating the incentive of a significant cost savings. Once heavily invested, parties are less inclined to settle and are more inclined to pursue the Board proceeding further in order to recoup their investment. Moreover, the high cost of responding to the proposed broad disclosure requirements will cause individuals and small entities to abandon their cases altogether rather than incur the expense.

Finally, these broad disclosure categories are likely to increase motion practice regarding the adequacy and scope of parties' compliance, stalling the progress of proceedings.

## **2. REDUCTION IN THE NUMBER OF INTERROGATORIES**

The Organizations asked the Board to reconsider reducing the current number of Interrogatories from 75 to 25. The ensuing discussion raised several key points: (1) historically, Board proceedings appear to function well under the current 75 interrogatory limit, and without many reported instances of abuse; (2) the Board's policy of counting of subparts and compound questions<sup>1</sup> effectively keeps parties within the interrogatory limit; (3) although most cases do not require 75 interrogatories, certain complex factual situations require 75 or an even greater number; and (4) after the initial round of discovery, parties strategically keep a certain number of interrogatories "in reserve" to potentially use them later in the discovery period. A drastic reduction to 25 interrogatories would have the unintended consequence of encouraging more motions for leave to serve additional interrogatories and more discovery depositions, which demand far greater resources for a proceeding.

## **3. SERVING NOTICE OF BOARD PROCEEDINGS**

The Organizations do not object to the direct service of the party in the position of defendant in order to assist with the efficient commencement of Board proceedings. Having the party in the position of plaintiff serve a copy of the initial pleading on the trademark owner will facilitate the start of the proceeding. However, the Organizations are concerned about the Board's proposed steps required of plaintiffs who suspect that the correspondence address of record no longer is accurate or who find the service copy of the notice of opposition or the petition for cancellation is returned as undeliverable.

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<sup>1</sup> Calcagno, C., *TIPS FROM THE TTAB: Discovery Practice Under Trademark Rule 2.120(d)(1)*, 80 TMR 285 (INTA) 1990.

Trademark applicants have availed themselves of a federal system of registration that provides benefits, but it also imposes obligations. One such obligation is the duty to maintain a current and accurate correspondence address. (Trademark Rule 2.18). Particularly with respect to cancellation proceedings, however, registration ownership records are often out of date. The original attorney of record may no longer have responsibility for the registration or may no longer have an attorney/client relationship with the registrant. Inaccurate records or unreported changes of correspondence address should place no burden on plaintiffs to hunt down the current and correct address for service. The failure of the registrant to maintain accurate contact information with the USPTO should not punish the petitioner.

The expectations of the plaintiff with respect to "proof of service" and the meaning of "correspondence address of record" under the proposed Rules are unclear. As to "proof of service," "service" should not require service via a process server or applicable international convention for service. Instead, any of the methods currently provided in Trademark Rule 2.119(b) should satisfy this requirement. Regarding "correspondence address of record," must the plaintiff search beyond the TESS, TARR and assignment (TDR) databases? The Organizations believe that potential plaintiffs should not be required to go beyond the information provided in the USPTO's official public records to identify the proper service address for the defendant, and that the meaning of "correspondence address of record" should be defined.

The new requirement of notifying the Board within ten days when a service copy of the initial pleading is returned as undeliverable also needs a more refined definition as to the method of notice and the time deadline. Finally, the requirement of serving additional copies on any party, attorney or domestic representative that the plaintiff has reason to believe is the correct and current owner or its successor-in-interest again begs the question of how far the plaintiff must go and what the consequences may be if no additional copies are served. The sending of "courtesy copies," (not dictated by rule, and therefore not mandatory), would be acceptable.

#### **4. PROTECTIVE ORDER**

The Organizations expressed their concern that the proposed Rules changes would undermine the protection provided trade secrets and confidential information in Board proceedings. Because the nature of confidential information differs from case-to-case, a "one-size-fits-all" approach to protecting such information through the automatic imposition of the Board's Standard Protective Order<sup>2</sup> is not appropriate. The Organizations noted that without the current system's safeguards that allow for negotiated protective orders, parties with particularly valuable trade secrets may avoid the Board as a forum to resolve disputes — especially as against direct competitors.

