

USPTO's propose changes to the rules of practice before the Trademark Trial and Appeal Board

CREATING a stir...

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On 17 January 2006 the United States Patent and Trademark Office (USPTO or Office) published a Notice of Proposed Rulemaking with regard to its rules of practice before the Trademark Trial and Appeal Board (TTAB or Board). The proposed changes are published at 71 Fed. Reg. 10 p. 2498 and offer more than ten pages of new initiatives including rules for service and discovery. With regard to discovery, the initiatives that have sparked the most debate are mandatory initial disclosures and pre-trial and expert disclosures.

The proposed changes to service and discovery rules have raised many questions, and several eyebrows with trademark practitioners in the U.S. and abroad. The changes have created such a stir that the initial comment period set to expire on 20 March has been extended to 4 May 2006, forty-five days beyond the original deadline. The Notice of Reopening of the Comment Period is published at 71 Fed. Reg. 58 p. 15097 (27 March 2006).

As this article goes to print, a number of U.S. law firms offered comments to the proposed rules. The American Intellectual Property Law Association (AIPLA) and the International Trademark Association (INTA) collectively offered about twenty pages of comments. Organisations such as AIPLA and INTA, along with a number of private U.S. law firms championed the effort to have the comment period extended. In addition to comments, many offered their own proposals for rule changes. Substantially all submissions comment on the creation of unnecessary costs and delays in Board proceedings. Many are asking why the TTAB has proposed the new rules at all and what exactly are the problems with the current procedures that these changes are meant to address?

Service

The current rule provides that a plaintiff or petitioner (plaintiff) in a Board proceeding shall file a notice of opposition or petition for cancellation (or a claim of right to a concurrent use registration) with the Board. They must provide the Board with as many copies as there will be defendants in the action, the Board then disseminates the copies to the defending parties.¹

The proposed rule effectively shifts the burden of service from the Board to the plaintiff. Under the new rule, a plaintiff will file its complaint

with the Board and concurrently serve a copy of its complaint, including any exhibits, on the trademark owner of record. When applicable, service will be made to the domestic representative for the party defending the application or registration.² In addition to serving the defendant party, the plaintiff will be responsible for serving "any party the plaintiff believes has an ownership interest" in the application or registration of the subject trademark.³ This includes, for example, assignees or the survivor of a merger even where such a party has not recorded the document of transfer in the Office but was known to the plaintiff.⁴

Following the concurrent service by the plaintiff, the Board will send a notice to all parties to the proceeding, noting the filing of the complaint. This notice sets the due date for an answer as well as setting the discovery and trial schedule.

The rationale given for this proposed rule is the increase of efficiency. It is the USPTO's position that the new rule, "recognises that plaintiffs and defendants are often in contact prior to a plaintiff's filing of its complaint or claim and also recognises that continuation of such direct communication is vital for both promoting possible settlement claims and for ensuring co-operation and procedural efficiency in the early stages of a proceeding."⁵

"Often" is not always, however, and as raised by the comments received, this rule effectively puts the plaintiff in the position of investigator. Hence requiring it to track down the current address and owner of a current application or registration and additional parties with interest, beyond what is provided in the USPTO's public records.⁶ As noted in the AIPLA comments, this proposed rule might be read to, "impose a duty on plaintiffs to undertake additional investigation to ascertain the current address, owner, domestic representative and attorney of the defendant."⁷

Thus, in Board proceedings where the parties are not already in direct contact, the new rule may add cost and delay the institution of a case. A compromise has been suggested that would adopt the part of the rule requiring the plaintiff to serve a copy of the complaint on the defendant, but the requirement would not extend beyond service to the correspondence address that appears in the USPTO public records. The compromise achieves the efficiency results desired by the USPTO but eliminates unnecessary costs and delays that could disincentivise the initiation of Board Proceedings.



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Discovery: Initial Disclosures

The proposed rule changes that have been most unsettling for trademark practitioners are those pertaining to discovery. The current discovery rules practiced in TTAB proceedings are unique to the discipline and do not follow the Federal Rules of Civil Procedure when it comes to discovery. In fact, the TTAB at one time expressly declined the opportunity to adopt the discovery rules prescribed by the Federal Rules of Civil Procedure and practiced in U.S. Federal Courts.⁸

The U.S. Federal Rules were amended in 1993 to implement a system of mandatory initial disclosures. Following the 1993 amendments, parties litigating in Federal Courts are required to disclose certain information and/or documents and things without awaiting discovery requests from the other side.⁹ The disclosures mandated in the Federal Rules pertain to purely procedural matters such as names and contact information of parties with discoverable information, calculation of damages and information being used by the disclosing party to support its claims and defenses. The Federal Rules perform the exact function set out in the Rule's title "Required Disclosures; Methods to Discover Additional Matter." The Federal Rules only require disclosure of information necessary for the parties to initiate the discovery process.

