

# Trademark Public Advisory Committee 2008 Annual Report

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## I. Glossary of Abbreviations and Acronyms.

“Examining Attorneys” means trademark examining attorneys. They review, and approve or reject, applications for U.S. trademark registrations.

“FY” means the Federal Government’s fiscal year.

“Indirect Costs” means costs of the USPTO that provide some benefit to both the patent and trademark operations. These could be characterized as overhead costs. Indirect costs include the functions of administration, information systems, finance, and the Office of General Counsel.

“Notice of Allowance” means a written notification from the USPTO that a specific mark has survived the opposition period following publication in the *Official Gazette*, and has consequently been allowed for registration. It does not mean that the mark has yet registered. Notices of allowance are only issued for applications that have been filed based on “intent to use”.

“Notice of Publication” means a written statement from the USPTO notifying an applicant that its mark will be published in the *Official Gazette*. If the examining attorney assigned to an application raises no objections to registration, or if the applicant overcomes all objections, the examining attorney will approve the mark for publication. The notice of publication provides the date of publication.

“OCIO” means the Office of the Chief Information Officer of the USPTO.

“Office Action” is a response to a trademark registration application. It can raise substantive obstacles to registration (such as likelihood of confusion with another trademark registration) or procedural ones (such as changes needed to the description of goods and/or services).

“TPAC” means the USPTO’s Trademark Public Advisory Committee.

“Trademark Organization” means the part of the USPTO that processes trademark applications and registrations. It does not include the TTAB, rent for office space, trademark employee post-retirement benefits, certain trademark information dissemination activities (e.g., recording assignments), or the cost of IT systems dedicated to trademarks.

“TTAB” means the Trademark Trial and Appeal Board. The TTAB is an administrative tribunal within the USPTO. Primarily, it hears oppositions to the grant of trademark

applications, petitions to cancel trademark registrations, and appeals by trademark applicants of adverse decisions of Examining Attorneys.

“User Fees” are fees paid to the USPTO for trademark processes. They include application filing fees, fees charged at some steps in the prosecution of trademark registration applications, and fees charged to keep trademark registrations in effect.

“USPTO” means the United States Patent and Trademark Office.

Note: Technically, a trademark applies to goods, and a service mark applies to services. Yet, for simplicity’s sake, this report uses “trademark(s)” to refer to both trademarks and service marks.

## **II. Introduction.**

This is the ninth annual report of TPAC. This report reviews the trademark operations of the USPTO for the FY ending September 30, 2008. TPAC’s mission, which is specified in enabling legislation, 35 U.S.C. §§ 5(b)(1) and (d)(1), is “to represent the interests of diverse users” of the USPTO and to “review the policies, goals, performance, budget, and user fees” of the USPTO with respect to trademarks.

Pursuant to 35 U.S.C. § 5(d)(2), this report is submitted within 60 days following the end of the Federal fiscal year and is transmitted to the President, the Secretary of Commerce and the Committees on the Judiciary of the Senate and the House of Representatives. This report is submitted for publication in the Official Gazette of the USPTO. The report shall be available to the public on the USPTO Web site, [www.uspto.gov](http://www.uspto.gov).

Members of TPAC. The membership of TPAC has changed almost completely since the FY 2007 annual report.

The only current member of TPAC who also was a member as of October 1, 2007, is Jacqueline A. Leimer, who is Vice President and Associate General Counsel with Kraft Foods, in Chicago, Illinois.

Since October 1, 2007, the Secretary of Commerce, the Honorable Carlos M. Gutierrez, appointed the following additional individuals to TPAC membership:

- James G. Conley, Clinical Professor of Technology, Kellogg School of Management, Northwestern University; also McCormick School of Engineering, Northwestern University, Chicago, Illinois.
- Makan Delrahim, Shareholder, Brownstein Hyatt Farber Schreck, LLP, Washington, D.C., and Malibu, California.
- Mary Boney Denison, Partner, Manelli Denison & Selter PLLC, Washington, D.C.
- John B. Farmer (appointed TPAC Chair), Member, Leading-Edge Law Group, PLC, Richmond, Virginia.

