

UNITED STATES PATENT AND TRADEMARK OFFICE

TRADEMARK PUBLIC ADVISORY COMMITTEE MEETING

Alexandria, Virginia

Friday, April 26, 2019

PARTICIPANTS:

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P R O C E E D I N G S

(9:00 a.m.)

CHAIRMAN BARBER: Okay, we are going to go ahead and get started. Welcome everyone and happy World Intellectual Property Day to everybody. This is the actual day, if you didn't know. So it's appropriate we're having our meeting on such an important day in the intellectual property world.

My name is Bill Barber. I'm from the law firm of Pirkey, Barber in Austin, Texas, and am proud to be serving as Chair of TPAC this year. I need to apologize in advance; I'm probably going to need to leave the meeting a few minutes early today. So when I do, my very capable Vice Chair will take over and finish this off and adjourn the meeting for today.

So let me make brief introductions of my fellow TPAC members; Elisabeth Escobar, she's the Vice Chair of TPAC. She is also Vice President and Senior Counsel for Intellectual Property at Marriott International in Bethesda, Maryland.

Ilene Tannen, she is of counsel with Jones Day in New York.

Brian Winterfeldt, he's the founder of Winterfeldt IP Group, here is Washington D.C.

Anne Gilson LaLonde is the author of the well-known treatise *Gilson on Trademarks*, and she resides in Burlington, Vermont.

Donna Tobin, she's a partner at Frankfurt, Kurnit, Klein & Selz in New York.

We have Stephanie Bald, she's a partner at Kelly IP, which is located here in D.C., but she is resides in Chicago.

Chris Kelly, he's a partner at Wiley Rein, here also in Washington D.C.

Then we have Kelly Walton, she's the Vice President of Trademarks and Copyrights at Dell in Austin.

We also have Jay Besch; he's the president of NTEU Chapter 245; of course, representing trademark examining attorneys and TTAB interlocutory attorneys. And I don't see any other TPAC members here, so welcome everyone.

Let me introduce our first speaker, Laura Peter. She's the Deputy Undersecretary of Commerce for Intellectual Property, and the Deputy Director of the United States Patent and

Trademark Office. She is joining us for her second consecutive TPAC meeting so, happy to have you here, and I will turn it over to you.

MS. PETER: Bill, thank you so much. It's so nice to be here again today. This is World Intellectual Property Day.

Last week I had the privilege of interviewing NFL player Shawn Springs. The theme of World IP Day today is Go for the Gold, so it's a sports theme. Shawn Springs is an NFL player and he has started a company that does protective padding and helmets for football and for other sports, also the military and automobiles.

Anyway, it was interesting because we were talking about his branding, Windpact, which is the name of the company, and Crash Cloud, so trademarks were front and center in our discussion right there.

As Bill mentioned, this is my second TPAC meeting. I am five months in. I am very impressed by what this TPAC organization does to contribute to helping to guide the USPTO mission in helping us create a more stable, reliable, and predictable IP system, and the trademark system,

especially.

As you all know, trademark protection has been front and center in the Supreme Court recently. This has been a wonderful reminder of the significance of intellectual property and trademarks, in particular, in the U.S. economy and in our society.

I had the honor to attend the Supreme Court hearing, I think it was two weeks ago -- time blurs for me (laughter) -- on April 15th, the Brunetti case. As you may know that's the application of whether a scandalous mark should be registered; and the mark at issue was F-U-C-T.

In Brunetti, the U.S. Court of Appeals for the Federal Circuit upheld the USPTO's determination that that mark is vulgar and therefore, scandalous under Section 2(a). But, the Court, the U.S. Court of Appeals for the Federal Circuit struck that determination down as facially invalid under the Free Speech Clause of the First Amendment. And, so we had a wonderful, engaging argument session in front of the Supreme Court on the 15th, and we are eagerly waiting the Supreme Court's decision, which is expected

before June 30th.

I would like to thank all of you, once again, for all of your wonderful support, and if there are any questions I can answer for you I'm happy to do so; otherwise, we are looking forward to continuing our great partnership between the USPTO and TPAC. And with that I'll ask if there are any questions? No questions, well, with that I'll turn it over to Commissioner Denison, thank you so much.

CHAIRMAN BARBER: Thank you Laura, we really do appreciate your coming and always appreciate the support of the Director's Office for our organization, so thank you. And now I will turn it over to Commissioner Denison to tell us about trademark operations.

COMMISSIONER DENISON: Thank you so much, happy to be back. First of all, we have an awful lot of employees now (laughter). We have 648 examining attorneys, and 957 trademark employees; that is a significant increase since I got here in 2011.

In 2011 we had about 373 examining attorneys and now we are up to 648; so we've had

a pretty dramatic increase and the reason that we've had such a dramatic increase is that we have had a 63 percent filing increase since then. So we've had to keep hiring to keep up. And of course, of those examining attorneys, 77 percent are teleworking full-time.

This fiscal year we hired 83 new examining attorneys and we are expecting to hire about 40 in the next fiscal year. If you are interested in applying please preprogram usajobs.gov, and it will let you know when we have an advertisement up; or if you know somebody who might be interested. We are always looking for good candidates.

Now, what this chart shows is going back to 1984, you can see the trend, it's up, up, up. So we've only had four years where we've had a downturn. We are expecting to have sort of a flat year this year and next year. We're thinking that we're going to be down.3 percent this year, probably, and maybe slightly more than that in fiscal year '20; but then we expect to go right back up. So this is the long-term filing trend, and so those of you in the filing mode should be pleased that

things are going to continue; your future is rosy.

People frequently want to know what percentage of those filings overall are from mainland China, and the answer was 9.1 percent last year. It's down a little bit this year; so this year it's 8.6 percent of all filings are coming from mainland China.

Now at the end of last year in September, we were at 3.4 months for first-action pendency. We have been meeting our goal for pendency since 2007, and so I was very concerned to be starting off the year with such a number that was so close to the maximum of where we wanted to be. So we put out a request for all lawyers in trademarks to work on applications, and we had a hugely successful pendency initiative which just ended.

We find ourselves six months later at 2.6 months for first-action pendency. So it was really a great effort by all the lawyers in trademarks, even those who are not examining attorneys. Everybody: Managers, seniors, quality people, all sorts of lawyers in trademarks came together and worked on files to

make sure that we continue to meet our commitment to the public.

And of course, we certainly care about quality, and our quality numbers are looking quite good. Of particular note is the significant increase in how we're doing on the Exceptional Office Action. The Exceptional Office Action is a review of the search, the evidence, the writing, and the decision making.

When I first came to the Office I think we were about 15 percent, so we've been going up steadily, and this year we've had a very significant pop up to 58 percent. So the quality is improving and we're delighted about that.

Early on we had a goal to have all applications submitted electronically. We shifted the goal at some point to make sure that people stayed electronic throughout the entire process. We're basically pretty much flat on that goal. We've been around anywhere from 86 to 88 percent for several years, and that means that 12 percent of the time people are not staying electronic through the process.

I think we really only had 140 paper

applications in all of fiscal year '18, but people are just not staying electronic throughout the process. So we are planning for mandatory electronic filing to be implemented later this year, and I'll talk more about that in a minute.

Myuspto.gov; I originally thought that this would primarily be used as a docketing system for pro se's because we wanted them to have a way to track their filings and keep up with deadlines. But what we found is that a lot of law firms are using it as their back-up docketing system. And if you're not using it now, you will be using it soon because we are going to be requiring if you want to file something that you go through myuspto.gov, and I'll explain a little bit about that in a minute.

When you go into myuspto.gov you can use a form finder widget. People have complained to us that they couldn't always find forms that they didn't use frequently. And so you can type in plain language and this will help you find forms. In addition, another reason to use myuspto.gov is that you can save a search of the official gazette, and it will send you a note when there

is something that meets your search requirements.

In addition, we have had TPAC helping us with testing of a trademark electronic application. It is going to be released later this fiscal year, and it is for intent to use word marks on a TEAS Plus basis. TPAC has been very helpful to us in testing this new application form and I think you're going to like it. At least TPAC likes it, so that's great, and again, later this fiscal year you should be seeing that application form.

Now I mentioned a moment ago that we are going to mandatory electronic filing. We had a notice of proposed rule-making last year, and we have now drafted a final rule, and it will make using electronic filing mandatory for all trademark filings, and require communication with the USPTO via email.

There are a few exceptions. There are some international agreements which require acceptance of paper submissions from certain countries; I believe there are 28 countries, so if you have an applicant from one of those countries, you could file on paper. We, of course, don't want you to file on paper, but you could.

If you have specimens for something nontraditional, such as scent, obviously you're not going to file that electronically. And there will be a petition process for accepting paper submissions under certain, very limited circumstances.

If TEAS is unavailable, for example, you would file a petition under 2.147(a). And under 2.147(b), is the procedure for petitions to accept papers that were untimely filed before the date, if there was a problem.