When the Federal Rules were first implemented, individual District Courts were permitted to opt out of the mandatory disclosure regime. On 15 January 1994, the Board "opted out" and issued a notice announcing its decision not to follow many of the 1993 amendments to the Federal Rules, including the mandatory disclosure regime prescribed in Rule 26.¹⁰ The Office did not adopt the disclosure rules because it believed their application in *inter partes* proceedings,

*"would increase the complexity and cost of proceedings and would be unfairly burdensome both to the Board and to the parties."*¹¹

In 1998 the Board amended the Trademark Rules of Practice, again declining to adopt the Federal Rules' initial disclosure practices. The Board did note, however, that it, *"would monitor recurring procedural issues in Board cases and might propose and adopt additional changes to practice in the future."*¹²

Now is the future, and the USPTO is proposing the adoption of a mandatory initial disclosure regime. The Office relies on

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empirical studies and articles that show Federal disclosure rules decrease litigation expenses, shorten time from filing to disposition and decrease the amount of discovery and the number of discovery disputes.¹³ The Office also cites as bases for change attorneys' claims that the Federal Rules enhance fairness of the case outcome, increase prospects of settlement and increase overall procedural fairness.¹⁴ It is the Office's position that adopting a mandatory disclosure regime will not only increase efficiency and

fairness as shown in the studies, but also *"enhance the possibility of parties settling a Board proceeding and doing so sooner."*¹⁵ The Office sees the new disclosure mandates as a *"substitute for certain amount of traditional discovery and a more efficient means for exchange of information that otherwise would require the parties to serve traditional discovery requests and responses thereto."*¹⁶ Nowhere is this substitution initiative clearer than in the proposed rule to limit a party's Interrogatories from 75 to 25.¹⁷

Unlike discovery under the Federal Rules, the disclosure rules proposed by the Office ask for information beyond what is necessary to initiate the discovery process. In fact, it has been suggested that the disclosures may even bolster the disclosing party's adversary's case.¹⁸ The mandatory disclosures proposed by the Office include fourteen items. Twelve relate to the origin, adoption and use of a mark by either the mark owner or third parties. Only two relate to the names or information for 'parties with knowledge.'¹⁹

Attorneys with experience litigating in Federal Court will recognise the last two required disclosures as Rule 26 disclosures facilitating the discovery of additional matter. Trademark attorneys having experienced discovery in Board proceedings will likely recognise the former twelve disclosures as standard interrogatories and requests for production in likelihood of confusion cases. In other words, many of these mandatory disclosures are typically the subject of a party's written requests to another, in an effort to build the facts of its case. It is well known within the trademark law community that trademark cases are often won or lost on the merits. The very skill and

In summary

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method of obtaining pertinent facts is reflected in a trademark attorney's ability to craft written discovery requests to serve on an opponent. By requiring certain disclosures and limiting the written discovery requests, the creative element is significantly decreased.

Significantly, the facts that will be obtained through these initial disclosures are at the heart of priority and likelihood of confusion cases, but do not necessarily apply in all trademark cases. In recent comments, the list of disclosures was referred to as a "one size fits all" approach, effectively treating all trademark cases as having likelihood of confusion as a central issue.²⁰ Some of the items a party is required to disclose under the new rules would be irrelevant in a case where abandonment or descriptiveness/genericness of the mark were the main issue.²¹ Specifically, in a case where a plaintiff is alleging abandonment, disclosing instances of actual confusion or channels of trade will not be relevant.²²

Trademark practitioners and owners take issue with this proposed change, stating that it will impose unnecessary additional costs and delay the proceedings. With respect to costs, in cases where likelihood of confusion is not at issue, the parties will still be required to make unnecessary disclosures that address irrelevant confusion factors. With regard to delay of proceedings, two contributing factors have been addressed in the submitted comments: First, the disclosing party will be responsible for searching all of its records for substantive information, likely requiring extensions of time to do so. Second, since much of the information to be disclosed is potentially detrimental to the disclosing party, the Board is likely to see an increase in motion practice (e.g., motions to compel by the receiving party and motions to strike by the disclosing party).