- James H. Johnson, Jr., Counsel, Sutherland, Asbill & Brennan, LLP, Atlanta, Georgia.
- Timothy J. Lockhart, Member, Willcox & Savage, P.C., Norfolk, Virginia.
- Elizabeth R. Pearce, Director of the Intellectual Property Group, American International Group, Inc., New York, New York.
- Jeffrey W. Storie, P.C., Shareholder, Decker, Jones, McMackin, McClane, Hall & Bates, Fort Worth, Texas.

In addition to the above voting Members, the following people are non-voting TPAC members representing the membership of USPTO unions:

- Tanya LaShawn Baylor of the National Treasury Employees Union (“NTEU”) Chapter 243.
- Howard Friedman of NTEU Chapter 245.
- Randall P. Myers of the Patent Office Professional Association.

### **III. Overview.**

Great Job! The Trademark Organization is doing a great job. TPAC commends the Commissioner for Trademarks, Lynne G. Beresford, plus USPTO leadership, the Examining Attorneys and the entire Trademark Operation staff. The performance statistics cited herein – both production statistics and quality statistics – show improvement to its already strong performance. It is refreshing to report that a governmental organization is producing at a high and rising level while producing a budget surplus.

Budgetary Issues. In last year’s annual report, TPAC expressed concern that the share of the USPTO’s Indirect Costs allocated to trademarks appears to be disproportionately high in relation to the relative size of the patent and trademark organizations – in terms of user fees paid and in terms of full-time equivalent employees working in each sphere. TPAC now better understands how Indirect Costs are allocated and has greater confidence in the fairness of the allocation. Nevertheless, because of TPAC’s duty to the trademark community, it will continually monitor this allocation and the amount of Indirect Costs to ensure the Trademark Organization has available to spend as much of trademark User Fees as is fair. TPAC would like to see the Trademark Organization have increased financial ability to reduce User Fees and/or invest more in further improving the Trademark Organization.

Speed Through Electronic Processing. TPAC looks forward to the day when the Trademark Organization processes trademark applications from application filing to registration entirely electronically (i.e., from “end-to-end”). TPAC also is interested in moving to electronic records of registration with an option to obtain a paper certificate. Such changes would further reduce the average time from application to registration, which is a good thing.

TPAC realizes such electronic advancement largely will not be possible until the USPTO's entire computer network infrastructure is overhauled. TPAC is concerned that the computer system reached such a bad state of affairs. Yet, it appears the new CIO of the USPTO has a strong vision for remediating the situation.

Teleworking. TPAC applauds the increase in the percentage of Examining Attorneys who work at home. TPAC supports the effort of the USPTO to expand its work-at-home opportunities. Doing so reduces space needs, reduces traffic congestion (and thereby helps environmental quality) and helps to recruit the best available candidates to fill any vacancies.

TTAB. TPAC sees some improvement in performance statistics for the TTAB. In the coming FY, TPAC plans to consult with the TTAB regarding whether changes could be made that would significantly increase the speed of TTAB opposition and cancellation proceedings. This is a new initiative by TPAC. TPAC salutes the hard work and progress of the TTAB organization.

