Comments on Patent and Trademark Office
Proposal to Amend the Rules of Practice
Before the Trademark Trial and Appeal Board

1. General Comments

One of the reasons offered by the PTO for the institution of initial disclosures, which is one of the key elements of the proposed rule changes, is an article that was published in May 1998 entitled "An Emperical Study of Discovery and Disclosure Practice Under the 1993 Federal Rule Amendments," cited at 71 F.R., No. 10 (Tuesday, January 17, 2006) at Page 2500. This study does not offer support for the wide ranging changes that the PTO seeks to implement for Board practice, particularly on the subjects of initial disclosure and settlement negotiations.

The analogy fails for two reasons. First, the initial disclosure rule in the Federal Rules of Civil Procedure, Rule 26(a)(1), F.R.Civ.P., provides for disclosure of four types of information: (1) the names, addresses, and telephone numbers of individuals likely to have discoverable information that the disclosing party may use to support its claims or defenses, unless solely for impeachment, with an identification of the subjects of the information; (2) a copy or description by category and location of all documents, date of compilations, and tangible things that are in the possession, custody, or control of the party and that the disclosing party may use to support its claims or defenses, unless solely for impeachment; (3) a computation of any category of damages claimed by the disclosing party; (4) a copy of any insurance agreement under which an insurer may be liable to satisfy part or all of a judgment or to indemnify or reimburse payments made to satisfy a judgment.

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Of the four categories of disclosure in Rule 26(a)(1), categories 3 and 4 are irrelevant to Board practice because damages are outside the scope of the Board's jurisdiction.

The first two categories, which are essentially the identification of witnesses and identification of documents, must be disclosed only if they support the disclosing party's claims or defenses.

By contrast, the PTO's proposed rule [71 F.R. No. 10 at 2501] would require the disclosure of many categories of substantive information. Furthermore, the proposal as explained at 2501, apparently would require the disclosure of unfavorable information which would not support a claim or defense of the disclosing party, as well as favorable information. In effect, the explanation of the proposed rule appears to contemplate requiring a party to make admissions against interest, which the other party could then use simply by filing a notice of reliance at final hearing or in a brief on a motion for summary judgment.

The PTO's proposal is wholly unsupported by the experience of the Federal Courts under Rule 26(a)(1), F.R.Civ.P. The Federal Rule contemplates, in effect, the disclosure of sources of information which a party may use to support a claim or defense on its own behalf. The PTO's proposed rule contemplates the disclosure of many categories of substantive information, going well beyond disclosure of source or location, including categories of information which would be detrimental to the disclosing party and not be intended for use in supporting the disclosing party's claim or defense. The proposed initial disclosure rules are inconsistent with the explanation at 71 F.R. 2051 that "For a variety of reasons related to the unique nature of Board proceedings, the intent of

initial disclosure can be more limited than in the courts while still promoting the goals of increased fairness and efficiency."

The effect of the PTO's proposed rule would evidently be to make parties very careful to limit and restrict their disclosure of any information which under any interpretation could be used to the detriment of the disclosing party, which would not only defeat the purpose of the initial disclosure rule but would lead to a sharp increase in the number of motions filed at the Board to compel more complete disclosure, to preclude the introduction of testimony and evidence, or to strike testimony and evidence from the record. These motions would increase the cost of proceedings, the time of pendency of proceedings, and most importantly the demands on the Board's personnel to decide a multitude of motions which do not exist under the present practice.

It also appears from the Board's explanation at Page 2501 that the initial disclosures are described, at least in part, by general descriptions of categories of information rather than by the persons or places wherein the information may be known or recorded. For examples, one of the items for initial disclosure is "evidence of actual confusion possessed by a party in regard to the involved marks." This does not define the information by a person who has knowledge or by the type of evidence which exists, (e.g., letters, memoranda, notes, recorded telephone conversations, records of telephone conversations, emails, information compiled as electronic data, or any other means of record keeping).