The Organizations criticized the proposed mandatory imposition of the Board's Standard Protective Order. In its current form, the standard order is not suitable for parties who face a variety of concerns and discovery burdens relating to the disclosure of confidential information and trade secrets. For example, although the Standard Protective Order does discuss the

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<sup>2</sup> See, <http://www.uspto.gov/web/offices/dcom/ttab/tbmp/stndagmt.htm>.

possibility that the parties might negotiate various options, it leaves open the issue of exactly how to address the common practice of limiting access to confidential information within a party to certain individuals such as in-house attorneys or in some cases strictly to outside counsel (e.g., a two-tiered approach) where the information is particularly sensitive. In addition, its definitions are not as refined as the typical protective order negotiated between parties under the current system. Thus, the terms of the Standard Protective Order underscore the need to negotiate its terms rather than have a predetermined order take effect. The Organizations also noted *pro se* litigants as an example of a group for whom the imposition of the Standard Protective Order ordinarily would not be appropriate or fair to the other party with trade secrets to protect.

The Organizations also emphasized that the Standard Protective Order envisioned by the proposed Rules would not protect trade secrets or confidential information after a Board proceeding terminated. This underscored the desire of the Organizations to allow parties to negotiate over post-proceeding coverage and demand a signature by the parties to create a binding agreement that could be enforced after the termination of the proceedings. The Organizations noted that if the Board required that parties sign the protective order it would enhance the enforceability of the protective orders after the conclusion of proceedings.<sup>3</sup> However, the Organizations maintained that a signature requirement alone would not be sufficient if the order itself did not contain adequate provisions protecting the confidential information at issue.

The Organizations further stressed that the proposed Rules did not allow enough time for the parties to negotiate a suitable protective order, and that in most cases having quicker access to trade secrets and confidential information would not necessarily expedite the progress of the proceedings or settlement. The Organizations were not aware of any reported systemic abuse under the current system and inquired about instances where such abuse may have occurred. On balance, the Organizations found that even in cases of where some abuses under the current system exist (such as through the over use of the confidentiality classification), they saw no benefit to imposing a generic protective order before the parties had completed negotiations over an order tailored to the needs of their proceeding.

Finally, the Organizations asked for clarification of the proposed Rules pertaining to a party's ability to seek unilaterally through a motion the imposition of a protective order that differs from the Standard Protective Order, and asked the USPTO officials to provide clearly the opportunity for such relief where the parties cannot agree. Pending such a motion for an alternative protective order, the Organizations believed that the parties should not be required to produce confidential documents or information.

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<sup>3</sup> See, e.g., *Alltrade, Inc. v. Uniweld Products, Inc.*, 946 F.2d 622, 627 n. 11, 20 USPQ2d 1698 (9th Cir. 1991) (noting Florida district court's decision in related litigation involving the same parties, allegation that adverse party had placed party's confidential records in an open court file, in violation of the Board's protective order, stated a cause of action for misappropriation of trade secrets and breach of confidence sufficient to survive a motion to dismiss).

## 5. EXPERT DISCLOSURES

The Organizations pointed out that the cost of employing experts in infringement litigation can be severe, especially survey experts used to prove or disprove likelihood of confusion and/or secondary meaning. One of the key advantages of proceedings before the Board is that they are not as expensive as litigation before Federal Courts, at least in the early stages of the process. In Board proceedings, settlement happens sooner, more often, and without as much expense and disruption because parties generally have not invested as much time and money.

Hiring an expert witness and preparing expert disclosures requires a serious commitment to a case, but a party interested in success before the Board must choose for itself whether to make that commitment.

The proposed Rules changes requiring expert disclosures halfway through discovery does not track Rule 26 of the Federal Rules of Civil Procedure, which is far more flexible and allows Courts to set a deadline for expert disclosures at a time before trial, but not necessarily during the discovery period. The Organizations urged the Board to either track Rule 26 or provide more flexibility, perhaps even setting a period for expert disclosures and discovery — after fact discovery has closed and before the plaintiff's testimony period opens.

## CONCLUSION

The Organizations thanked the USPTO officials for their time and consideration, and stressed the desire for new Rules that would enhance the efficiency and fairness of Board proceedings.

Respectfully submitted,

American Bar Association Section of Intellectual Property Law  
International Trademark Association  
Intellectual Property Owners Association  
American Intellectual Property Law Association