#### **IV. Discussion of Specific Issues.**

##### **A. Performance Statistics.**

1. Slower Application Growth. Trademark applications increased in FY 2008 and for the sixth consecutive year. Yet, FY 2008 saw a significant slow-down in the rate of growth in trademark applications. During the four-year period preceding FY 2008, the annual increase in trademark filings averaged 10.25 percent. Total trademark filings during FY 2008 totaled 401,392 classes. (All goods and services are divided into classes, and a trademark application and registration can cover more than one class.) This 2008 figure represents an increase of only 1.8 percent over the previous FY. The Trademark Organization had projected 6 percent growth in applications for FY 2008.
2. Balanced Disposals Exceeded Projection. The Trademark Organization continued to raise its productivity. Total examiner production was 853,211 Balanced Disposals. A "Balanced Disposal" is one of three things: a first Office Action issued, approval of an application for publication (examination is complete), or abandonment of the application. The FY 2008 total of Balanced Disposals was 2.1 percent higher than the Trademark Organization projected.
3. Total Office Disposals Exceeded Projection. "Total Office Disposals" are abandonments of applications plus issued registrations. Total Office Disposals for FY 2008 were 430,343, which exceeded the Trademark Office's projection by 28.2 percent. While a portion of this exceptional increase in production reflects a one-time event (discovery of a significant quantity of older applications that had not been abandoned officially), it

also reflects the continual increase in efficiency achieved by the Trademark Organization and the superb work of the Examining Attorneys.

4. Average First-Action Pendency Remains Low and On Target. Average First-Action Pendency held steady at 3.0 months throughout FY 2008. “First-Action Pendency” is the time between the filing of a trademark application and the Trademark Organization’s substantive review of that application (which usually results in either an Office Action or a Notice of Publication).

This is a great achievement. The Trademark Organization’s goal is to keep average First-Action Pendency at 3.0 months. A longer pendency increases the time to registration. If average pendency becomes significantly shorter than projected, that might create pressure to reduce the workforce of Examining Attorneys to the point where it would adversely affect the quality of their work and leave little or no capacity to handle a significant upswing in trademark applications. Thus, the challenge is to manage productivity to a target average pendency. The Trademark Organization stayed on target for FY 2008.

5. Average Total Pendency Drops; Beats Targets. “Average Total Pendency” is the average time between the filing of a trademark application and final disposition of that application, by registration, abandonment, or issuance of a Notice of Allowance.

Average Total Pendency for FY 2008 was 13.9 months with suspended and *inter partes* cases included. This is 1.2 months less than FY 2007. It beat the FY 2008 target Average Total Pendency by 14.7 percent. (An application is suspended if the outcome of another matter must be known before action on the application can be taken; this often happens if a previously filed application concerns a confusingly similar trademark but that prior application has not yet either become a registration or died. An *inter partes* case is an action in the TTAB, such as an opposition to registration.)

When suspended and *inter partes* cases are excluded, Average Total Pendency drops to 11.8 months. This is 1.6 months less than FY 2007. It beat the FY 2008 target Average Total Pendency by 17.5 percent.

6. Publication Processing Shortens. The amount of time that lapses between when an application is approved for publication and when it completes the publication process has decreased significantly — from 22 weeks in FY 2005 to 17 weeks in FY 2008. These positive results are due to a variety of factors, including increased electronic processing and docketing, realignment of the law office examination support staff (who have replaced contractors in reviewing files), and reduction in the printing-process cycle.

7. Overall. The Trademark Organization has met or exceeded all of its FY 2008 goals and is performing well. TPAC commends the Trademark Organization and particularly the Commissioner for Trademarks for this outstanding performance. TPAC would like to see further reductions in the average length of pendency after the first action taken in applications, but TPAC realizes that, in order for this to happen, there would have to be significant technology investments by the whole USPTO and a move to issuing electronic records of trademark registration with an option to obtain a paper certificate.

**B. Quality.**

The quality of the work of the Trademark Organization is high and rising.

