

Brands in the Boardroom 2008

US opposition proceedings: politics, pitfalls and pit bulls
Welsh & Katz Ltd

A supplement to *Intellectual Asset Management* magazine
www.iam-magazine.com

iam

This text first appeared in the IAM magazine supplement 'Brands in the Boardroom 2008' April 2008

US opposition proceedings: politics, pitfalls and pit bulls

By **Julie A Katz**, Welsh & Katz Ltd

More than a few of my colleagues outside the US have been surprised by the aggressive tactics used in Trademark Trial and Appeal Board (TTAB) opposition proceedings – often likening them to full-scale litigation. While opposition proceedings are not quite as rough and tumble as litigation, they can come close.

This article sets out a map to the maze of changes, with the purpose of creating awareness, directed particularly at those who do not practise in the United States, for whom the changes may seem daunting. Three primary categories of change are addressed herein:

- Service of process;
- Initial disclosures in discovery; and
- Expert discovery.

The article also summarises the sequence and timing of the proceedings, and provides practice tips.

Service of process – the politics of initial pleadings

Several recent changes to TTAB rules seek to streamline opposition proceedings. In the United States Federal Register, Vol 72, No 147, 1st August 2007, appear the Department of Commerce Patent and Trademark Office Miscellaneous Changes to Trademark Trial and Appeal Board Rules (the New Rules). The effective date of the changes was 1st November 2007.

The New Rules impose an obligation on the opposer (plaintiff) to serve a copy of the notice of opposition on the applicant (defendant) or its attorney of record or domestic representative of record at the United States Patent and Trademark Office (USPTO), and include proof of service with the notice of opposition filed with the TTAB (37 CFR §§ 2.101(a)). Subsection (b) requires an opposer to notify the TTAB within 10 days of receipt of any returned service copy.

In turn, the TTAB has different responsibilities. The TTAB may (but need not) serve notice of the commencement of an opposition proceeding on the applicant by email if such address is provided, but the TTAB is not required to serve on the applicant a copy of the notice of opposition itself or any exhibits (37 CFR § 2.105(a), (c)). Standard mail or the *Official Gazette* may be the means of publication of the notice if the notice is returned after an attempt by the TTAB at mail service. Any undelivered notice may result in notice by publication in the *Official Gazette* (37 CFR § 2.118).

As the opposer, it is you who are in charge of serving the opposition, rather than the TTAB. If the envelope comes back to you, try to find a new address for the applicant through your own independent investigation and let the TTAB know what you find.

If you are the applicant, then upon receipt of notice that someone is seeking to oppose registration of your mark, it is up to you to go to the TTAB web docket and download a copy of the papers, if you have not yet received your service copy from opposing counsel.

The intention underlying these changes is to increase the efficiency with which proceedings are initiated. If the parties communicate more quickly, then the matter may be resolved more efficiently without the need for much TTAB involvement. After all, about 95% of cases are settled before final disposition.

Discovery – potential pitfalls of an opposition dispute

Pre-trial discovery conference

Under 37 CFR § 2.120(a), the parties must have a discovery conference before the opening of the discovery period, which date is set out in the notice of institution of proceedings. This conference may be made by phone. The attorneys for each party discuss the topics identified in the US Federal Rules of Civil Procedure, Rule 26(f), which

include the nature and basis of their claims and defences, arranging for exchange of initial disclosures (discussed in detail below), and the subjects on which discovery may be needed. The discovery conference is a great opportunity to begin settlement negotiations.

Initial disclosures

Initial disclosures must be made within 30 days of the opening of the discovery period. However, the TTAB has been liberal in granting motions to suspend the proceedings in order to allow for settlement possibilities to be explored. This motion practice allows the parties to save time and money by resolving the dispute prior to discovery. If initial disclosures are to be exchanged, then be prepared to identify people with knowledge about the case (names, addresses, phone numbers) and the location of relevant documents (electronically stored information and tangible) that are in your possession, custody or control, and that the disclosing party may use to support its claims or defences (Fed R Civ P 26(a)).