Now another thing that we've been working on is the U.S. Counsel Requirement. We published a rule in the Federal Register on February 15th, and the comment period closed on March 18th, the final rule has been drafted, and in fact, this week has gone to the Director's office for review. It will then have to go through the normal procedures. It will have to go to the Department of Commerce and OMB before it goes into the Federal Register. But we are expecting that this will probably be published in the Federal Register in the next few months, and it will require foreign-domiciled trademark applicants

and registrants to be represented by a U.S. Licensed attorney to file trademark documents.

U.S. Counsel; when that goes into effect, we will be requiring bar membership information and confirmation that the U.S. lawyer is an active member in good standing of a state bar.

We published this notice of proposed rule-making on a Friday, and by the following Thursday someone had already solicited U.S. lawyers to borrow their bar information and this person promised to do all the work. So, we are concerned and we want people to be aware of this kind of thing because this is obviously a problem if a foreign applicant is trying to circumvent the rule, and the U.S. lawyer could have some problems were they to enter into such an agreement.

Laura Peter already mentioned Brunetti so we'll skip over that, but we are kind of excited to get a resolution of this, hopefully by the end of June.

Now I'm getting a lot of questions when I'm out on the road about marijuana, particularly because in December Congress passed the Farm

Bill, and there are a few things to be aware of. One is that there are three laws that govern this: There's the Controlled Substances Act, there's the Farm Bill, and there's the Food, Drug and Cosmetics Act; so you have to consider all three of these laws when you're deciding whether you are likely to get a trademark registration from us.

Under the Controlled Substances Act, marijuana is still listed and that means that if you're just looking at that Act, we are going to continue to refuse the transportation of marijuana in interstate commerce, there is no legal use there, and the same applies to drug paraphernalia.

But you also have to look at the 2018 Farm Bill and that removes hemp as a controlled substance if it has a certain percentage of THC in it. We are coming out with guidelines very soon on this, so they will be public and so I'm hoping in the next few weeks the guidelines will be out on that.

But, finally, no matter what the Controlled Substances Act and the Farm Bill say, you also have to consider that Food, Drug, and

Cosmetics Act restrictions may exist. So it's important to take a look at all three laws when considering what advice to give to your clients.

I'm very interested in better educating the public about the dangers of counterfeiting. I had an experience not too long ago where I was at a dinner party and I admired someone's Hermes belt and she told me it was fake, and I was really shocked because she had on a real Hermes scarf and I said, well, I guess you don't know what I do (laughter). The point is, she could have afforded to buy a real Hermes belt and she didn't because she thought it was a great deal. And people don't understand that the money is going to bad people; terrorists or the Mob, and so I think that -- I really feel strongly that we need to get a better message out there to the public.

Last summer we started with a video contest and we had close to 60 entries in that contest, and we had winners from all over the place. We had winners from New Mexico, Hawaii, Michigan, Massachusetts I think, Virginia, all over the place. They did 60-second videos; take a look at them on our website, they're really

quite cute. That was our first effort.

We are also working on a contract to have a nationwide five year campaign on any counterfeiting to better educate people. I am hopeful that that will be shaken loose from procurement very soon.

And finally, we are planning an anti-counterfeiting event with the McCarthy Institute at this Office on June 6th. So if you have any interest in anti-counterfeiting, I've seen the lineup, it is an unbelievable lineup of people coming in. It will be a fabulous event, so please think about attending and I'm trying to get it webcast as well.

Now, a lot of the senior management time in the last year or so has been spent on bad behavior. We are getting a lot of fake specimens, fake claims of use, we are getting unauthorized practitioners, people filing pro se but who are really getting advice from foreign paralegals, people are going into other people's files and making changes to correspondence address, and of course, I already mentioned the efforts to circumvent the U.S. Counsel Rule. So we have a lot

of things going on and the decluttering is all tied into this.

So we began a Proof of Use Audit Program back in 2012. We made it permanent in 2017, and in that case, if you're filing is randomly pulled, you have to give us additional proof of use.

We've also excluded unauthorized foreign practitioners. That is a frustrating process because sometimes people just appear to change their name once one person is excluded.

We've also been training examiners about the issues posed by the marked up specimens, and we will continue to work with examiners on what to look for there.

Of course, back in '17, we improved the readability of the Declaration. It was a large chunk of text and we wanted to make it more readable so now you have to check a box. I'm not sure if people are reading it, but at least it's harder to ignore. And, of course, the TTAB has an expedited cancelation pilot ongoing and the U.S. Counsel Rule will be coming shortly to move this forward.

I mentioned the Proof of Use Audit

Program; we have issued 3,000 Office Actions since then. You are subject to audit if you file a Section 8 or a Section 71 Declaration of Use and you have at least one class with four or more goods, or two classes with two or more goods. And it is very important to respond if you get one of these because if you don't, your registration will be canceled.

So what's frustrating about this though is 50 percent of the time people are deleting at least some of the goods. People have asked me, well, okay, 80 percent of these are going out to files with a lawyer, and how much of the time is the lawyer-filed declaration deleting goods, and the answer is it's even worse, it's 52 percent. So I don't know whether the lawyers aren't paying attention, aren't asking the right questions, or if they're being duped by their clients, but it is a big problem.

So our plan is to double the number of files that we are pulling and so that's going to get started soon. So, if you haven't gotten one of these, you likely will, or your likelihood is going up soon.

I mentioned unauthorized changes.

People are going into other people's files and changing the correspondence address so we have been catching most of those. We slowed down the automatic uploads so that we would have time to manually review this; and so, as I said, we're catching most of those. And other times, when we are letting it go through, we are sending people an email and letting them know. So if you get an email from us about a change of correspondence, please pay attention to that and make sure that it was something that was supposed to have happened.

As a result of this we are starting to require a login at myuspto.gov in maybe November or December of this year. That will be the first step of a three-step process that we are going to be doing. So the first thing is you'll have to go into myuspto.gov to file anything, so you'll have to login.

And then in early calendar 2020, we will be moving towards an authentication so that you have to prove who you are. And then later in 2020, we will be sending you some kind of a code before

you can actually file. So it's a three-step implementation that we are pursuing to ensure the safety of your files.

We are also very interested in misleading solicitations. As you know, we had a great roundtable with TPAC in 2017 on this with numerous bar groups and government agencies, and after that time we talked to the Department of Justice because they had been working on some prosecutions and they got some convictions in 2017, and we said, we want you to do more, and they said, we're just too thinly staffed. So we said, okay, we sent them lawyers, and the USPTO lawyers have been there for a year, and we just extended them for another year.

So I'm hopeful there'll be some indictments coming out before long on that end. We are also doing our best to educate people so they don't fall for them; so it's a two-pronged approach: One is educate applicants and registrants in key points, and the other is to prosecute. So we are working on that as best we can.

If you receive those, we would ask that

you send those to ftc.gov and report them because the Department of Justice decides which people to target based in part on the number of complaints they get at the FTC.

Specimen issues are continuing; they're getting worse. The issues are more sophisticated. There are basically two types of problems. One of them is -- let me just show you this -- the original specimen was the Mary Kay, and then the fake specimen is the Bighture and it's a pretty good fake, I think. And so it's really quite hard for our examiners to determine this and that's why we're giving them a lot of training on this.

There's another example: The t-shirt on the left was the original shirt, and then as you can see, these are other people using the exact same picture. It's a rather unusual picture and so we are picking up some of this through a Google reverse-image search, and we are using TinEye as well to help examiners find these things. But it is quite frustrating because people think nothing of faking a specimen.

We continue to have open to you, the

public, the specimen protest pilot. There's an email box, tmspecimenprotest@uspto.gov and if you have objective evidence of third party use of images identical to the specimen of record, please send them to us, and please make sure that the URL is on there so that we can read it.

As most people know, I was a customer of the Office for many years before I arrived here in 2011, and so I'm very interested in enhancing the customer experience. Back in, I think it was 2017, we had Deloitte in and they went through six different types of customers and told us their pain points. As a result of that, we decided that what we really needed was a person to focus on the customer experience and so we hired Jill Leyden to do that. She's our Customer Experience Administrator, and since then we have a strategic plan for moving forward on enhancing the customer experience.

We have hired a number of plain-language writers, close to 40 percent of our applicants are pro se now. So we can no longer have our website be in legalese. So we have plain- language writers working diligently to

clean up our website and make it as understandable to the general public as possible. In addition, we have hired web strategists to help us figure out what pages people go to, why they go to them, and figure out how to make it as easy as possible for you.

We have issued some test guidance. In the past we did not have any advice on how to do a search, and now we have some guidance up as well. In addition, there are some touch-point surveys that you may be asked to respond to. If you, for example, go to myuspto.gov or trademark assistance center, and if you get one of those we ask that you please take it because it's very helpful to us to get your feedback, and they are very short.

I already talked about myuspto.gov, moving on to international; TM5 is comprised of the five largest trademark offices in the world, the EUIPO, formerly known as OHIM; the JPO, Japan; KIPO, the Korean Intellectual Property Office; and China is now the Trademark Offices Trade Administration for Industry and Commerce of the People's Republic of China, a new name for them;

and us, of course.