1. First Office Actions. The Office of the Commissioner for Trademarks conducts a review of the work product of Examining Attorneys to determine whether mistakes are made in evaluating statutory bases for refusing to issue a registration. In FY 2008, first Office Actions were correct 95.8 percent of the time, slightly higher than the target set by the Trademark Organization. Final Office Action quality for FY 2008 was rated at 97.2 percent, exceeding the Trademark Organization's target by 1.3 percent.
2. The PAP Effect. One contributing factor to this quality is the performance and appraisal plan ("PAP") negotiated with the union that represents the Examining Attorneys. The PAP provides guidelines for pendency, production, quality, use of e-government systems, customer service and organizational effectiveness, as well as performance-based incentives for Examining Attorneys. Quality is a key factor in examiner evaluations and compensation. The quality standards for Examining Attorneys set by the PAP are high. A new PAP covering Examining Attorneys at the GS-9, GS-11 and GS-12 levels went into effect during FY 2008.
3. Other Improvements. Also affecting quality and efficiency are programs implemented by the Trademark Organization based upon recommendations resulting from a process review and organizational assessment, which was conducted by the consulting firm Grant Thornton in FY 2008. For example, this work-flow analysis led to the reorganization of the Legal Instrument Examiners ("LIE") unit, which reorganization has produced good results. TPAC anticipates that further recommendations made by the consulting firm will be implemented in FY 2009.

TPAC congratulates the Trademark Organization, including the Commissioner for Trademarks and the Examining Attorneys, on its high performance in the area of quality.

C. **Budget and Budget-Control Issues.**

1. **Background.**

In its report for FY 2007, TPAC noted, for that budget year and for several budget years beforehand, the USPTO expended the majority of User Fees on the Indirect Costs. Stated differently, less than half of User Fees are spent on the examination and processing of trademark applications, renewal applications and registrations. This remained the case in FY 2008.

TPAC commented that this status was “not a healthy one for the trademark community” because the Commissioner for Trademarks is accountable for the overall Trademark Organization and yet controls the expenditure of less than half of User Fees. TPAC called for giving the Commissioner for Trademarks “more direct control over the expenditure” of User Fees.

TPAC also called for greater transparency in the way Indirect Costs are allocated between patent and trademark operations.

2. **How Budget Management Works.**

According to the USPTO’s Office of the Chief Financial Officer (“CFO”), Indirect Costs are allocated between patent and trademark operations based on the trends obtained from the cost of actual patent and trademark business activities in the prior FY.

The USPTO makes decisions regarding spending patent and trademark user fees using a dual-track process, namely:

- Management consent for USPTO organizational spending requirements; and
- Verification that sufficient patent-related fees and trademark User Fees will be available to pay for the total cost of the management spending decisions. This total cost includes patent and trademark organizational costs plus a proportionate share of the USPTO general and administrative expenses.

The Deputy Director of the USPTO and the CFO are responsible for ensuring that each business unit – as represented as the USPTO’s Executive Management Team – meets its budgeting commitments. The Commissioner for Trademarks is a member of the USPTO’s Executive Management Team and has input on agency-wide spending decisions, not solely those involving use of trademark fees. In addition, the Commissioner for Trademarks and/or members of the Commissioner’s staff are active members of other USPTO committees responsible for

making decisions about the overall spending direction of all USPTO user-derived fees.

Thus, while the Commissioner for Trademarks controls the expenditure of less than half of User Fees, she has a voice in the expenditure of all User Fees.

3. Findings.

The table below describes FY 2008 spending for trademarks. It shows that expenditure of User Fees falls into three “buckets”: Trademark Organization (48 percent of User Fees), facilities and operations dedicated to trademarks outside of the Trademark Organization (20 percent – “Other Direct Costs”) and Indirect Costs (32 percent).

Stated differently, 68 percent of User Fees is spent on trademark functions and 32 percent is spent on Indirect Costs.

<b>DESCRIPTION</b>	<b>DOLLARS IN MILLIONS</b>	<b>PERCENT OF TOTAL BUDGET</b>	<b>RESPONSIBLE EXECUTIVE</b>
Trademark Organization <i>Costs for employees, contractors, and supporting administrative costs.</i>	\$96	48%	Commissioner for Trademarks
<b>Other Trademark Direct Costs:</b>			
Trademark Trial & Appeal Board (“TTAB”) <i>Costs for employees, contractors, and supporting costs to hear and decide appeals and adversary proceedings involving the registration of Trademarks.</i>	\$10	5%	General Counsel
Trademark Organization Rental Costs <i>Rent expense for actual space occupied by employees, including its share of USPTO common space.</i>	\$6	3%	Chief Administrative Officer
Trademark Employee Post- Retirement Benefits <i>Funds paid for post-retirement Health, Life, and Retirement benefits for employees</i>	\$3	1%	Chief Financial Officer



