

## COMMENTS ON PROPOSED RULEMAKING

### I. Background

These are the comments of Fross Zelnick Lehrman & Zissu, P.C., a New York based law firm that practices extensively in the field of trademark law, and that litigates many oppositions and cancellations before the TTAB, in response to certain changes contained in the Notice of Proposed Rulemaking dated Tuesday, January 17, 2006 proposing amendments to certain TTAB rules of practice (the "Proposed Rules").

### II. Comments

#### a. Service On Applicant/Registrant In Board Proceedings

The Proposed Rules would obligate the opposer/petitioner to serve the owner of record "as well as any party the plaintiff believed had an ownership interest (e.g., an assignee or survivor of merger that had not recorded the document of transfer in the Office but was known to the plaintiff) at the correspondence address known to the plaintiff." Fed. Reg. p. 2499.

In principal, we are not opposed to the proposed service rules. We have concerns about their proper implementation, however. These concerns are threefold: (1) that the new rules would impose an obligation on plaintiffs to serve parties that is much greater than the Board currently undertakes itself, absent return of correspondence marked "undeliverable;" (2) that the standard of who you are supposed to serve is vague and could invite gamesmanship; and, (3) that the Proposed Rules do not establish a brightline rule to determine when the attempted service has been adequate so that the proceeding can move forward with publication in the Official Gazette.

#### b. Discovery Conference/Initial Disclosures

##### i.) General Observations

##### The Proposal is Burdensome and Unnecessary

The Proposed Rules seek to impose a Federal Court type of discovery conference and mandatory disclosure scheme to Board proceedings that would be binding on all parties. As proposed, these rules are ill suited to Board proceedings and will increase the costs and complexity of opposition and cancellation practice, rather than streamline discovery. While incurring additional burdens, the Proposed Rules will not yield any commensurate benefit over existing Board practice.

## **ii) Discovery Conference**

### Mandating a Discovery Conference is Unlikely to be Effective

The Board apparently seeks to promote early settlement by mandating a conference where the parties may set a discovery schedule or otherwise confirm or change the applicable discovery and trial dates and deadlines. Most Board proceedings already settle early. Existing discovery practice at the Board is already flexible enough for parties to control the discovery schedule based on the amount of discovery they each believes to be needed and according to how the case proceeds. In this context, a mandatory conference seems to be a mere formality and unnecessary.

As for promoting fairness and early settlement, the mandatory conference lacks sufficient Board oversight to reach this objective. In Federal litigation discovery conferences take place in a context where judges, magistrates, and their assistants actively encourage settlement. The Proposed Rules, in contrast, envision only occasional Board participation. Where a Board member or interlocutory attorney is in attendance, which would only be on the request of a party, the comments to the proposed rule are silent on what their role might be, if any, in facilitating settlement.

Perhaps the Board is hoping that costly and extensive mandatory disclosures soon after the conference will promote settlement efforts. However, if this is indeed the case, such a hands-off strategy is unlikely to promote fairness in settlements.

## **iii) Initial Disclosures**

### The Proposal Is Burdensome and Unfair

The background section of the Proposed Rules state that the mandatory initial disclosures are a “substitute for a certain amount of traditional discovery” (p. 2500). Hence, the disclosures are themselves a form of mandatory discovery. Forcing parties to take discovery in Board proceedings inevitably adds costs and burdens to the parties, and undermines the parties’ abilities to manage discovery at their own respective paces and to the extent the action may require.

As entitlement to a registration is the sole issue decided in Board proceedings, many proceedings will not involve an extensive evidentiary record. Many proceedings involve intent based applications or applications or registrations based on foreign filings where there has been no use of the mark at issue in the U.S. An opposition can, furthermore, be maintained by submitting a status and title copy of a pleaded registration, and this could more than suffice to satisfy the opposer’s burden of proof. In cases with a limited evidentiary record, mandatory discovery is a distraction from the actual merits and needlessly opens another arena for delay and contention.

Parties in Board proceedings, and the amount and availability of disclosable information they possess, will inevitably differ greatly and mandating initial disclosures will have a disparate effect. The burden of disclosing “core information” would be compounded for foreign entities who maintain their offices and papers outside of the U.S. Distance and language barriers may inhibit the search for documents and evidence. Similarly affected would be larger entities which possess large amounts of disclosable information. This may mean that foreign and/or large entities could be unfairly disadvantaged.

### The Proposal is Unnecessary

The Board has no practical need to mandate initial disclosures in its proceedings. The distinctive nature of Board proceedings bears this out. The Federal mandatory disclosures propel a litigation schedule that presumes trial and testimony will be taken. In contrast, most, if not nearly all, Board proceedings settle well in advance of trial, or even testimony. Therefore, in Board proceedings the mandatory disclosures made at the outset of discovery will likely never be measured against any actual evidence or testimony presented later. In this context, mandatory disclosures would turn out to have been an unnecessary, though costly, exercise in all but a very few proceedings.