And so we focused on the exchange of information and collaboration and harmonization projects. We have quite a few projects going on with them. If you go to TSDR, you may notice some icons there, some things with a green circle or a red circle around them, and maybe they have a ribbon, that means it's a registered mark, or a file, it means it's a pending application. Anyway, we wanted to do that so that people who didn't understand the language could still understand the icons, and those icons have been adopted in all the members of TM5.

In addition, we have been working on the ID list and over 19,000 of our 45,000 terms have been accepted and are acceptable at all TM5 countries. So if you go to our ID manual and you see a T after a term, you will know that it is acceptable in all members of TM5. And there will be a TM5 meeting at INTA in Boston, in May.

Now I always like to mention the IP attachés around the world. Their job is to help U.S. business abroad with IP issues. They are a free service. We have three in China, we have one

in Bangkok, India, Mexico, two in South America. So they are all over the place and even if they're not in a country that you are having an issue in, they can cover that.

For example, our Kuwait-based attaché could possibly help you in the UAE, just as an example. So these people are fabulous. Most of them speak the local language and they are a hugely helpful resource for you. You can find more information about them on our website.

Now, just to mention China, we've had a massive influx of Chinese filings. These come with a wrath of problems; specimen issues, of course, counterfeiting remains a problem, bad faith filings continue to be an issue, and I think Amy is going to talk about what's going on in China in a minute.

This is just a chart showing you the filings from mainland China, and how they have dramatically increased. I believe between 2013 and 2018, it was 1100 percent increase. So it's pretty dramatic, and they are mainly filing TEAS Plus and use- based.

This slide shows you where they're

coming from in China. So as you can see, most of the applications are coming from Shenzhen, which is the dark blue on the left, and so it used to be more spread out, and then it has become much more heavily concentrated in Shenzhen, which does have subsidies.

I would urge everybody to sign up for our newsletters on the USPTO's subscription center, and I always want to tell people that we want to hear from you, and we are happy to get an email from you about just about anything. You can send an email to TM-feedback@uspto.gov, and we are going to be adding a link on Office Actions in the next month or so, to make it easier for you to find out who the manager is or the senior attorney, if you need to go up the chain when you get an Office Action.

And on a final note, I just wanted to mention that I'm going to be retiring at the end of the year, and if anyone is interested in my job, they should feel free to give me a ring and I'd be happy to tell you. Best job I've ever had, it's a really fun job and it's an opportunity to make a difference, so please think about it, if anyone

out there is listening and is interested in becoming the next Commissioner. Thank you.

CHAIRMAN BARBER: Well thanks Mary, thanks for your always very thorough and informative report. I'm still in denial that you're going to be retiring (laughter). So we won't get into that until our last meeting of the year.

Any questions for the Commissioner before we turn it over to our next speaker? Very quiet TPAC members today. Okay, our next speaker I guess is not Shira Perlmutter, right, Amy. So we have Amy Cotton. I think your title is Senior Counsel for Office of Policy and International Affairs.

MS. COTTON: That is correct.

CHAIRMAN BARBER: Welcome Amy.

MS. COTTON: Thank you everyone. Shira was not able to be with us today so you're stuck with me, but I'm happy to be here. I wanted to tell you a little bit about developments in China on bad faith.

As you may know the USPTO has been engaging with China on bad faith filings for years

in bilateral conversations and comments on draft regulations and laws, training programs for Chinese officials, and within the TM5 framework.

This past February the China Intellectual Property Office, I asked my China specialist whether we say each letter, CNIPA, or if we call say "CNIPA," and she said that, she spells it out, CNIPA is their new acronym for the China Intellectual Property Office.

CNIPA published measures for comment that address abnormal or bad faith applications. We thought it would be useful to provide a summary of those measures, because bad faith represents a significant issue for U.S. companies doing business in China.

The U.S. government has provided comments to these draft measures and we are aware that industry groups did as well. We have not yet seen a final version of the measures issued by CNIPA, however, in the meantime you may be aware revisions to the trademark law were passed by the National People's Congress earlier this week; and they will go into effect November 1, 2019. Many of those revisions affect bad faith filings and

I will talk about those after I go through the summary of the bad faith measures.

Article 2 of the measures states that, "an application for trademark registration shall be based on a practical need to obtain exclusive rights to use a trademark for goods and services in the course of production and business operations, and shall not harm existing prior rights of other parties. Applicants and agents that file applications for trademark registration shall abide by the relevant provisions of laws, regulations, and rules, abide by the principle of good faith, and shall not engage in any abnormal applications for trademark registration."

That's the general principle, but what is abnormal? Abnormal or bad faith applications will be refused registrations. Luckily, the measures have a list of actions that qualify to help us out.

Some of the definitions are already included in their current law, but some highlights here: For the first definition, although China currently protects well known

marks, we understand, based on discussions with China, that under Number 1 above the showing required to establish that a mark is "widely recognized" is easier to satisfy than the showing required to establish that a mark is "well known", under the current Article 13 of the trademark law.

The language in Number 3 includes refusing marks where the applicant knew or should have known of others' prior rights. So the standard is lower. It's broader than what is in the current law. Currently the law says that applications shall be refused if the applicant is clearly aware of the existence of the trademark of such another party due to contractual business or other relationships. So we're going to have to see how this new measure is applied to see if it is applicable as a lower standard than the current law.

Finally we note that an application that is filed with no intent to use and no actual need to obtain exclusive rights to use will be refused. That is not in the current law, so this is a big change.

Another notable point about these

measures is that it enables examiners to refuse applications filed for abnormal marks. If during the review of the application, the trademark office is of the opinion that the application is abnormal, it may request evidence and explanation as to why it is not. If insufficient evidence is provided, the application will be refused.

So, for example, if an examiner suspects an application lacks an intent to use, the examiner may request evidence and an explanation for the application. If the examiner isn't satisfied, he may refuse the application. An application that falls under the definition of abnormal may also be opposed on those measures.

Article 4.2 allows for cancellation on the basis of unfair means, which is the language used under the current law. We're not entirely clear whether all the definitions of abnormal applications under these measures will be captured during cancellation as well, so we'll have to see how that plays out.

There are several penalties noted under the measures. For one, the application will be refused or the registration will be canceled. In

addition, CNIPA will publish notices on SIPO's website and the China Intellectual Property Daily, and relevant departments will take disciplinary measures in accordance with the law.

If trademark agents engage in abnormal filings and the circumstances are serious, the agency will lose its business license. In addition, trademark agency trade associations will adopt measures to discipline the trademark agency and agents.

The measures state that financial aid, given to applicant who file abnormal applications will be withdrawn and if there are serious violations there will be no further aid for the next five years. If the aid is fraudulently obtained, the applicants will be referred for criminal violations. We do understand that this provision relates to abnormal applications filed in China, but not necessarily abroad.

Finally, very notably, a party may report an abnormal application with CNIPA who will deal with it in a timely manner and in accordance with the law.

As I mentioned, just this week the

National People's Congress passed revisions to the trademark law that will go in effect November 1. We are not really sure what effect that will have on these measures that I was just talking about. But to summarize briefly what was in the law, an application may be refused, opposed, or invalidated on the basis of the lack of intent to use.

When an agent knew or should have known that an application was filed without an intent to use, the agent cannot accept that application. The law increases the damage calculation of bad faith trademark infringement from not more than three times the amount, to not more than five times the calculated damages.

The law increases the upper limit of statutory damages from 3 million to 5 million RMB, that's about 742,000 USD.

Right-holders will be able to request that counterfeits and the materials and tools primarily used in their manufacture be destroyed without compensation. The court can also prohibit these materials and tools from entering commercial channels without compensation.

Counterfeit products bearing registered marks may also not be allowed to enter commercial channels after the removal of those marks.

And finally, when the trademarks are applied for in bad faith, based on the circumstances, the administrative enforcement agency can carry out administrative punishment including issuing fines. Where trademark litigation is brought in bad faith, the People's Courts will administer punishment according to the law.

With respect to filings, however, it seems that the fines are only against agents filing in bad faith because it's added to the Article about agents. The World Trademark Review article from April 24th references the fines applying to both bad faith filers and agents, but we don't read Article 68's amendment in that way; we think that it just applies to agents.

So, this was just a quick overview of what we are seeing happening. That's all the developments I have right now, but of course, stay tuned to this space. We'll see how those measures are applied and how they interact. Thanks very

much.

CHAIRMAN BARBER: Thank you very much Amy. Those seem like very significant and positive developments. I'm sure many of my clients will be happy to hear that there may be additional tools, and remedies, and procedures for challenging what appears to be bad faith filings in China and counterfeiting; any questions for Amy? Okay, great, thanks so much Amy.

Next, we have Dana Colarulli. I was sad to hear this morning, and learn this morning that this will be Dana's last TPAC meeting as the Director of the Office of Government Affairs. Of course, Dana, you're always welcome to come and join us in whatever your next capacity is. But I understand that Dana is going to be retiring from the USPTO soon, so, will be interested to hear about the next chapter in your life. But today, you're still with us so we are happy to hear your report.