<b>Trademark Information Dissemination Activities</b> <i>Costs for recording assignments and providing access to Trademarks and related information in the Public search rooms and PTDLs.</i>	\$ 8	4%	Chief Information Officer
<b>Trademark Information Technology (“IT”) Systems</b> <i>Costs for specialized IT systems supporting Trademark examination and processing.</i>	\$15	7%	Chief Information Officer
<b>Subtotal Other Direct Costs</b>	\$42	20%	
<b>Total Trademark Direct Costs</b>	\$138	68%	
<b>Other Indirect General &amp; Administrative Costs</b> <i>Policy, legal, human resources, financial, facilities, and other IT indirect services.</i>	\$64	32%	GC, CAO, CFO, CIO, and Director
<b>Total Trademark Business Line</b>	\$202	100%	

The financial data and analysis supplied by the USPTO for FY 2008 showed what appears to be both proper internal accounting for the expenditure of User Fees and responsible expenditure of those fees by business units outside of the Trademark Organization.

Throughout FY 2009 and beyond, TPAC would like to continue to receive detailed, periodic reporting from the USPTO to ensure proper internal accounting and responsible expenditure of User Fees. TPAC would be concerned if it saw an increase in FY 2009 in the percentage of User Fees spent on Indirect Costs absent a reasonable explanation.

4. Trademark Fee Study.

TPAC has asked the Commissioner for Trademarks to perform a study of the relationship between the cost of various trademark operations actions and the associated User Fees. TPAC anticipates it will receive the results of the study in early 2009.

TPAC is interested in whether one or more User Fees could be lowered. This study would identify which User Fees are in line with the internal cost of the associated processes and which might not be in line.

For example, how does the USPTO’s cost to process a trademark registration renewal compare to the trademark renewal filing fee of \$400 per international class? TPAC is particularly interested in whether the fee

for trademark registration renewal could be lowered because it suspects there is a wide gap between the cost of this process and the associated User Fee.

TPAC is mindful that the current national economic climate may affect whether any fees can be lowered prudently.

5. Fee Surplus.

TPAC commends the USPTO, particularly the Trademark Organization, in generating a trademark User Fee surplus for FY 2008.

TPAC recommends that, as much as possible, any yearly trademark User Fee surplus should be either dedicated to future trademark fee reductions or invested in trademark operations. It is refreshing to say that a governmental organization has achieved such efficiency that it might be able to *reduce* fees.

If fees are invested in operations, they could be spent on initiatives such as improving the technological function of trademark operations. Presently, the internal processing of trademark applications is not entirely electronic from end-to-end – from trademark filing until registration issuance. End-to-end electronic processing could decrease the average time from application filing to registration issuance by speeding up steps occurring after application examination. TPAC understands an expensive overhaul of USPTO computer systems is necessary before much progress can be made on end-to-end electronic processing.

Other good uses of a fee surplus would be expanded examiner training and award incentives, and adding multi-media capabilities to the Trademark Office on-line database.

TPAC recommends the spending of any surplus be placed under the direction of the Commissioner for Trademarks, who has management responsibility for improving workforce productivity and operations.

**D. Trademark E-Government and Automation.**

The Trademark Organization continues to set new and high standards for the effective utilization of computer technology in the public service sector. The automated systems developed and implemented by the Trademark Organization continue to provide wide-ranging benefits, including: providing trademark data to the public; making the filing process simpler for applicants; permitting the majority of Examining Attorneys to work from home, thereby reducing space requirements; lowering costs; and improving overall quality of the work performed.