The Proposed Rules are more burdensome than the Federal Rules. Federal Rule of Civil Procedure 26(a)(1) requires each party to disclose persons (with contact information), documents (which can be by category), damages calculations and insurance agreements. In trying to adapt the Federal disclosure requirements to Board practice, the Proposed Rules characterize these disclosures as “core information,” but that is a misnomer. These disclosures in Federal litigations represent *sources* of information and evidence that the parties must consult during discovery to elicit information.

Instead, the disclosures the Board would require under the Proposed Rules represent the actual information itself, or a characterization thereof by the disclosing party that may or may not be wholly accurate. This invites abuse and gamesmanship. Obviously, such results would not serve the interests of adjudicating Board proceedings more efficiently.

### Most essential information is already available on the Internet

Unlike core information in many suits in Federal Court, information concerning most trademark owners’ marks, manner of use, goods and services and the like is already available on the owners’ websites. In most oppositions or cancellations, and especially those in which the opposer or petitioner is a large company, the applicant or registrant can find pertinent use information on the Internet. Discovery, including mandatory disclosure then just becomes a tool for harassment.

Some Federal Courts disfavor interrogatories as a discovery vehicle.<sup>1</sup> Despite this, the examples of disclosure topics provided in the Proposed Rules (p. 2501) read as though

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<sup>1</sup> For instance, the Local Rules of the Federal District Court for the Southern District of New York restricts interrogatories to those seeking witness names, damages

they were mandatory interrogatories. To the degree the Board rules admit that disclosure may be incomplete, or allows disclosure in the form of summaries, examples and categorization, then “disclosure” becomes a highly relative term. When also considering that the Board will apply mandatory disclosures to issues other than likelihood of confusion, i.e., functionality, mere descriptiveness, and abandonment, the disclosure topics will have to be tailored accordingly, leaving no clear or consistent standards to measure sufficiency of the disclosures proffered. Increasing the posturing and vagueness that often accompanies interrogatory practice is not the objective of mandatory disclosures under Federal Rule 26.1

### The Proposal Invites More Disputes

Besides providing a fertile ground for evasive and incomplete disclosures, and for placing excess burden on large or diligent parties, the proposed mandatory disclosure scheme also is unsupported by any truly effective measures to compel compliance. The Board lacks sanction powers available to Federal Courts to enforce compliance with its more limited scheme of mandatory disclosures under Rule 26.1. As is known from experience in discovery matters, seeking Board intervention in disputes is often not a viable option given long delays in deciding motions. Already, motions to compel discovery are traditionally disfavored by the Board and decisions on such contested motions can take many months.

### **III. Conclusion**

#### The Disclosure and Conference Rules Should not be Adopted

Judicial economy and streamlining of Board proceedings, and their disposition, are worthy objectives. We feel, however, that these objectives can be met through other less costly and burdensome means that are more directly focused, rather than indirectly imposed through selective adaptations from Federal litigation practice. Moreover, these objectives can be met without changing the nature of Board proceedings, and their procedural attractiveness and convenience to parties as an alternative to Federal litigation.

There are other changes that would be more effective to meet these objectives. For one, the Board can set settlement conferences, rather than discovery conferences, where settlement would be actively managed by a Board member who could give their initial impressions on the case and so encourage settlement. While this would be a departure from present Board practice, it is common for judges and magistrates to do this in Federal litigation and clearly helps to clear docketing calendars.

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computations, and general descriptions and locations of documents and other physical evidence. Local Civil Rule 33.3(a). Other interrogatories are permitted “if they are a more practical method of obtaining the information sought than a request for production or a deposition” or if ordered by the Court. Local Civil Rule 33.3(b).

Other changes may require the intervention of other judicial or legislative sources, but could be considered nevertheless, perhaps with the support of outside counsel and member organizations that comprise the Board's constituency. For example, with guidance from the Federal Circuit, the Board can revisit its criteria for deciding cases on summary judgment and on other potentially dispositive motions in order to resolve more cases while still maintaining procedural fairness. Another possibility could be for the Board to seek additional sanctioning powers from Congress in the form of new legislation, allowing, for instance, the Board to assess monetary penalties in egregious cases of misconduct.

These are only examples of possible alternatives to the Proposed Rules. But the most effective measures will be those which enable the Board to directly and actively intervene to streamline and economize proceedings, not those which expect the parties to do so because they face more burdensome discovery procedures.

We thank you for the opportunity to comment.