MR. COLARULLI: I am and thank you Bill, and Happy World IP Day to everyone. I was hoping we could have background music playing some of the best sports teams. I looked up some

of those. I'm going to a Nats game this weekend though, so I'll update my Spotify list (laughter). But I hope all of you find a way to celebrate World IP Day appropriately.

Deputy Director Peter mentioned the events we're having. For those who are around on Monday, please join us on Capitol Hill. We've had great success in using this even to highlight the importance of intellectual property. This theme particularly lends itself to branding, but we'll be featuring some inventions as well during the events, so please come on Monday afternoon. Congress is just coming back; hopefully we'll have some members of Congress there too. So I'd be remiss if I didn't wish everyone a World IP Day, and ask you to try to celebrate appropriately.

Bill, I'm all set. This is my last TPAC meeting. I've had a lot of fun coming to the meetings and hopefully keeping all of you up to date with what's going on up Capitol Hill. I'm going to try to do that today as well and just highlight a few things.

Let me start out with, you know, Amy gave a great report on what the international

conversation is around, particularly with some issues that we are also looking at internally, and I think there's a lot of interest. A lot of interest on the Hill continually on trademark issues, most of which is making sure the trademark system is actually working, and working effectively. Of course, there are lots of other conversations where we get into trying to explain to folks how the trademark system should work.

So we're doing our part to continue a positive discussion and I think there is increasing interest. There was a lot of interest last Congress on patent issues. There'll continue to be some focus there on the eligibility issues; certainly on P-TAB, but I'm seeing an increasing interest in making sure the trademark system is working. So we'll talk a little bit about that.

I want to highlight just a couple of bills. One is the Flag Act (Fair Licensing Act for Government). This is a bill we've worked with. Representative Jeffries is on, and we've had lots of interest from other members in past congresses to try to allow their local municipalities to come into the trademark system, use the trademark

system appropriately.

After about two Congresses of discussion, we had suggested something more simple to amend the statute and that's what this bill represents, so we are happy to see this bill move forward. I understand the members would like to get the bill moving quickly, maybe even in time for Flag Day this year. I'm not sure if that will happen, but they've made some good progress there so far. So watch that, we expect that to move forward this year.

Other bills kind of, again, set a lot of interest in trademark issues. All of these members have expressed interest in particularly a Cuban trademark, so we continue to see in every Congress at least some legislation, this is representative of that. I expect that we'll continue to for some time.

And then interest from members to ensure that you can enforce your rights, whether they be trademarks or copyrights or other IP by increasing sanctions, making sure the enforcement remedies are there.

Let me talk about hearing activity. We

had a hearing earlier this year, last month, before the brand new IP subcommittee in the Senate Judiciary Committee. General oversight committee for the Director; it has been a year since he's been up there, so a good opportunity to really showcase some of the things that he has put into place since he came into the position; lots of questions you'd expect on the patent side, but certainly continued in interest in Chinese trademark applications.

He proactively talked a bit more about some of the things that we're challenged with regarding fake and suspicious specimens and again, lots of interest there.

We expect a similar hearing in front of the House Judiciary Committee soon; potentially at the beginning of May, although the date may slip; again, certainly the same scope, potentially broader, more members, more potential constituent issues there.

And on the House side in particular, the staff have engaged, that is to say, so what are the challenges you're facing to ensure the integrity of the trademark register, and we've on

the staff level had a bit more intense conversations about what we're struggling with, what the U.S. Counsel Rule did and what it may not address that we'd like to still address. So they are very interested. Expect more focus.

CHAIRMAN BARBER: Just one clarification on that, that oversight hearing was March 13, 2019?

MR. COLARULLI: It was 2019, I apologize, yeah, there is a typo on this slide. And again, May of this year will go up to the House.

The last two slides, both committees now have held hearings on a report that we issued in February on gender diversity on the patent side. The report itself focused on data on issued patents among the top 100 recipients of patents. The conversations at the hearing were a bit broader. Really, is the public being able to access the system, particularly diversity or underserved populations, and a lot of focus on, are the resources of the PTO visible, accessible, and what is PTO doing to make sure that they're there.

Both hearings focused on that issue. I think it was a nice picture of different witnesses with different levels of knowledge, notwithstanding the PTO's efforts to try to make our resources available. I think, as I've been here at the PTO, as we started the regional offices, they've provided a great opportunity to that outreach.

I know both on the trademark side and the patent side, we've had very focused efforts to try to reach folks that we weren't otherwise reaching. We need to do more. These hearings certainly encouraged us to do more. But good focus on the issue of diversity. I think there'll be more over the next year.

Congress also asked PTO last year, when it extended our fee-setting authority, to look at the issue more broadly. To look not just at gender, but look at a racial diversity, and look at the ability of veteran populations to be able to access our system. So we're doing a lot of work in this area, not just in the patent side, but it affects the trademark side as well. It's a good conversation to continue to have over the next

year.

With that I'm going to end; happy to answer any questions. I think -- as I've said to Amy, with her very able help, to answer some of the Hill questions. I do think that there'll be more questions about trademarks in a positive light coming from Capitol Hill over the next year so I look forward to seeing what that conversation will be. Thank you.

CHAIRMAN BARBER: (Off mic) I'm sorry Dana.

MR. COLARULLI: It's okay.

CHAIRMAN BARBER: Thank you very much (laughter). You're going to be sorely missed. Always appreciate your informative reports and feedback. I think we have at least one questions, Brian?

MR. WINTERFELDT: Thank you so much for your update as always. I don't know if this is more a question for you, for Amy, or for both, but I know that with all the excitement happening at ICANN around Whois data, that there are some initiatives going on to explore possibilities for legislation around requirements for Whois data in

the United States, to sort of counteract some of the effects of GDPR compliance that's happened in that space, and I was wondering if you are aware of those initiatives and if the Office has any thoughts about them?

MR. COLARULLI: I'm aware of some of the legislation that's been floating around the UN; I've talked about it before. I'm happy to defer to Amy if there are any other updates that I'm missing outside of the Hill. We haven't seen any further progress but I know there's been discussion, but nothing's moving at this point.

MR. WINTERFELDT: Sure.

CHAIRMAN BARBER: Great thanks, any other questions? Okay, well I think we are going to go ahead and take our break now. Tony is on his way. He's our next speaker, so why don't we adjourn until 10 minutes, or 10 o'clock, or a few minutes after that, and then we'll start with Tony.

(Recess)

CHAIRMAN BARBER: If I could ask everyone to take their seats. We will resume the meeting. Okay, our next speaker is Tony Scardino,

he's the Chief Financial Officer and he will be giving us an update on budget and financial issues, Tony.

MR. SCARDINO: Good morning. It's great to be here as always. I want to go through the usual. We're going to go through things chronologically. We have three budget years we're working on, and then we'll talk about a fee review that we just started this past January.

Since we met Congress enacted and the President signed an appropriations bill on February 15th, which gives appropriations for the year. We do an annual transfer to the Office of the Inspector General, that's of course, a part of the budget. And it wasn't the easiest and most smooth transition from five weeks of lapse in appropriations, but I do have to give a shout out to several people in the organization who worked really, really hard including the Office of Procurement.

It's a big lift to keep an agency running when funding is starting to dwindle, so we were reviewing our contracts on a daily basis to see which ones we could fund just for short

periods, just to get us through the period. Again, I know, you didn't live through this as closely as we did but for that five week period you are trying to keep open as long as you could and we didn't know how long the lapse was going to take.

So we were two weeks away on the patent side for closing. Trademarks could have lasted -- larger operating reserves so we would have stayed open to probably about now.

It's something we've never dealt with before and it would have been the first time in USPTO's history that the trademark operations would have continued functioning without patents. So I want to thank everybody throughout the organization. Mary's team, as well as, obviously, folks in patents, and my team in CFO were working as hard and so well together because anytime you're faced with something you've never experienced before, you know, we were all learning this together, so thank you Mary.

Where we are in terms of where we are with fees. Our fee estimate for this year is 346 million dollars, which is roughly on pace, but it's a little under plan and a little above last

year.

Here it gives you actually a line by line breakout of where we are. Again, plan is what we think in the beginning of the year we are going to collect fees by line item, and on here it tells you the pluses and minuses. So we're a few million dollars below plan year to date, but above last year.

So as a result, we came into the year with a carry-over, called the operating reserve, that line; 135 million dollars. We are projecting at the end of the year we'll have 124 million dollars, which means we dip into the operating reserve to the tune of about 11 million dollars. And, of course, the whole idea behind an operating reserve is to maintain our current operating requirements, so that's whether that's hiring, information technology, IT system maintenance, developments, stabilization; so a variety of things.

We kind of ride that out; some years we dip into the operating reserves, some years we actually put money into the operating reserve at the end of the year. This year we anticipate that

we'll take some money out but that still will leave us 124 million dollars, still gets us a little more than four months in case there was ever a lapse of appropriations.

2020 budget; the Director testified on our behalf for the Senate and the House on April 2nd and 3rd. The President's budget was released a little later than normal. Normally it's the first Monday in February but due to the lapse there was a delay this year, so it wasn't released until March 26th, and then the Agency testified a week later before the House and the Senate.

