

**THE COMMITTEE ON THE JUDICIARY  
MAY 5, 2010, HEARING**

**PRESENTED BY JAMES H. JOHNSON  
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ON BEHALF OF THE TRADEMARK  
PUBLIC ADVISORY COMMITTEE**

**CONCERNS AND COMMENTS**  
**BY THE**  
**TRADEMARK PUBLIC ADVISORY COMMITTEE**

**OVERVIEW OF TOPICS**

- Breach of the Trademark Fence
- Unintentional Fee Diversion from the USPTO
- Unauthorized Practice of Trademark Law
- Kudos to the Trademark Operation and its Director
- Funding for New Computer Systems for the Trademark Operation
- Update on the Trademark Trial and Appeal Board's Performance
- Necessary Structural Reform for the Trademark Public Advisory Committee

I. Breach of the Trademark Fence:

- a. Background: The Trademark Fence is a statutory provision that states that trademark fees will only be used to pay for the Trademark Operation and its proportionate share of USPTO overhead.
- b. Issue: Former leadership of the USPTO pushed a new law to pass where the Patent Operation could borrow up to \$70 million from the Trademark Operation, with the borrowing authority remaining open until June 30, 2010.
- c. TPAC Thoughts: TPAC feels that this decision was handled poorly by the former leadership at the USPTO because it waited until other financial rescue options became unavailable before pushing for this loan authority. However, TPAC has been pleased with statements and actions made by the new USPTO Director, David J. Kappos, which indicate that the USPTO has secured enough cost savings to help the Patent Operation through the recession without having to borrow from the Trademark Operation, implement furloughs, or layoff of any Patent Operation personnel. This is based on current financial reports, however, and if the economy performs worse than expected, trademark funds might be borrowed rather than used for the purpose for which they were paid.

II. Unintentional Fee Diversion from the USPTO:

- a. Background/Issue: If the USPTO receives more in fee payments than forecasted and consequentially appropriated to the USPTO, the excess is currently diverted to the Treasury unless affirmative action is taken to grant those funds to the USPTO.

- b. TPAC Thoughts: TPAC feels that Congress currently expects the USPTO to look to its own financial resources to solve its financial problems before relief will be provided from other governmental sources. With this in mind, TPAC feels that fee diversion should cease so that the USPTO automatically receives and keeps every dollar paid in fees.

III. Unauthorized Practice of Trademark Law:

- a. Issue: We have received anecdotal reports that the unauthorized practice of law in trademark matters and filings before the Office may be a problem.
- b. TPAC Thoughts: TPAC and members of the IP community feel that the unauthorized practice of trademark law should be assessed and then addressed immediately to protect applicants from poor legal advice to the extent possible. Also, poorly drafted and prosecuted applications affect the efficiencies of the Office.

IV. Kudos to the Trademark Operation and its Director:

- a. TPAC Thoughts: The Trademark Operation continues its excellent performance despite the recession. The average pendency of trademark filings is low, and the quality is high. The Trademark Operation managed to increase its surplus through prudent financial management even though trademark filings were down more than patent filings. Furthermore, the Trademark Operation has been receptive to TPAC's and the trademark community's suggestions for improvement. We feel that we have an administration that is striving to serve our needs
- b. Specifics:
  - i. TPAC is pleased with the decision made by Mr. Kappos to restore the goal for the Trademark Operation's first-action pendency to 2.5-3.5 months.
  - ii. The Trademark Operation's total average pendency is also down. TPAC believes that with better electronic processes, it can decrease even more. For example, TPAC advocates moving to electronic records of a trademark's registration with an option for the registrant to obtain a paper registration certificate. TPAC also hopes that the Trademark Operation will be able to process applications electronically from application to issuance. These improvements would increase productivity and conserve resources without the need for a staff increase.
  - iii. TPAC approves of the new registration certificates and the option to receive notices of publication via email as effective resource conservation methods.
  - iv. TPAC feels that the Trademark Manual of Examining Procedure ("TMEP") should be updated at least annually, if not continually. The Trademark Operation agrees and is planning on updating it more frequently.

