Merchant & Gould

An Intellectual Property Law Firm

3200 IDS Center
80 South Eighth Street
Minneapolis, Minnesota
55402-2215 USA
TEL 612.332.5300
FAX 612.332.9081
www.merchant-gould.com

A Professional Corporation

Direct Contact | 612.371.5274
sjohnston@merchant-gould.com

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VIA EMAIL - ab56comments@uspto.gov
CONFIRMATION VIA U.S. MAIL

Trademark Trial and Appeal Board
Attn: Gerald F. Rogers
P.O. Box 1451
Alexandria, VA 22313-1451

Re: **Comments re: Proposed Changes to Trademark Trial and Appeal Board Rules (docket number 2003-T-009, published in the Federal Register Volume 71, No. 10, January 17, 2006)**

Dear Mr. Rogers:

We write on behalf of the firm and our trademark clients with comments on the proposed changes to the TTAB Rules referenced above. The United States Patent and Trademark Office (Office) proposes to amend its rules in a fashion that greatly affect parties' rights and duties in Trademark Trial and Appeal Board (Board) *inter partes* proceedings. After review of the proposed rules and related notes, we submit the following comments.

Initial Disclosures

Of utmost concern is the proposal regarding the preparation of initial disclosures. The Office states these rules are intended to obviate the need to use traditional discovery to obtain "core information" about a party's claims or defenses. The Office also states its expectation that a party will have complied with its initial disclosure obligation if the party has provided "information" regarding a long list of categories, including the origin of the mark, dates of first use, past, current or future use, evidence of actual confusion, third-party use or registration, class of customers, channels of trade, methods of marketing or promoting, surveys or market research, and information regarding related proceedings. We believe these disclosures are a dramatic and burdensome change in discovery practice before the Board and would not further the goal of creating fairness in Board proceedings.

It is suggested these rules are modeled after disclosure practice under the Federal Rules of Civil Procedure, and that initial disclosures should be much more limited in Board cases than in civil actions. However, the Office's proposed initial disclosure obligations are

much more sweeping. The Federal Rules of Civil Procedure simply require identification of individuals with knowledge and the location of relevant documents. The resources involved in producing this information are relatively minimal.

To disclose and produce the multiple categories of information and documents required by the Office's proposed initial disclosures would be an ominous task, especially for any party claiming rights in a family of marks or a mark with great lineage. This would in essence require broad-scale document and information production even absent a request for such information from an opposing party.

In addition, there would be a mismatch of discovery burdens between a party with marks and an ITU applicant who has no history of use to account for. Moreover, under the proposal, the parties would not be permitted to commence any formal, focused discovery until the broad disclosure obligations are satisfied, or to seek summary judgment on any issue other than res judicata. Furthermore, the bar on motions for summary judgment unfairly prevents a party from seeking early summary adjudication even when its own disclosures have no bearing on the merits of the motion as in cases where the non-movant is accused of fraud or abandonment.

Further, due to the scant resources often available to parties in Board proceedings, the proposed rule would likely make opposition and cancellation process impractical and cost-prohibitive for small entities. On the other hand, given the increased costs and formality in Board proceedings, many large trademark owners may simply opt for federal district court, with access to injunctive and monetary relief. In that the Office relies on private enforcement of trademark rights as part of its overall effort to maintain the integrity of the Register, these opt-outs would not be desired results.

The Office's proposed solution to allow the scope of the initial disclosures to be ultimately determined by the parties will not work in practice. Due to the adversarial nature of Board proceedings, one party would likely attempt to shift the load of production on the other party. An applicant with little material to produce is unlikely to compromise on obtaining the broad range of materials referred to in the Office proposal. As the core purpose for this rule would be frustrated, we believe it should be stricken.

It is unclear how parties are not able to obtain relevant documents and information under the present system of discovery. Due to the undue burden and unfair prejudice that would arise through implementation of the proposed disclosure rule, we recommend the Office table it. This rule would add significant expense to Board proceedings with little benefit.

Expert Disclosures

As with the initial disclosures, we believe this proposal unnecessarily adds expense to Board practice. Typically, parties have been able to defer on the costs of expert practice until later in a Board proceeding, when absolutely necessary. The proposal would require parties to commit to, and disclose, an expert 90 days prior to the close of discovery, which is well before parties customarily employ experts in Board proceedings. This is certain to drive up costs in the earlier phases of opposition and cancellations without apparent procedural benefits. The proposal that the parties may disclose the expert after discovery if retained thereafter is itself ambiguous, subject to abuse by the parties, and will likely create more conflict on expert issues. Moreover, the proposed rule makes no distinction between retained testifying and non-testifying experts, when the latter are typically immune from discovery on work product grounds, thereby creating further potential for discovery disputes and loss of work product protection.

Pre-Trial Disclosures

As with the expert disclosure rule, this proposal is addressing a problem that does not exist. The vast majority of Board inter partes proceedings are resolved by agreement and do not go to final adjudication. The Board's flexibility and relative informality (compared to district court practice) is largely the reason for this early agreed disposition rate. Requiring parties to identify testimonial witnesses, topics of testimony and trial exhibits shortly after the close of discovery adds significant time and expense burden where none is needed. Parties have generally been able to function with the present method of testimonial periods and discovery tools to obtain needed direct and rebuttal testimony without unfair surprise.