Of course then the next stages of the process; you've got mark-ups in both chambers, the House and the Senate appropriations committees will mark up our budget and they'll go to conference, and then according to the timeline established, they will enact legislation by October 1st.

Our 2020 budget gives us a new priority, or a higher priority, on issuing reliable and predictable intellectual property rights, and also helps us to fine tune trademark operations a bit.

And always, we're continuing to invest in our information technology. As you'll recall last summer we had a bit of a system break down on the patent side and that spurred some renewed attention to our legacy systems. So we're spending time, money, and energy on stabilizing our legacy systems, which I think you'll appreciate.

And then were also keeping an eye on modernizing and upgrading so that these older legacy systems aren't here forever, which of course is nobody's goal. It's built on old technology that we are in the process of upgrading.

But one point about the 2020 budget, it doesn't reflect the pay raise that was enacted in 2019 because it was enacted too late. So if you look back in our budget it doesn't include that, which means our costs have increased a bit since the President's budget for '19 was enacted.

And finally, sequentially for 2021, we're in the process of internally formulating our budget. We spend spring and summer doing that. We finalize things in July; submit a budget to

you, both PACs, in late August as well as the Department of Commerce for final submission to the Office of Management and Budget by September 9th, this year. So you'll see something. We'll talk about it a little more closely at the next TPAC meeting, and then you'll see something to review in August.

And as I mentioned in the beginning, we're in the process of doing a comprehensive fee review. We do this every two years. The goal is to identify any possible new fees, whether we can eliminate some fees, whether some fees need to be increased or decreased. And again, it's not for the sake that we always have to measure that against incoming work that we're projecting, as well as any new requirements, but just our spending operating requirements overall.

So if we anticipate that costs are going to rise, sometimes we have to raise fees. We're currently in the process of doing so on the patent side of the organization, stemming from our 2017 fee review. I believe that's it, any questions, comments, thoughts?

CHAIRMAN BARBER: Thanks Tony, yeah,

Brian?

MR. WINTERFELDT: Thanks so much Tony, sorry wasn't sure I was on.

MR. SCARDINO: No worries.

MR. WINTERFELDT: I really appreciate the update, as always. I want to commend you and the Office for the foresight in having the reserve fund for us. Obviously with fees, unprecedented government shut down, it turns out that was incredibly smart planning on behalf of the Office.

I wanted to ask very quickly, I note that the reserve fund is going to decrease to approximately 124 million in the projections, I guess my first question is, is that due to the increased expenses around the budgeted raises that were required, as well as the short-fall in fees, and then my second question is about how many months does that decrease our reserve to, and what would we anticipate trying to increase it to, hopefully, in the future?

MR. SCARDINO: All great questions. Your first question, I believe the answer is yes, it is definitely to fund the pay raise in '19. The

2020 budget does not include a pay raise, but neither did the '19 budget, so it's always possible that Congress will decide to give a pay raise to all Federal employees, like they did in '19.

While we can't build for that, we have to prepare for that, so the budget as submitted to Congress doesn't include it. However, we would dip into the operating reserve if we did need to fund it in 2020.

And 124 million dollars gets us about four months, four and a half months, I think officially, but it always depends on where we are in the fiscal year. It depends on where fee collections are to date because what happens is, when you have a lapse of appropriation it means that you cannot spend money that is collected during the lapse. But, like in this instance, the lapse started December 22nd, we can spend any fees that came in from October 1st to December 22nd.

So it's not like the operating reserves are just monies from prior years; we still have money, if we didn't spend it all. It all depends on how much money you spent that fiscal year so

far, versus what came in the door.

My point to that is if we had -- that was our anticipated operating reserve at the end of this fiscal year -- but if there's a lapse six months from now, four months into the next fiscal year, the number wouldn't be 124, it would be some number different; a bit higher, a bit lower, depending on the fees that came in so far that year. But by and large it gives us about four months and the goal in our operating reserve policy is to have at least two months, a little bit more actually, 75 million dollars in the trademarks operating reserve, that's the floor, and the ceiling is actually five months of an operating reserve.

So I believe we see that filings are pretty much what we are anticipating to be relatively flat over the next couple of years, but then we think that they're going to go up again. Of course, when filings go up, costs go up, but so do fees.

MR. WINTERFELDT: Thank you very much.

CHAIRMAN BARBER: Other questions?

Yes, Mary?

COMMISSIONER DENISON: I just want to make a comment. I think that the general public had the impression that because we were open that it was sort of business as usual during the shutdown, and it really was not.

I'm not sure if Tony gave himself enough credit, but it was a huge, huge lift by Tony and his team to get us through that because we spent a massive amount of time trying to figure out how long we are going to stay open, what can we cut to stay open longer; it was just a lot of work and so Tony and his whole team deserve a lot of credit for that.

MR. SCARDINO: Thank you Mary for that but just the fact of you bringing that up again, brings back some bad memories (laughter), and I thought I'd gotten past those but okay (laughter). I'll be all right, it's Friday.

CHAIRMAN BARBER: Well that sort of stole my thunder, I was going to say the same thing but I won't dredge up the old memories. But I do recall at our last meeting, the tensions and concerns were quite high, and you and your team really did a great job sort of steering us through

that mess.

And obviously TPAC has a great concern and interest in keeping the trademark office open and keeping the funds that we collect from users available to be used. So if there's anything that TPAC can do to help find some mechanism with Congress, or whatever, to make fees more available, we would be very interested in assisting in that regard. And perhaps even one day getting out of the appropriations process altogether. So, really, if there's anything we can do please let us know.

MR. SCARDINO: That is well noted and we always appreciate TPAC's support. It's challenging because we understand from a stakeholder perspective people are like, well we're giving you fees, why can't you spend them, and we get this all the time.

The Administration has been very supportive of USPTO staying open during a lapse. It was a frustrating time for all Federal employees as well as all constituents in our country who require services. And as Mary mentioned, we are very thankful that we had the

money to stay open. That is always our goal: To keep the intellectual property system as strong as possible, and obviously we're big players in that, and we do everything that we can to stay open.

It helps us from a morale perspective for the people that work here, right. Our job is to keep people engaged and keep them as happy as possible because it helps us from retention and recruitment. So we were happy at the end of the day.

CHAIRMAN BARBER: Any other questions? Okay, we will now turn to our TTAB report from Gerry Rogers, the Chief Administrative Trademark Judge of the TTAB who needs no introduction here, but I'm going to introduce him anyway.

JUDGE ROGERS: Great, thank you Bill. And I was very pleased to hear Amy's report on China and their insistence that they are CNIPA, just as we all insisted we are the TTAB, not the T-TAB (laughter). Of course, we have to struggle now that the PTAB calls itself the P-TAB; so we have to fight upstream. They are much larger than us, kind of a reverse confusion situation I think,

(laughter) in trademarks.

So, let's get to some of the numbers as we usually do. The most important development since our last meeting that I'm particularly pleased about are staffing changes. As you all know, because I sent an email to you earlier and distributed it to others as well, it's public information, we finally have a Deputy Chief Judge coming on board in about a month. I'm very much looking forward to that. I'm going to get him up to speed in about a month or six weeks, and then take two weeks off (laughter).

We've also hired judges and attorneys. We hired five attorneys in September and they're doing great work. They're really almost ready to be working on their own but they're still getting supervision from existing attorneys or judges; but they are doing a great job getting acclimated to the Board.

And we filled three positions -- judge positions -- that had been vacated because of retirements that occurred during the course of 2018. So we are kind of back up to where we need to be; doesn't mean we're finished, though, with

hiring and there may be a vacancy announcement soon for additional judge positions because of some of the numbers that we'll run through here in regard to the workloads that we're experiencing right now.

Let me point out the 14/2 numbers on the attorneys; 14 full-time and 2 part-time attorneys, so that's why. We've got 16 attorneys, but two of them are working part-time schedules, about 60 percent of a full schedule each, so that's where we got the 14/2 there.

And the filing numbers on the bottom of this slide are kind of interesting because they show things are slowing down a bit, and are a little bit flat this year; and it basically means it's almost exactly half of what it was last year for Notices of Appeal, and Notices of Opposition.

Petitions to Cancel still are increasing a little bit compared to the other categories, which if you look at this slide, you'll see that Petitions for Cancellations have actually been increasing more than almost any other category for a number of years now.

The increase this year is just a little

slower than it's been, but it's certainly been our biggest source of new work coming in the front door for a number of years now. And the appeals have not increased as much as I thought they might have given the nine year run of increasing trademark application filings, but the oppositions and the cancelations have. And these figures, meaning more trial cases having come in the last three years, will explain some of the numbers on the next few slides.

In terms of our production, we're pretty much just about half way to where we were last year in terms of the number of decisions. We're about half way on where we need to be in terms of the number of precedents. Contested motions down a little bit; that's because we've had a couple of medical issues in the fall, and then we were also getting those new attorneys up to speed. But we had a very good second quarter compared to the first quarter, so we're trending in the right direction on contested motions.