Similarly, the information described as "the party's awareness of third-party use or registration of marks that are the same or very similar for goods or services the same as or closely related to the involved marks and goods or services" would require a

disclosing party to search all of its records of the type described in the preceding paragraph plus others (for example, search reports, which would not necessarily be limited to search reports on the mark in issue) and to interpret key words such as "awareness", and "very similar" for marks and "closely related" for goods or services. Some of these interpretations would require the exercise of keen legal judgment and could be the subject of second guessing at some later undetermined point in the proceedings if it became tactically advantageous for a party to challenge the adequacy of the disclosure.

Some of the information described as subject to initial disclosure is so confidential and important that it is difficult to conceive that a party would voluntarily disgorge the information absent an Order from the Board, which, of course, would entail additional motion practice. This information includes "plans for future use of any marks on which claims or defenses rely". The only situation where plans for future use would be relevant is where a party is claiming that it has a right of natural expansion into the defendant's field. Other than that it is irrelevant and would be a very closely guarded trade secret.

Another category of information which a party might be very reluctant to disclose would be "market research conducted by the party in regard to any involved mark on which it will rely." Major manufacturers of consumer goods frequently do market research to assess, among other things, the success or failure of a proposed or ongoing advertising or promotional campaign, to assess its relative position as against competitors, to test market a new product, or to test the aided or unaided recall of a mark by its present and potential customers. The vast majority of this ongoing market research

would never find its way into the record of a proceeding before the Board, and disclosure to others, particularly to direct or even indirect competitors, could be very damaging. This, again, is an area which could produce a large increase in motions before the Board to test the adequacy of the disclosures made by a party.

Some of the information described in the initial disclosure explanation could simply be irrelevant. These might include the "origin of any mark on which the party relies, including adoption or creation of the mark and original plans for use of the mark" when an opposer is relying on a mark that has been in use and registered for many years. In addition, information about the origin and first use may have long since disappeared. This again could produce motions by applicants who contest the assertion that information about origin and first use is no longer available or is irrelevant.

Another category of information which could produce many motions is "information regarding … controversies in which the party has been involved, which were related to the involved marks or, if applicable, assertedly non-distinctive matter." What is a "controversy" could be a very subjective judgment capable of wide or narrow interpretation, depending on the point of view of a party.

It is suggested that, to facilitate the orderly and expeditious progress of Board proceedings and to avoid the expansion of motion practice which can be anticipated if the proposal as published is adopted, the types of information to be required in initial disclosures should be the following (which would follow the requirements of rule 26(a)(1), F.R.Civ.P. by specifically describing the subjects for initial disclosure):

(1) - Copies of, or descriptions of contents and locations of, documents and data compilations with information relevant to the issues in the proceeding;

(2) - Names, titles, and business addresses, and telephone numbers and email addresses of witnesses with knowledge about facts relevant to the proceeding;

As the PTO's proposed rules are structured and explained, it is apparent that a party could incur significantly greater costs than is now the case in the initial phases of a proceeding. These costs would result from the requirement for making initial disclosures and for participating in a discovery conference. Two effects may result: (1) a number of meritorious oppositions and cancellation proceedings may never be filed simply because the party could not afford the cost of the initial stages of a proceeding; (2) where the stakes are high enough, the reduced difference between the cost of the initial stages of an infringement action and the initial stages of a Board proceeding may impel plaintiffs to elect to go directly to district court rather than to the Board, which would result in an increase in the burden on the district courts and thereby diminish the value of the availability of the less expensive administrative procedure which, in the end, could serve the same purpose of adjudicating the conflict and leading to its resolution.

The announced policy of not suspending proceedings for settlement discussions after an answer is filed until the discovery is held [71 F.R. at 2500] should be reconsidered. In practice, settlement discussions are frequently commenced after an answer is filed because that is the signal to the opposer or cancellation petitioner that the proceeding will be defended. Prior to that time, there may be no point in offering negotiations because that could be seen as a sign of weakness. If, however, the parties must proceed to a discovery conference after an answer is filed without an opportunity to suspend proceedings for the purpose of discussing settlement, negotiations could well be discouraged. One or both parties could decide that, if it has to go to the trouble and

expense of preparing for a discovery conference, it might as well proceed through at least the stage of initial disclosure and perhaps even a first round of discovery to see what emerges before giving consideration to negotiations for an agreement.