Thus, a number of commentators have suggested a mandatory disclosure rule that more closely follows the Federal Rules' initial discovery requirements. For example, one proposal limits the number of mandatory initial disclosures to two, specifically directed at obtaining information to facilitate additional discovery.²³ The suggested disclosures would include the following information:

- Copies of, or descriptions of contents and locations of, documents and data

compilations with information relevant to the issues in the proceeding

- Names, titles, and business addresses, and telephone numbers and email addresses of witnesses with knowledge about facts relevant to the proceeding.²⁴ Unlike the rule proposed by the Office, this suggestion avoids requiring disclosure of unnecessary or burdensome materials, but still assists in accomplishing the initiation of the proceeding.

Discovery: Pre-Trial and expert disclosures

The new rules will require parties to disclose identities of witnesses that the party expects to present, or may present if the need arises. The new rule requires disclosure of general summaries or descriptions of the subjects



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on which the witnesses will testify and the documents or things to be introduced during deposition.²⁵ The proposed rule states that the disclosures must be made thirty days prior to the opening of trial, a time-frame intended to follow the Federal Rules. This proposal does not follow the Federal Rules in substance, however, as it goes beyond the disclosures mandated by Federal Rule 26. The majority of comments addressing this rule have suggested an abbreviated time period (e.g., fifteen days) and less extensive requirements for information.

With regard to expert disclosure, under the current rules, parties often try to hold off the costs of engaging expert practice until absolutely necessary. In many cases, the proceeding will settle before this point, rendering expert disclosures irrelevant. The

proposed rule states that a party's plan to use experts must be disclosed no later than 90 days prior to the close of the 180-day discovery period, so that any adverse party will have an opportunity to take necessary discovery.²⁶ Unlike the Federal Rules, this requirement does not specify whether it includes both testifying and non-testifying experts. It also does not specify what types of information or reports are required to be disclosed. Moreover, the proposed rule significantly limits the time allowed for engaging expert practice.

The proposed expert disclosure rule has been hotly contested in comments to the Office because as proposed, the deadline for expert disclosures may not allow sufficient time for the parties to conduct discovery and determine if an expert is appropriate. Many view the deadline as "too early in the discovery period for decisions on testifying experts to be made."²⁷ Thus, there have been several recommendations to adopt an 'expert disclosure timeline' that more closely resembles the Federal Court system. Specifically, AIPLA has suggested that expert disclosures should be made after the close of the discovery period and that the rules should provide three separate expert disclosure deadlines (one for Plaintiff's Expert Disclosures, one for

Defendant's Expert Disclosures and one for Plaintiff's Rebuttal Expert Disclosures).²⁸ AIPLA has also suggested that there be a 30-60 day period between each deadline to allow time for parties to review the disclosures made, depose the disclosed experts and retain their own responsive experts. AIPLA's suggestions would bring the Board rules for expert disclosures closer to the Federal Rules and practice, however they may also defeat the goal of speedier and more efficient processes before the Board.²⁹

INTA offered comments on this proposed expert disclosure rule and has recommended a timeline that would allow a party 120 or 135 days after the opening of the discovery period to make expert disclosures. The recommended timeline gives parties more time to determine

whether an expert witness is needed and to then locate and secure a witness to testify.³⁰

Effect of rule changes: venue

The Board has traditionally been relied upon as a “less expensive and effective forum to facilitate settlement of both trademark registration and use disputes.”³¹ Currently, more than 95% of Board proceedings are decided before a final hearing. This effectively means that settlement is a common occurrence under the current rules and procedures. Thus, the significant rule changes attempt to solve a problem that many think is non-existent.

The proposed rule changes eliminate the Board’s procedural advantages, bringing Board practice closer to practice in Federal Court litigation. There is no question that when faced with the decision to initiate a Board proceeding under the new rules or litigate in Federal District Court, trademark owners with the available resources will likely choose the latter, where the Court will grant them either an injunction or the monetary relief that a Board proceeding will not.

Effect of rule changes: harmonisation

Harmonisation is a trend vital to International trademark law and practice. Dating from the Paris Convention in 1884 and continuing through the recent past, International Treaties and Conventions reflect the desire to create trademark laws that are somewhat consistent around the globe. If implemented, the proposed discovery rules may take the U.S. out of sync with the rest of the world. Few countries’ opposition proceedings require a party to immediately disclose more information than necessary to initiate proceedings.³² Additional discovery procedures are extraordinarily rare in countries outside of the U.S.