Here are the specific measures that we have on contested motions, and I want to explain a little bit about these. These are the three

primary measures that we use to figure out whether we're doing well in handling contested motions in trial cases. We pretty consistently meet our target goal of getting motions decided within eight to nine weeks at the mid-year point. This year we are at 11 weeks, so clearly we're above where we want to be on that measure.

As you may recall from previous meetings, last year in fiscal '18, we spent some judge time on handling contested motions in trial cases to help us meet the goal last year. And we did meet the goals last year, both judge goals and attorney goals, but we've fallen a little bit behind this year and in the first quarter.

This second measure is the age of the single oldest contested motion ready for decision at the end of the reporting period. Basically, that means at the end of each quarter we take a snapshot and look at the docket of pending contested motions. We don't want anything to be older than 12 weeks when we take the snapshot.

At the end of the first quarter this year, we had a good 20 cases or so that were over 12 weeks, including some motions that were

pending maybe 20 weeks, so we made a very concerted effort during the second quarter to work off all of those older motions. That helped push the pendency measure, the first measure on this slide, up above the eight to nine week range to 11 weeks, but it also positions us for bringing that measure down as we move forward because we've cleared out all of the older motions. So that's how they kind of interact, these various goals.

In regard to the inventory, we know that if we keep the inventory under control it will drive realization of the pendency measures and the inventories, just four cases above the upper end of the range. That's not particularly concerning, and it actually was brought down in the second quarter while we were clearing out those older motions.

So we've seen some good things happening in the second quarter, and again, with those new attorneys being nearly ready to just start doing work on their own on contested motions and not to have to get their stuff reviewed by supervisors, things will pick up.

In terms of what the judges are doing,

the performance measures, again, are focused on pendency and on inventory control, which we know, again, will drive the pendency measure. The pendency measure is only a couple of days, .3 weeks is a couple of days essentially, over the upper end of the pendency goal, and this is the measure of time to issuance of decisions in appeals in trial cases by panels of judges from the time those cases became ready for a decision.

The slightly concerning factor is that we are above the goal, even though it's only about two days. We're normally below it and as you can see from the fiscal '18 result, we were well below even the low end of the range at the end of the year. So it is a larger increase than we would like to see. And the inventory, too, is higher than we would like to see.

If you will also look at the inventory breakdown, you'll see 130 or so appeals, but 84 trial cases and that's something that -- born out of the ratio of appeals to trial cases requiring disposition by a panel of judges -- has been something of a surprise for us this year. And I'll show you on the next slide we've kind of looked

into this and tried to figure out what's going on here.

Of course, if you'll remember the earlier slide showing that we were getting more trial cases for the last three years, and now they are coming home to roost where we have trial cases requiring disposition on the merits. And this slide shows you the number of cases maturing to ready- for-decision and the breakdown in parentheses are the number of appeals versus the number of trials maturing to ready-for- decision on the merits.

So the interesting facts shown on this slide are that things were kind of flat. They increased a lot in terms of fiscal '16; we had more, over 10 percent increase in the number of cases maturing to ready-for-decision, but we met our pendency goals, we met our inventory control goals that year. '17, they were actually flat and down a little bit. FY '18, again, the number of cases maturing to ready-for-decision and needed to be decided by a panel of judges went down again.

So it was a little bit of a surprise that in the first half of this year we've had almost

a 16 percent jump in the number of cases requiring disposition by a panel of judges and the makeup of those cases is more heavily weighted towards trial cases than appeal cases. The ratios, if you look at the numbers in the parentheses for the appeals and trials, was 3 to 1 or greater than 3 to 1, in terms of the number of appeals compared to the number of trials requiring disposition. But the first half of this year, and on the earlier slide, we see that we're really more in the 2 to 1 range now.

What's basically been happening is we're getting a lot more trial cases maturing to ready-for-decision. That has had an impact on that judge pendency numbers because, invariably, trial cases take a little bit longer for judges to decide. We get a wide range of different types of trial cases. We have very thin record cases that are not actively prosecuted by either the plaintiffs or the defendants, but we also get very large record trial cases. So ultimately, on average, trial cases are going to take us longer to decide, or a panel of judges longer to decide than an appeal case. So those are the measures for

what the attorneys do, and what the judges do, and how they have impacted the workload this year.

The last slide with numbers I want to show you, our end-to-end pendency, because we always like to focus on that as well. The appeal pendency is up this year by about four weeks but that's not particularly concerning. We were at that 39, just under 40 weeks, measure a couple of years ago. We had actually reduced it the last couple of years, so it's kind of just back to where it was.

So it's still a pretty good end-to-end figure. And the other reason it's gone up is because I've had judges do more work on trial cases to try and keep pace with the greater number of trial cases maturing to ready-for-decision during the first half of this year. So we've let appeals sit a little bit longer; just letting them sit a few weeks longer means that the end-to end pendency goes up.

The trial pendency is pretty good still on the end- to-end pendency, but it's straining us a little bit that there are so many trial cases that need to be decided. And as I've said before

the end-to-end pendency in ACR trial cases is a number that fluctuates a great deal. That's because people agree to ACR at wildly different points in a trial case.

Some agree to it early on and pursue as many efficiencies as they can from the get go, and others only agree to it after they've engaged in a lot of motion practice, and filed, perhaps, cross-motions for summary judgment hoping they would get a resolution of the case that way, and find that they didn't because there were issues of fact which prevent us from resolving the case on summary judgment.

And then they say, okay, well we don't want to go to trial and have to do this all again. Take all of that information we gave you in briefing the cross-motions for summary judgment and we'll give you a stipulation that allows you to decide any remaining issues of fact. We might supplement it a little bit and it will become an ACR case, but it becomes an ACR case very late in the process.

So that's why these numbers fluctuate a good deal. And if I took out three consolidated

cases among all those that contribute to this measure, it drops from 131.4 weeks to down in the 106 week range for all but those three ACR cases. So it shows you that just a few cases can throw off the number a great deal.

But it's still something that we encourage. We really would prefer people to agree to ACR type efficiencies early on in the proceeding, but if they will agree to it at any point in the proceeding, we're going to encourage them to do so. Why would we want parties to go through trial, if they can instead agree to have the case decided on a summary judgment record that they've created?

So, we're just always going to have some of those number fluctuations. I'll pause here for a moment and since the numbers are not as heartening as they have sometimes been in the past, but getting better, I'll take any questions about the numbers if anyone has them.

CHAIRMAN BARBER: Anne?

MS. LALONDE: Thank you Judge. I'm just wondering, when you're making your hiring decisions, what kind of factors do you look at to

forecast incoming filings at the Board to predict a work load? Do you look at specific information about application filings, or --

JUDGE ROGERS: I go get my palms read and I (laughter) and I have a crystal ball.

MS. LALONDE: (Laughter) instinct?

JUDGE ROGERS: Yeah, a lot of it unfortunately, is instinct and just kind of looking at the numbers and the trends. We don't have predictive tools that are really good for telling us how many new appeals we're going to get, or how many new oppositions or cancellations we're going to get. And, as I said earlier, I was a little surprised at, given the nine year run up in trademark application filings, we didn't get more significant increases in appeals. And I was a little surprised that we were getting as significant a rate of increase in cancellations as we saw.

But I had no way of knowing that that was going to occur. We also have no way of knowing when it comes to attorney staffing, how many trial cases that are filed are going to result in significant motion practice. We know some of them

are invariably, but we actually have quite a few trial cases that generate almost no motion practice, and that just ultimately need to be decided.

I docket some on my spreadsheet almost on a daily, certainly on a weekly basis, and I look at them as I'm docketing them and I say, wow, this was great, this case went right through, no motion practice, the parties just did their pleadings, did their -- maybe they did some discovery, but they didn't engage in any motion practice about it and then they just tried the case and it's ready to be decided.

So we would like to have better predictive tools and there are a whole slew of factors that I've thought about over time that could possibly help us figure out how many cases are going to result in, and how many contested motions, and what percentage of cases is going to require disposition on the merits. But we can't easily pull data out of our IT system, our legacy IT system, so even if those factors turned out to be reliable factors, it would be very, very labor intensive to try and track them and plan based on

them.

So I would love to have those tools but I'm just not sure we're going to get them any time soon. So I'm going to have to continue to use the palm readings and the crystal ball, I think, for the foreseeable future. But again, the numbers are moving in the right direction and the hiring is going to help. And I think we're going to see improvement before we have our next meeting and certainly by the end of the year.

CHAIRMAN BARBER: Other questions? I sort of had a similar question, I see you're at 24 administrative trademark judges right now, and 14 interlocutory attorneys, and I think, at least for the judges, that's the maximum number of slots you have over a period, or maybe that assumption is wrong.

JUDGE ROGERS: No, it's actually -- we do have two positions in the budget for this year.

CHAIRMAN BARBER: Okay.

JUDGE ROGERS: Which is why just yesterday I edited the vacancy announcement for the judge position and sent it back to the HR office to get ready to have them issue that

because I think it's clear, given the number of trial cases that we've seen generate motions over the last year, six months to a year, and the number of trial cases requiring disposition on the merits, that we're going to have a need for the foreseeable future.