1. Usage of Electronic Systems. Thanks in part to economic incentives and consistent promotional efforts by the Trademark Organization, its electronic filing, search and document retrieval systems continue to grow in usage in nearly all parameters.
  - a. TEAS. During FY 2008, more than 96.9 percent of all U.S. trademark applications were filed electronically through the Trademark Electronic Application System (“TEAS”), which is a usage increase of 1.5 percent from FY 2007 and 1.9 percent more than projected for FY 2008 (the FY 2008 projection was lower than FY 2007 actual number because FY 2007 was a large jump from FY 2006). Contrast that with FY 2005, when roughly 14 percent of all applications were still filed on paper. This reflects significant progress in acclimating filers to TEAS.
  - b. TARR. During FY 2008, the average number of queries per month of the Trademark Application and Registration Retrieval system (“TARR”) increased to 3,370,359, a gain of 55 percent over FY 2007. Also, the average number of unique users accessing TARR each month was 42 percent higher than in FY 2007.
  - c. TDR. The average number of search requests made each month to the Trademark Document Retrieval (“TDR”) system rose to 360,376, which is an increase of 51 percent over FY 2007.
  - d. TRAM. Training efforts and system improvements have also led to increased reliance on computer systems by USPTO staff. Use of the Trademark Reporting and Monitoring System (“TRAM”) in FY 2008 also increased by 6 percent. TRAM is a computer system that provides support to all facets of the Trademark Organization and its personnel.
  - e. TESS. The Trademark Electronic Search System (“TESS”), which provides public users with search access to the Trademark database, saw 17 percent less activity in FY 2008 than in FY 2007. This decrease in search requests may be due in part to a policy implemented in 2008 that provides Trademark Organization data for free to commercial search firms. This move was necessary to relieve the stresses imposed on TESS by the data retrieval practices of such firms in the past.
2. Electronic Forms. The OCIO and the Trademark Organization continue to improve the user experience on the trademarks portion of the USPTO Web site. Twenty-nine forms (26 domestic, 3 foreign) are now available

on-line. Three new forms were added during FY 2008, and 11 more were enhanced. The new, versatile Continuance of Response form, which permits for the first time the attachment of records in a PDF format, has been expanded to permit documents up to 5 megabytes.

3. New USPTO.gov Web site. A new USPTO Web site has been under development during FY 2008 and is currently scheduled to go live in the first quarter of calendar year 2009.
4. Teleworking. One of the great successes of the Trademark Organization's e-government program is the Trademark Telework Program. In FY 2008, the OCIO implemented a migration of the systems that supported this widely recognized program from a CITRIX platform to a more robust ERA environment. This provided greater system stability and fewer interruptions for this mission-critical operation.

As of the end of FY 2008, 260 of 302 "eligible" Examining Attorneys were working from home. This is an increase of 12.5 percent over the end of FY 2007.

An expansion of the work-at-home program is under consideration, in the form of a pilot program permitting Examining Attorneys (and even TTAB judges) who do not live in the greater Washington, D.C., area to experiment with working at home. Outside of the work-at-home program for Examining Attorneys residing in the greater Washington D.C. area, there are now 18 Examining Attorneys working at home in 13 states across the country.

The USPTO's teleworking programs continue to be a model for public and private enterprises alike. Overall, as of the end of FY 2008, 85 percent of all USPTO staff eligible to participate in a work-from-home program have chosen to do so.

An issue that will require attention as work-at-home continues and grows is how often Examining Attorneys are required to come to the USPTO's offices and whether the Examining Attorney or the USPTO pays that travel cost. TPAC will monitor this issue.

5. USPTO Computer Network Infrastructure Concerns.

Despite the advances achieved by the Trademark Organization through its e-government programs, there is cause for concern. A recent evaluation of the network infrastructure supporting the software systems operated by the USPTO found most of the system components are outdated and in critical need of replacement.