The intervals between the different stages of a proceeding, as described at 71 F.R. 2500 under “The Schedule for Cases Under Disclosure” should also be specified in the Rules.

The rules of the Board, as codified in Title 37 C.F.R., have the force of law. Interpretative comments published in the preamble to proposed new rules do not have the force of law. While the Court of Appeals for the Federal Circuit and Federal Courts generally give appropriate weight to the Code of Federal Regulations, they are not obligated to give weight to interpretative comments and very often do not give weight to interpretative comments. Secondly, for the convenience of the Board, attorneys, and parties (particularly *pro se* parties), the initial disclosure and scheduling outline should be in the Rules because the Rules are collected and published in the C.F.R. (the interpretative comments are not) and thus would be readily accessible to be consulted. *Pro se* applicants, in general, have no knowledge of the existence, contents, or means of accessing the Federal Register.

A significant percentage of the parties in proceedings before the Board are acting *pro se*. 37 C.F.R. § 10.14(e) specifically states that “Any individual may appear in a trademark or other non-patent case in his or her own behalf. Any individual may appear in a trademark case for (1) a firm of which he or she is a member or (2) a corporation or association of which he or she is an officer and which he or she is authorized to represent,

if such firm, corporation, or association is a party to a trademark proceeding pending before the office."

The rules should contain a specific provision for suspending the schedule if a party files any potentially dispositive, a motion to strike, or a motion to join a party. Any of these motions may affect the continued viability of the proceeding or the issues in the proceeding or the parties to the proceeding. These matters should be determined before there is any further activity including the initial disclosures.

Our experience has been that we are, more and more, dealing with *pro se* adverse parties in opposition proceedings. *Pro se* parties, in general, do not understand trademark terminology or trademark law, and of course, they do not understand Trademark Trial and Appeal Board procedures and rules. We may anticipate that, if the proposed rules are adopted in the form published in 71 F.R., there will be many cases pending at the Board where *pro se* parties do not comply with the initial disclosure requirements, may not even comply with the discovery conference requirement, and yet will receive lenient treatment because the Board historically has given *pro se* parties additional time and additional guidance. The result will be an imbalance in performance between parties represented by counsel and parties representing themselves, which will create a greater burden on parties represented by counsel and, ultimately, a greater burden on the Board. If the rules are revised as suggested in this comment, it will be easier for *pro se* parties to understand their obligations and the procedures for initial disclosures and therefore greater compliance with those requirements by *pro se* parties may be expected.

2. Comments on Specific Rules

Rule 2.99(d)(1) - There should be a requirement that the applicant for a concurrent registration file proof of service at the Board.

Rule 2.101(b) - There should be a provision for filing proof of service through the ESTTA system when an applicant has agreed to email correspondence with the Patent and Trademark Office.

A second or later attempt to effect service of the notice of opposition should be required only if a successor or successors to the first applicant are on record in the Patent and Trademark Office for the application being opposed.

The correct reference to the rule providing for electronic signatures is § 2.193(c)(1)(iii).

Rule 2.111(a) - There should be a provision for filing proof of service through the ESTTA system when a registrant has agreed to email correspondence with the Patent and Trademark Office.

A second or later attempt to effect service of the petition for cancellation should be required only if a successor or successors to the first registrant are on record in the Patent and Trademark Office for the registration sought to be cancelled.

Rule 2.120(a) - The schedule of events described at 71 F.R. Page 2500 should be incorporated in the Rules together with provisions for suspension after the answer is filed and before a discovery conference.

Rule 2.120(a)(2) – The subjects of initial disclosure should be specified in the Rules. Any additional or further explanation on the PTO website should be limited to interpretations or explanations of the Rule but should not modify the subject matter for initial disclosure.

If a defendant is in default because of a failure to answer a notice of opposition or a petition for cancellation, all times should be stayed and reset after an answer is filed and accepted by the Board. The discovery conference and opening of discovery should be scheduled no earlier than 30 days after the answer is accepted by the Board.