And we do have some medical issues with family issues with some of our judges, and it's unfortunate, but when our numbers are as small as they are, when somebody is busy caring for a parent or caring for a child, and you've only got 24 judges, that loss of productive capacity is something. We clearly want the judge to take care of family issues first, but it's going to have an impact on our numbers, so we will continue and add some more judges.

And then the other thing that judges on the staff can do, as we saw in fiscal '18, we can also use them as kind of a relief valve if motions rise unexpectedly. They can -- as long as we're meeting the judge goals -- we can have them pitch in on motions, and we've done that before, and that's been very helpful in meeting our motion processing goals.

The next slide is that we have seen continuing interest in ACR notwithstanding the fact that we amended our rules in 2017 to leverage into all of our trial cases some of the efficiencies that have had to be agreed to by parties in the past.

We thought that possibly a result from those rule changes might be that fewer parties would agree to ACR. But we still see interest in it if for no other reason than that scenario I described earlier, where parties get to a point where they could not get a case resolved on summary judgment, and then decide that they just want to transition it to an ACR case.

And on this previous slide, on the bottom you'll see we decided 19 cases in FY '18 after the parties agreed to some form of ACR. We've already decided 14 this year and there are six more on the docket being worked on now, so we will clearly exceed that number and go a great deal higher than it by the end of the year. And again, that's a good thing from our perspective because we want to offer any assistance we can to parties and have them agree to efficiencies at any

point in the proceeding, if they think it's going to work for them and allow us to get them a decision sooner rather than later.

One bullet on this slide is remember your burdens of proof because we do want to remind people that we'd like them to handle their trial cases efficiently, and if you want to sweep away some of what would otherwise be burdensome requirements for authenticating evidence, or putting evidence in the record, that's fine, but you still need evidence that is going to help you carry your burden of proof; whether it's on a claim or an affirmative defense. And so, we still have those same standards for deciding the case, and so that's important to remember.

I'll skip through these slides pretty quickly, but I do want to let you know that we deployed some IT enhancements to ESTTA just recently, just a few weeks ago. We hope that we resolved a consented motion filing issue; I have contested motions on my minds these days, but the consented motions that get filed through ESTTA; we had an issue with the trial schedule when you filed a consented motion to reset dates on the

next business day, when your deadline fell on a weekend, you were sometimes blocked from doing so. We think we fixed that. If anyone is still experiencing that problem, let us know.

We also believe that we've largely fixed a defect in the ability to save an ESTTA form that someone is completing when they are planning to challenge multiple applications in one opposition. We found that when you tried to save that session and come back to it later on, you had to start over again. So hopefully we fixed that.

Those two are the big fixes from the enhancement package, but with all due respect to the IT department, we sometimes find issues when we fix things, something else might be adversely affected. So anytime we do an enhancement package, then please let us know if something has gone awry and then we'll get it on the fix list, and the to do list, and the wish list for the future. But I haven't heard anything so I'm hopeful that our fixes didn't cause any other problems.

I won't run through the slides I've included for your benefit, a number of slides

giving you background information on the standard protective order, but I will just let you know that we -- I'll summarize all the slides for you now.

We put out a call, as you may remember, last year for comments on the standard protective order. We received only four comments and at least two or three of them were late in the comment period, so nobody really had a chance to react to them. There were significant differences of opinion about access to "attorneys eyes only" information by in-house counsel, so we resolved to seek more and better comments.

We put out six questions; six particular questions, instead of the one general question, hey what do you think about the standard protective order, which generated the four comments. We've gotten more comments and we expect more to come in because we've been in touch with some of our groups who are expecting to provide comments.

The comment period has been extended to June 30th. We still believe that this "attorneys eyes only" issue is one that we need to resolve

and so we're looking for more comments from individuals, law firms, state or local bar groups; we're certainly always going to get comments from the larger IP stakeholder groups, but we're interested in in-house comments as well, from in-house counsel. So Kelly, if you have friends in the in-house counsel world who are interested in this issue of whether in-house counsel have access to "attorneys eyes only" information, then we'd certainly love to hear from you and your colleagues.

So we're going to keep that open and so far the comments that we have received remain split on that issue but they are helpful comments and sometime later in the summer we'll see where we stand when we've gotten all the comments on it.

And then I will quickly jump to our streamlined cancelation proceeding and I think one of the things that we determined after we had a roundtable discussion here on campus following a request for comments on the possibility of deploying an expedited cancelation proceeding, was that we really need to pilot something first because the rules and the processes and

procedures that were proposed in that request for comments generated a lot of comments, some concerns, and we decided that we really needed to figure out what the sweet spot was, what kind of cancellation case would be best suited for an expedited proceeding.

Obviously if your default rates are pretty high with cancellation cases involving non-use or abandonment claims, you don't need to have an expedited proceeding. And for cases that are very fact-intensive and create large records, may involve issues like "intent to resume use". We might not find them to be suitable for an expedited proceeding.

So we've engaged in a very labor intensive pilot project and we have learned some things, and we're going to continue with the pilot. One of the significant things that we've learned is that the default rates for cancellations as a whole are very high. We've got an overall default rate of 44 percent. 44 percent of petitions to cancel are resolved because the defendant defaults. It's 49 percent when the cancellations include abandonment or a non-use

claim, but there are other claims as well.

For cancelations that consist only of an abandonment claim, the default rate goes up to 60 percent, and for those cases, which are fewer than abandonment claims involving a non-use claim, the default rate is still 55 percent.

Ultimately, you can see that a lot of cancelations involving non-use or abandonment claims go by way of default, and there's going to be a certain percentage of them that are not suitable for an expedited proceeding, so we're still trying to figure out, just in a labor intensive way, working with parties involved in cancellation cases that involve these claims, what attributes are typical of cases that might be best suited for an expedited proceeding.

This knowledge, as we gain this knowledge, we'll inform any notice of proposed rulemaking that we're eventually able to put out, and it will also inform what we would actually propose in terms of the rules for handling such a proceeding.

The last thing I'll mention is we are engaged on a regular basis in outreach. We

certainly want people to know -- and I don't have slide on this so you'll just have to take my word for it. But we want people to know how TTAB proceedings work and we certainly participate in programs that involve presentations by Board judges and attorneys on TTAB practice. We participate in programs here and outside the office that allow us to hear arguments in cases so people can see how Board proceedings are argued.

We had a public argument here in the Office of Enrollment and Discipline's annual law school clinic program recently, where all the students and their mentors who will participate in the law school clinics around the country came here and heard presentations from a number of PTO business units, and also got to see arguments in a TTAB trial case.

We also participated in a program with the P-TAB, the TTAB and the P-TAB, in Atlanta and both Boards heard arguments and hearings in trial cases as a part of that program at Georgia State University. We'll be doing that at least twice a year, programs like that with the Patent Board,

and we are also signed on for both Boards for hearing arguments in the AIPLA annual meeting later this year. So we're going to be out there and hopefully provide exposure to how Board proceedings are conducted.

And we also had a very interesting video conference recently with the EU IPO, and their trademark Boards of Appeal in regard to how they're handling certain procedural and management issues, but also handling certain evidentiary issues and substantive issues. It was a great conference and we propose to have additional conferences with them in the future. So, that's it for me.

CHAIRMAN BARBER: Great thank you so much Judge Rogers. Any questions for the Chief Judge? Well thank you as always for your thorough report. Perhaps at the next meeting we can meet your new Deputy Chief Judge.

JUDGE ROGERS: I hope so.

CHAIRMAN BARBER: So now welcome to the hot seat, our friends from the CIO, and I do want to welcome -- this is our new CIO's first TPAC meeting. So on behalf of TPAC, Jamie Holcombe, we

welcome you and look forward to working with you and I'll let you introduce yourself and the team.

MR. HOLCOMBE: Thank you very much. Sometimes I block the mic, sorry. My name is Jamie Holcombe and I'm the new CIO here at USPTO. Thank you very much for the warm welcome. I actually hail from both government and industry. For the past seven years I've worked at the Harris Corporation and I was delivering solutions as the President of CapRock Communications, which provided satellite and terrestrial communications to the DOD and intelligence community, as well as working with the FAA and the State Department.

My prior experience in government was as the CIO of USAC, under the oversight of the FCC. And there you might notice that USAC on your phone bills it says Universal Access, or Universal Service Fund, and the USF is a great service that the FCC provides making telecommunications available for those folks who are out and about in Alaska, and Puerto Rico, and Montana and the far reaches where normal telecommunications companies would not put there telecom services

because it's just too expensive; so subsidies taken -- that \$1.25 out of your phone bill every month accumulates to about 8 billion dollars a year.

One of the things that I'm bringing to to the USPTO is -- some of the experience that I've had with a lot of complex systems. Today marks my second month of completion in a world wind of complexity. So I will say that I've learned a lot and there's still a lot of learning to go, but one of the things I think that's near and dear to your hearts, is the deep dive analysis that I'm currently involved with is TMNG. So based on further analysis, and all the work that Rob will talk about, we should be getting to some type of conclusion and decision making within the preceding months.