Protective Order

The Office has proposed that the standard Board protective order become automatically in force on filing of an *inter partes* proceeding. While this will likely reduce some delays in document production, there are two fundamental uncertainties that need to be addressed prior to such a change: (a) enforcement of the order during a proceeding; and (b) status of the order after conclusion of a proceeding.

On the former issue, assuming the order becomes effective without further party action, parties will then have an obligation to produce confidential materials (pursuant to the Initial Disclosure proposal) without any signed agreement from the opposing party to protect the materials. While the Board can make the order automatically in force, the Board has not been provided contempt power or injunctive power to enforce the order or sanction parties for misuse. It is possible that the Board could enter judgment against a party or refer

counsel for disciplinary action in the event of non-compliance with the order. However, this would not provide immediate protection or remedy economic harm.

On the latter issue, the Board's standard order states that the Board has no jurisdiction after termination of a proceeding to enforce the order and encourages parties to make their own agreement for it to be binding on termination. However, in the event of party disagreement on this point, there could be the possibility of misuse of information without sanction.

These uncertainties are unnecessary. Before imposing the standard form order and obligating parties to produce confidential materials, the Board should consider modifications to the form and related process to make the parties agree that (a) protective orders will be binding contracts (permitting court relief), (b) protective orders will be affirmed by party or counsel signature (to be exchanged between the parties) and (c) the protective order shall be enforceable after the conclusion of the proceeding.

Interrogatories

The Board has proposed to reduce the number of interrogatories from 75 to 25, ostensibly in view of the proposed initial disclosure process. This is another example of Board practice movement toward federal court practice. However, the Board intends to continue counting sub-parts (which is typically not done in federal court practice). Thus, three interrogatories with 8 sub-parts would leave only one remaining interrogatory. This enfeebles the interrogatory tool and greatly reduces the parties' ability to obtain information shy of conducting depositions (especially when there are multiple marks involved). Accordingly, we oppose reducing the total number of interrogatories from 75 to 25.

Party Service

The Office proposes to require plaintiffs to serve defendants with the initial pleading (notice or petition). Board service would no longer be required. We respectfully submit that the system as currently implemented works well. There is no known problem that will be addressed by making this change.

Further, the proposed change could create potential problems regarding cancellation proceedings. Often, owners of registered marks do not maintain an attorney-client relationship, or even contact, with the counsel that prepared the initial application for registration. Under the proposed service rules, this former attorney could be served with a petition for cancellation related to a mark he or she has not encountered in years. According to most states' professional rules of conduct, this attorney would then need to locate and contact the previous client regarding the cancellation. This may unduly burden

the attorney that represented the registrant. The burden should remain on trademark owners to maintain accurate records so that Board service of initial pleadings continues to function properly.

Harmonization

The proposed disclosure rules are contrary to the Office's stated policy of harmonizing our trademark laws with those of other countries. Presently, opposition proceedings in the United States are among the most expensive, time consuming and contentious for trademark owners and applicants anywhere in the world. The proposed rules exacerbate this problem and will greatly increase the expense and burden on trademark owners and applicants. Opposition and cancellation proceedings in most other countries are far more streamlined, less expensive and less invasive into the private business affairs of the parties. For example, most countries' trademark opposition procedures do not permit discovery, and voluntary discovery is unknown to most foreign trademark owners. We believe that many of our foreign trademark clients would not file oppositions or cancellations if they knew that they were required to disclose the information referred to in the proposed rules.

Explanation of New Proposed Requirements

In proposed revised Rule 2.120(a)(1), the Office states the application of the Federal Rules regarding disclosure and case planning will be explained in the new proposed rules and "in documents posted on the Web site of the Office." Given the scope of what has been proposed, any explanation should be directly in the Rules, not in an unspecified webpage, and be open for advance comment.

A Public Hearing is Required and Hereby Requested

The proposed rule making process does not provide for an oral hearing and testimony. The rules overall are a sweeping change to current practice before the Board and could adversely impact on rights of both current trademark owners and applicants. For these reasons, we request that an oral hearing be granted and that we be given an opportunity to attend and offer testimony on the foregoing positions.

Conclusion

TTAB proceedings have traditionally been a cost-effective mechanism to resolve disputes related to registrability of marks. The proposed rule changes only increase the discovery and expert-related burdens of Board proceedings without increasing certainty or celerity of results. We request that the Office refrain from imposing and implementing the proposed rules related to (a) initial disclosures, (b) expert disclosures, (c) pre-trial disclosures, (d)

protective orders, (e) interrogatories and (f) party service. To the extent there will be further action by the Office on these issues, we request a public hearing and lengthier comment period to account for the variety of opinions and perspectives.

Very truly yours,

MERCHANT & GOULD P.C.

Scott W. Johnston
Chair, Trademark Practice Group