Many floor and building distribution switches in the network are so old that no new replacement parts are available, requiring OCIO personnel to shop for used parts through on-line auctions. System failures are rising and the complexity of the network (with 5,700 unique desktop configurations and 2,300 server configurations) makes keeping the network operational a challenging and expensive proposition. The system is operating at 80 percent of capacity at peak usage times and is not capable of supporting the vision for future development and collaborative tools. Further, USPTO lacks a comprehensive off-site disaster-recovery capability, leaving data vulnerable in the event of a catastrophic event.

Failing to address these deficiencies in USPTO systems could have a devastating impact on the operations of the Trademark Organization and undermine its efficiency and effectiveness.

The OCIO has developed a roadmap for putting the network back on solid footing. It is expected to take five years to overhaul the network at an estimated cost of approximately \$200 million. The project has four primary goals: (i) stabilize and simplify the current environment; (ii) remove weak links in the system chain; (iii) produce a technical architecture that will work well for the future; and (iv) document the systems and their services. The USPTO has hired a new CIO to lead this effort.

6. Going Forward. TPAC urges the USPTO to expand development and deployment of additional electronic systems necessary to meet the goal of making the Trademark Organization fully electronic from end to end. TPAC realizes electronic end-to-end processing and some other possible improvements will not be possible until the USPTO's network infrastructure is improved. TPAC applauds the exceptional efforts of the Commissioner for Trademarks and the Trademark Organization in the area of electronic automation.

**E. Trademark Trial and Appeal Board (TTAB).**

The Trademark Trial and Appeal Board ("TTAB") is an administrative tribunal within the Patent and Trademark Office that issues decisions regarding oppositions to trademark applications, petitions to cancel trademark registrations, as well as appeals from refusals of Examining Attorneys to register trademarks.

1. New TTAB Rules. TPAC gave its insights to the TTAB regarding the implementation of the new rules requiring new procedures, such as settlement conferences and initial disclosures during discovery. The purpose of the new rules is to promote settlements earlier in contested proceedings and more efficient and focused trials. The TTAB refined its Electronic System for Trademark Trials and Appeals ("ESTTA") to

conform to the new procedural rules. It is too early to tell if the new rules have been successful. TPAC and the TTAB will monitor the situation closely.

2. Pendency. For FY 2008, the average pendency of contested motions was approximately 17.8 weeks, which is up from 13.2 weeks in FY 2007. The TTAB fell short of its FY 2008 goal on this measure of 12-week average pendency. However, steps taken in FY 2008 to reduce the backlog of pending contested motions have put the TTAB in better position to meet its goal in FY 2009.

The TTAB improved the average pendency of final decisions on the merits (measured from the time the TTAB deems the case ready for final decision until the TTAB issues its decision) from 15.9 weeks in FY 2007 to 11.7 weeks in FY 2008. The TTAB exceeded its FY 2008 goal on this measure of 12-week average pendency.

3. Total Final Decisions. The TTAB issued 35% more final decisions on the merits in FY 2008 than in FY 2007. The number of final decisions on the merits issued for FY 2008 is more than those issued in each of the preceding five fiscal years.
4. Performance Appraisal Plan. The TTAB has put in place a new performance appraisal plan (“PAP”) for its interlocutory attorneys. The hope is the new PAP will help TTAB management manage workload and staffing requirements.
5. Electronic Filing. Electronic filing at the TTAB is increasingly popular as such filings exceeded TTAB goals. The TTAB reports the following percentages of electronic filings:

- 98% of extensions of time to oppose
- 86% of petitions to cancel
- 91% of notices of oppositions
- 79% of notices of appeal
- 82% of papers filed in cancellations and opposition

Electronic filings facilitate processing of TTAB proceedings and generally are more efficient. As the percentage of electronic filings continues to rise, the TTAB will become more efficient.

6. Precedential Decisions. The TTAB continues to issue a large number of precedential decisions – 51 during FY 2008. This number is down from the 71 issued in FY 2007. A large number of precedential decisions assist the trademark community in many ways. TPAC encourages the TTAB to issue as many precedential decisions as reasonably possible.