That is top, foremost on my agenda. I would love to entertain any questions and so forth but I don't want to take away any time from Rob and I look forward to your questions because I'm going to be working with you for the next 10 years or so, I figure, Rob.

MR. HARRIS: Thanks Jamie, there really

are no questions? Take all the time you want (laughter). No? Okay, I believe much on the information on this first slide has been covered either by Chief Judge Rogers or Commissioner Denison so I'll just hit the high points.

First, and this just summarizes changes that have been made since January -- since we were together in January; first, as Commissioner Denison mentioned earlier, work continues on mandatory electronic filing and U.S. Counsel, changes to the IT systems that will support the rulemaking changes that are expected over the upcoming months.

Commissioner Denison also talked earlier about the TEAS Plus short form. I really appreciated the feedback that we've received from the TPAC members that have been testing that product over the last month or two. The testing is wrapped up in mid-April and we're looking forward to incorporating the changes in the improvements that we received from the team.

The mobile app; the TSDR mobile app offering you the ability -- the similar capability -- that you have in TSDR today, just

getting it from your mobile device on the run. That has been a product that has been in proof of concept for a while. We're on the cusp of -- I believe we deployed the back end earlier this week. I'll get a firm date on when the complete mobile app is available, out and available for download.

The last four or more are kind of behind the curtain, and internal to the Agency. Stabilization is a key term that we've heard from Laura and Andrei, and our leadership team. It's a fact that we rely on dated legacy systems with aging infrastructure, and we're really making a concerted effort to address the most critical areas of that aging infrastructure.

We've had early successes. I mentioned in January we had a big upgrade in December. Just this past month again, another significant piece of aging hardware was replaced, but that's just the beginning. We have a tremendous amount of work to do and that's going to be one of the two-pronged priorities going forward; one being stabilization, and one modernization.

The next bullet talks to research and

development efforts, and this is just to give you an insight into what's happening inside the lab. Nowhere near having a product ready to use, but proof of concepts we're working on that center around artificial intelligence in the areas of either how we classify goods and services, and possibly making that more -- assist the folks that are doing it today with artificial intelligence, the ability to identify products and recommend classification for those.

Also image search and design code recommender. Again, these are proof of concept. We talked some yesterday in the subcommittee meeting about the targeted use of these products and at this point it's undetermined. It could be of benefit to our internal users within the USPTO; it may very much benefit our external customers that are considering applying for, or are submitting an application for a trademark to help them do some significant research up front. So more to come on that, but -- again, just a peek into what are some of the thoughts that are going around.

Also earlier Commissioner Denison

mentioned a specimen protest pilot program around the example with the T- shirts that all look similar. That's another area that is again, something that we're having discussions about. I would imagine that would go through a proof of concept similar to what I just mentioned, and again, see how we can mature a POC to the point where we can take a look at it, look at the proof of concepts, spend a little time and a little money, see if the results justify further development in actually putting something into production.

The second to last is just a note that we are in the process of moving the trademark business unit, and also the TTAB, over to new laptops, new Win10 based laptops. And then last but not least, and one that I'll spend some time on, is the TMNG exam product that we have been working on with significant time and effort from both CIO and trademarks over the last year plus.

Some more details on where we are with TMNG exam. As I mentioned in January, we started beta testing at the end of November and the plan was to run those beta tests from November 26th

through mid-January. The expectation is that we are to take the results of the beta test and that would form the foundation of the decision as to how best to go forward with TMNG. That decision was initially slated for the end of January; there have been delays.

First and foremost, we couldn't test the full capability of the exam tool without being able to process international applications; 66(a) applications. So we just started testing those January 20th, as noted here, and we've had some positive results but the agreement between OCIO and trademarks is that let's continue to run the beta test. So instead of stopping in mid-January, it is continued out through today, and will continue into the near future.

We've more than tripled our expected users. We expected 10-20 folks using it. It's up to about 67 now, and with that is what we'd expect out of any beta test. We've gotten a lot of fantastic feedback from the users. Feedback on things that are not working as expected, which we've turned around and fixed, and also ideas that we hadn't considered; enhancements, some we've

already made, others that we will work with our product owners and prioritize for future development. So again, the excitement is around the fact that we've got end users using the product, providing feedback and helping us improve the tool for the future.

The stats at the bottom, I'm not going to walk through but I put them there as an indication that this beta test process is also helping us work better as a team. It's not only getting the feedback, but also letting both the trademark business unit and OCIO figure out how best to react to it; get to a point where we have a little more mature process and we can respond more efficiently as opposed to hearing from Jay and his team that there are some things that need to be fixed immediately, and we say, okay, thank you very much we'll get back to you in a few months.

We're now in a position to get the feedback, really get our arms around it, work directly with the examining attorneys, prioritize it, and fold it into our next monthly deployment. So it's been exciting to see that

we've been able to respond more efficiently than we have in the past as well.

As usual I will stop when I hear somebody scream, but I'm going to continue to plow through this until I hear otherwise. The six critical success factors that we defined, I was excited in January because we bumped up from 1 to 3. I had used a batting average analogy and said that I was up to 500. So we've added a fourth here that has gone green, which is the first critical success factor.

What was holding us from yellow to green was our inability to start testing the 66(a) applications. That was done, as I mentioned in the previous slide, back in January, so the batting average has crept up a little bit over 500. That being said, we still have more work to be done.

The second item, which technically if you read the words of the critical success factor, it focuses on making sure Office Actions are displayed identically in TSDR and what our external users see, compared to what we're seeing in TMNG exam.

That is technically done, but what we

still have are some loose ends to tie up with our partners in the International Bureau, at IB. We have concerns over what the quality of the specimen -- what the specimens look like, or the product look like coming out of the IB monitor. We've worked closely with our counterparts to understand what file type is needed. We've focused in on what works best for us to provide to them. What we have found is there's some magic happening behind the scenes over there that's resulting in a less than desirable output in the IB monitors.

So once we're able to give them our file, which is high quality, we have addressed concerns. We had concerns back in December that they were not readable, that there was some key content being cut off. Those concerns have been addressed. We're providing a PDF file that is meeting everyone's expectations. It's not working with the IB to make sure they're actually using that and publishing what we provide them, as opposed to going through some steps on their side that would ultimately -- no one is doing it on purpose -- but resulting in a less than

desirable quality output on what's published in the IB monitor. Once we get that worked out, that second will turn to yellow.

The only other one that's left to be done is the bottom (inaudible), and that is making sure that the examiners have a high quality product in exam that they can use, and the output of that tool is what they expect to see. For the most part, again, the work has been done and complete.

The two outstanding items; there hasn't been a status change from what I told you in January. The first is the ability to process a divisional application that was slated for summer deployment, and it's still scheduled for the summer. The second was having our form paragraph editor transition over from our legacy product to Trademark NextGen. That was supposed to happen in the spring. We've now pushed it back to the summer as well.

The reason being, it was more of a conscious decision to do this and that is earlier you heard from Commissioner Denison the work happening from mandatory electronic filing. That

work impacts tremendous number of our form paragraphs that we use. We made a decision to -- the team is already maxed out, there's no reason to have that same team make changes for mandatory electronic filing now, and then make the same changes as we convert to TMNG in the summer.

So instead we pushed FPEP back until July. We'll do the heavy lift of converting the form paragraphs one time, and that'll address both our mandatory electronic filing requirements as well as the TMNG requirements. I believe that is the end of my slides. I will pause and look for any questions.

CHAIRMAN BARBER: Okay thanks Rob, any questions for Rob or Jamie at this point? Okay, well thanks so much for your report -- (laughter).

MR. HARRIS: I gave him the expectation that this was a murder board; we're ready to go here and you're going to take it easy on the guy for his first time.

CHAIRMAN BARBER: (Laughter) We'll give him the tough questions the next meeting.

MR. HARRIS: All right, there you go

(laughter). That's a promise.

COMMISSIONER DENISON: I just wanted to say that we're really delighted that Jamie's with us and we are thrilled. He has a lot of challenges ahead of him but he's got a great attitude and a lot of skills and so we're really delighted that he is here and we're very optimistic about our future with Jamie's leadership.

MR. HOLCOMBE: Thank you very much.

CHAIRMAN BARBER: Okay, well, I think we're at or near the end of our meeting. We can open it up to questions from the public, anything from the webcast, anybody in the audience have any burning questions?

Okay, so we will adjourn. I believe our next meeting is July 26th, so we will see you all back then. Thank you very much.

(Whereupon, at 11:04 a.m., the
PROCEEDINGS were adjourned.)

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CERTIFICATE OF NOTARY PUBLIC

COMMONWEALTH OF VIRGINIA

I, Mark Mahoney, notary public in and for the Commonwealth of Virginia, do hereby certify that the forgoing PROCEEDING was duly recorded and thereafter reduced to print under my direction; that the witnesses were sworn to tell the truth under penalty of perjury; that said transcript is a true record of the testimony given by witnesses; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this proceeding was called; and, furthermore, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

(Signature and Seal on File)

**Notary Public, in and for the Commonwealth of
Virginia**

My Commission Expires: August 31, 2021

Notary Public Number 122985