Rule 2.120(a)(3) – It is suggested that discovery by a party may start simultaneously with the service of the initial disclosures by that party.

Rule 2.120(d) – Twenty-five interrogatories are too few, at least in cases of fraud, abandonment, or where a party is attempting to restrict the identification of goods of a registration. In those situations, where a party, in effect, must negate the existence of facts, more than 25 interrogatories are normally required to exclude all possibilities. The limit of 75 interrogatories appears to be working well, and rather than attempting to specify different numerical limits for interrogatories depending on the issues in a proceeding, it is suggested that the limit for the number of interrogatories be kept at 75. This would be particularly important if the initial disclosures are limited to the subjects suggested in this comment.

In proceedings where likelihood of confusion is the issue, which are a majority of all proceedings, more than twenty-five interrogatories are usually required, especially if both parties are using their marks.

Foreign entities are increasingly becoming parties in proceedings before the Board. Interrogatories are a convenient, efficient, and cost-effective means of obtaining information from foreign parties. While oral depositions can be used in Federal Court litigation to obtain information because a court may compel a party to appear for a deposition in the district where the case is pending, this power is not possessed by the

Board, and depositions of parties located outside of the Untied States are expected to be conducted on written questions unless the Board, upon motion for good cause, orders that an oral deposition be taken or the parties stipulate that an oral deposition be taken. See existing Rule 2.120(c). The alternative to interrogatories could be depositions on written questions, a ponderous procedure, which is time consuming and expensive, and for foreign parties may require the use of letters rogatory, which itself adds immensely to the cost and duration of a proceeding.

Rule 2.120(e)(2) – The rule should specify whether a suspension of proceedings precludes the serving of additional discovery requests.

Rule 2.120(g) – No explanation is offered why a motion for sanctions to be imposed against a party for its failure to participate in the required discovery conference must be filed prior to the deadline for any party to make initial disclosures. The reasoning should be explained. If the Patent and Trademark Office retains the requirement that a motion for sanctions must be filed prior to the deadline for making initial disclosures, the filing of a motion for sanctions (a potentially dispositive motion)should automatically suspend all further proceedings and result in a resetting of all dates when the motion is decided.

Rule 2.120(h)(2) – The rule should specify whether, if a proceeding is suspended pending a ruling on a discovery motion, the parties are precluded from serving additional discovery.

Rule 2.121(a) – The trial order should state the entire schedule, starting with the due date for an answer and the deadline for a discovery conference and continuing through all of the stages described at 71 F.R. Page 2500.

Rule 2.121(e) – The requirement that pre-trial disclosures must state general information about a witness is vague and ambiguous and should be clarified.

The requirement that the pre-trial disclosures state a summary of subjects upon which each witness is expected to testify is vague and ambiguous and requires clarification. For example: Would a simple list of topics be adequate? Would a list of the exhibits to be introduced through the testimony of each witness be required in order to comply with the requirement? Would a general narrative statement of each witness is expected to say be required? Would a witness be precluded from testifying on any matter which is not covered by the pre-trial disclosure?

The requirement that the pre-trial disclosure include a summary of the types of documents and things which may be introduced as exhibits during the testimony of the witness is also vague and ambiguous. The Rule fails to state how much of a description of each document must be included in the pre-trial disclosure. Would a description of the general subject matter of a document be sufficient to comply with the requirement? Would the inclusion of the title of a document in connection with a description of what a witness is expected say be adequate compliance with the requirement? Would a party be precluded from introducing an exhibit which is not listed in the pre-trial disclosure?

Rule 2.122(d) – The rule should provide that a party may prove the existence and ownership of a registration by filing copies of data from the TARR database and from the assignment database when the TARR report shows that a registration or application has been assigned. Certification should not be required since these documents come from the Patent and Trademark Office.

Rule 2.127(e)(1) - The rule should state that a summary judgment motion based on claim preclusion or issue preclusion may be filed before the party makes its initial disclosures.