U.S. attorneys representing foreign trademark owners in Board Proceedings will have to be diligent in making foreign plaintiffs and defendants aware of the disclosure

requirements. Additionally, foreign counsel will have to work with U.S. trademark attorneys to ensure availability of the required information for disclosure. The U.S. attorney may learn soon after counselling foreign trademark owners and foreign counsel that the opposition or cancellation proceeding will be abandoned because of costs and production burdens.

As shown in the comments submitted so far to the proposed rules and new comments being offered almost daily, this situation may not be limited to parties outside the U.S. It is quite possible that the potential additional costs and procedural burdens resulting from the new rules may act as a disincentive for trademark owners in the U.S. to initiate Board proceedings.✉

Notes

- 1 See 7 C.F.R. § 2.105
- 2 See 71 Fed. Reg. 10 at p. 2499
- 3 See 71 Fed. Reg. 10 p. 2499, column 2
- 4 71 Fed. Reg. 10, p. 2499, column 2
- 5 71 Fed. Reg. 10, p. 2499, column 1 (emphasis added)
- 6 The USPTO’s “public records” include the Trademark Electronic Search System (“TESS”), Trademark Application and Registration Retrieval System (“TARR”) and Trademark Document Retrieval (“TDR”) databases, assignment databases, and the application or registration file history
- 7 AIPLA’s Comments on Proposed Rules: “Miscellaneous Changes to Trademark Trial and Appeal Board Rules” 71 Federal Register 2498 (January 17, 2006), submitted March 16, 2006
- 8 71 Fed. Reg. 10, p. 2499, column 3
- 9 Federal Rules of Civil Procedure, Rule 26(a)(1)
- 10 Trademark Official Gazette, at 1159 TMOG 14 (January 15, 1994); 71 Fed. Reg. 10, p. 2499, column 3
- 11 71 Fed. Reg. 10, p. 2500, column 1
- 12 Originally published at 1214 TMOG 145 (September 29, 1998) and published as corrected at 1215 TMOG 64 (October 20, 1998)
- 13 Thomas E. Willging, Donna Stienstra, John

- Shapard & Dean Miletich, An Empirical Study of Discovery and Disclosure Practice Under the 1993 Federal Rule Amendments, 39 B.C.L. Rev. 525, 534-35 (May, 1998)
- 14 Id.
- 15 71 Fed. Reg. 10, p. 2500, column 1
- 16 71 Fed. Reg. 10, p. 2500, column 1
- 17 71 Fed. Reg. 10, p. 2503, column 1
- 18 AIPLA’s Comments on Proposed Rules: “Miscellaneous Changes to Trademark Trial and Appeal Board Rules” 71 Federal Register 2498 (January 17, 2006), submitted March 16, 2006
- 19 71 Fed. Reg. 10, p. 2501, column 2-3
- 20 See AIPLA’s Comments on Proposed Rules: “Miscellaneous Changes to Trademark Trial and Appeal Board Rules” 71 Federal Register 2498 (January 17, 2006), submitted March 16, 2006
- 21 Id.
- 22 Id.
- 23 Oblon, Spivak’s Comments on Patent and Trademark Office Proposal to Amend the Rules of Practice Before the Trademark Trial and Appeal Board, found at <http://ttabrules.typepad.com/ttabrules/files/keratt_ab_rules_rev3306.pdf> (last visited April 10, 2006)
- 24 Id. at pages 5-6
- 25 71 Fed. Reg. 10, p. 2502, column 1
- 26 71 Fed. Reg. 10, p. 2502, column 1
- 27 AIPLA’s Comments on Proposed Rules: “Miscellaneous Changes to Trademark Trial and Appeal Board Rules” 71 Federal Register 2498 (January 17, 2006), submitted March 16, 2006, at p. 12
- 28 Id.
- 29 See Federal Rules of Civil Procedure, Rule 26(b)(4)(A)
- 30 INTA’s comments to the Trademark Trial and Appeal Board, dated March 20, 2006, at p. 4 (INTA also requests clarification as to whether the proposed rule applies to both testifying and non-testifying experts, since this is unclear from the published proposed rule changes)
- 31 Id., at p. 5
- 32 See the International Trademark Association Guide to Opposition, found at < > (last visited April 10, 2006)

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Lewis F. Gould (near left), Jr. chairs the Intellectual Property Practice Group of Duane Morris LLP. He has focused his practice for more than 30 years on intellectual property law, with emphasis on domestic and international patent and trademark matters. He advises clients on a broad spectrum of patent and related issues in a variety of technologies. He advises clients in trademark and copyright matters, including clearance, registration and litigation. He also manages patent and trademark litigation before the United States Patent and Trademark Office and in federal courts, locally and nationally.

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