7. New TTAB Judges. In its continuing efforts to address pendency issues and otherwise increase overall productivity, the TTAB is seeking to hire two additional administrative judges.
8. Going Forward. For FY 2009, TPAC wants to assist the TTAB in monitoring the progress of the new rules, addressing pendency issues, and increasing the number of precedential decisions. TPAC will work with the TTAB to understand typical length of TTAB proceedings from the filing of the initial pleading to final resolution, to see whether innovative steps should be taken to reduce this time substantially. Finally, TPAC will review issues raised by the TTAB's line of *Medinol* decisions. Under this line of cases, an entire trademark registration can be invalidated due to material, false statements made in claiming use in commerce of the registered trademark on some or all of the goods and/or services recited in the trademark registration.

**F. International Issues.**

TPAC received reports from Under Secretary and Director Jon W. Dudas, Deputy Under Secretary and Deputy Director Margaret J. A. Peterlin and other senior USPTO management regarding a variety of international issues.

Attorney Advisor Amy Cotton and Ms. Peterlin reported that the USPTO, in cooperation with the State Department, the United States Trade Representative, the Department of Justice, Department of Commerce, United States Customs and Border Protection, and the Copyright Office have begun an initiative to enhance enforcement of intellectual property rights through an anti-counterfeiting trade agreement ("ACTA"). TPAC supports this initiative and has asked USPTO management to keep TPAC apprised of developments.

Ms. Cotton reported on the USPTO's involvement in the World Intellectual Property Organization ("WIPO") Standing Committee on Trademarks and the Madrid Working Group. In particular, Ms. Cotton explained the status of the repeal of the Safeguard Clause and the increase in the standard fee, both of which occurred effective September 2008 (these are technical amendments that generally do not substantially affect U.S. trademark registration practice).

TPAC re-raised the fact that some U.S. companies continue in their hesitation to use the Madrid system because of the U.S. requirement for a narrower goods and/or services identification than is generally accepted elsewhere in the world. The USPTO offered to summarize some options for addressing this issue to be presented to TPAC at a future meeting.

The Commissioner for Trademarks updated TPAC on progress on the “ID project” – an effort to strengthen and expand the list of goods and services identifications that would be acceptable around the world.

USPTO management asked for TPAC feedback on a classification issue under the Nice Agreement, specifically a Norwegian proposal to merge International Classes 29 and 30, 32 and 33, and to make changes to Class 5, which proposal was made in a WIPO Working Group meeting in late 2007. After much discussion, the proposal failed, but Norway was encouraged to take the comments into consideration and to re-propose. TPAC indicated it would like an opportunity to provide more input on this issue and asked the USPTO to keep it apprised of further developments.

Looking forward, TPAC is very interested in initiatives that make the Madrid System more effective for applicants that are based in or have strong ties to the United States. TPAC looks forward to working with the USPTO on such initiatives.

Also, TPAC will stay in communication with the USPTO on two important international issues:

First, a question has been presented regarding whether registrations of geographical indications gained in other countries should be registerable in the United States under Section 44(e) of the Lanham Act without proof of usage of that geographical indication on goods and/or services sold in commerce in the United States. TPAC does not presently have a position on this issue.

Second, TPAC has consulted with the USPTO on a Paris Convention priority issue and will stay in consultation on it. Under the Paris Convention, if one applies for registration in a member country, one can file for registration of the same trademark in any other member country within six months and have that other application deemed filed as of the date of application in the first country. Yet, because of the speed improvements achieved by the Trademark Organization, U.S. trademark publications and registrations increasingly are achieved within six months from application. Is the U.S. Paris Convention priority requirement satisfied by the availability of a petition to cancel a U.S. trademark registration? On policy grounds, TPAC has expressed its sense that U.S. registrations should not be held up until six months after application. TPAC will continue to be available to provide its views to the USPTO as this issue unfolds.