V. Funding for New Computer Systems for the Trademark Operation:

- a. Background: TPAC recognizes that the USPTO still needs to update and correct its poor computer systems in order for the Trademark Operation to be able to implement all suggestions for improvement.
- b. TPAC Thoughts: TPAC applauds the decision to use the Trademark Operation's surplus to create a separate, new computer infrastructure for the Trademark Operation. Specifically, TPAC feels that the USPTO should embrace "cloud computing" technology as part of its efforts to revamp the Trademark IT system. TPAC and members of the IP community believe that with proper IT systems in place, the Trademark Operation's productivity will be greatly increased as well as applicant satisfaction.

VI. Update on the Trademark Trial and Appeal Board's Performance:

- a. Background: TPAC was previously concerned about the pendency times for matters before the Trademark Trial and Appeal Board ("TTAB").
- b. TPAC Thoughts: TPAC is pleased with the improvement in the TTAB's pendency times. While the improvement may be due in part to the recession's effects on trademark proceedings generally, TPAC recognizes the TTAB's efforts to improve productivity and is hopeful that it will be able to maintain this pace when the recession's effects subside. Additionally, because opposition and cancellation proceedings are slow by design, TPAC is considering whether a "fast track" system should be implemented for these types of proceedings.
- c. The Trademark Trial and Appeal Board Manual of Procedure (TBMP) similarly needs to be updated annually, if not continually. We understand that the TTAB is working towards this end.

VII. Necessary Structural Reform for the TPAC:

- a. Background: TPAC is currently structured in an inefficient way which must be remedied through legislation.
  - i. Currently, there are no common end dates for TPAC terms. The end dates fall at various times of the year—June, October, and December. This creates problems. TPAC is organized around the federal fiscal year. It creates hardships when TPAC membership changes during the course of the fiscal year or in the 60-day period afterward during which TPAC must create and submit its annual report.
  - ii. The TPAC chair currently sits for three years and may be chosen from outside of TPAC's membership.
- b. TPAC Thoughts:
  - i. TPAC should be reformed to avoid gaps between terms of members and to allow for efficiency in creating the annual report. TPAC recommends that appointments be based around the calendar year because this will unify terms and avoid gaps. It also coincides with the work load required by the annual report.

- ii. TPAC also recommends shortening the length of the TPAC chair's term because the term is too long for a job which requires so much work. Furthermore, the chair should not be selected from outside of TPAC's membership because an unproven, new chair may not work as hard or as well at the job.
- iii. To address the issues of gaps in terms and reducing the chair's workload, TPAC recommends increasing membership to eleven members - nine regular members and two officers. The officers would be the secretary/chair-elect and the chair. Each year, the secretary would appoint three new members to three-year terms on the TPAC. Both the secretary and the chair would serve one-year terms. Once the chair's term has ended, the secretary would automatically be appointed as the chair. The new secretary would then be drawn from one of the three TPAC members finishing the third year of their terms. This would allow the secretary and chair to serve one-year terms with an easy chain of command in place to keep things running smoothly. However, TPAC notes that election outside of the TPAC for the secretary and chair positions should be allowed in order to preserve flexibility should extenuating circumstances arise that require it. Furthermore, if an individual is unable to complete his or her three-year term, whomever is appointed as the replacement should be appointed for the balance of the original member's term to keep things on schedule. The legislation should also require that terms last for the appointed amount of time or until a replacement can be found to avoid gaps in membership.

VIII. Questions.

**LINKS:**

You can find James Johnson's bio at:

<http://www.sutherland.com/lawyers/results.aspx?LastName=johnson&FirstName=james&Keyword=Keyword&=&FromSearchPage=lawyers>

Trademark Public Advisory Committee:

<http://www.uspto.gov/about/advisory/tpac/index.jsp>