A TTAB goal in having the parties exchange “who, what and where” information early on is to promote settlement and make the discovery process more efficient by eliminating surprises and enhancing the fair disposition of claims and defences. The TTAB takes the position that early disclosure of this nature will also eliminate paperwork that is otherwise necessary to determine the basic facts of a case. For example, where previously you had to get deep into discovery to find out the answers to these fundamental kinds of question, now this can be done through a more informal and speedy process of dialogue.

The discovery period remains open for 180 days, which leaves 150 days to conduct discovery after the initial disclosures are made. This involves written interrogatories, document requests, requests to admit and verbal testimony. This is a time-consuming element of US opposition proceedings and is where cases can get expensive – another incentive to settle the case.

Protective orders

As USPTO records are public, anyone can access them. Sales volumes, advertising costs, promotional costs or other confidential documents may be made part of this public record. For those that do get into the thick of discovery and are concerned about disclosing sensitive information to third parties, particularly competitors, a universally applicable TTAB protective order lays out

ways to protect confidential information (37 CFR § 2.116(g)). The parties are free to agree to a different protective order, especially if they believe that the standard protective order provides insufficient protection, all subject to TTAB approval. You may not want to show your sales documents or customer lists to your competitor. In that case, the protective order should be written to have an “attorneys’ eyes only” category of protection. The TTAB’s standard protective order is available at www.uspto.gov/web/offices/dcom/ttab/tbmp/stndagmnt.htm.

The standard protective order requires parties to return all protected information disclosed during proceedings, unless otherwise agreed. The parties may agree that it is more economical to destroy the confidential information received and certify to the destruction, rather than box it up and ship it over. Much in this area is left to the discretion of the attorneys and their clients, because a purpose underlying the standard protective order is to reduce existing motion practice; although it may provide the TTAB with grounds for sanctioning a party or its attorneys for breaches during proceedings.

Discovery

The New Rules (like the old rules) provide for written and verbal discovery.

Interrogatories may be served and should be responded to within 30 days. Interrogatories are requests for information set out in a formal list of written questions propounded by one party and required to be answered by the other. The answers typically are used to determine, as early in the case as possible, the facts and evidence that will support the party’s case at trial (Fed R Civ P 34 (except with regard to the number of interrogatories allowed)).

Usually served together with interrogatories are requests for production of documents and items. Again, the timing is such that responses should be provided within 30 days. The document requests should be relevant to the issue in the opposition (ie, the registrability of the opposed mark). Relevant documents may include copies of internal emails, advertising, promotional material and documents showing the creation or origination of the mark. The recipient of the request must respond by providing responsive documents, unless the documents sought are protected by a legally recognised privilege such as the attorney-client privilege (Fed R Civ P 34).

Requests to admit are written questions

asking that the opponent admit the truth of the question posed. Each request must be separately stated. They, too, must be answered within a 30-day time period; otherwise they may be deemed admitted. If not admitted, the answer should specifically deny or state in detail why the answer cannot be admitted or denied, including any objections to the question posed (Fed R Civ P 36).

Discovery response times may be extended by stipulation of the parties, motion granted by the TTAB or order of the TTAB. However, the change in response time for written discovery does not automatically change the length of the period of discovery. The discovery period itself must be changed independently by motion of the parties and approval by the TTAB.

A deposition is the examination of a witness for the purposes of obtaining facts and evidence to support your case at trial. The testimony is provided under oath and is recorded by a court reporter who transcribes the questions and answers. The witness is usually represented by counsel who may object during the examination. Objections may be based on evidence, a party's conduct, the manner of taking the deposition or any other aspect of the deposition, and are transcribed into the record; but the examination continues regardless. A witness may be instructed not to answer a question or line of questions if there are grounds such as attorney-client privilege, to enforce a limitation ordered by the court or to present certain other kinds of motions. The costs of preparing for the deposition can be great. External costs such as the court reporter should also be considered.

Retaining an expert – do you really need a pit bull by your side?

For proceedings that do not settle in the early stages of discovery, you may decide to retain an expert and may also decide to obtain surveys. The New Rules follow the Federal Rules of Civil Procedure, Rule 26(a)(2). This disclosure includes the identity of any person who may be used at trial to present evidence under Rule 702, 703 or 705 of the Federal Rules of Evidence. The disclosure of the witness should be accompanied by a written report prepared and signed by the witness, unless another schedule has been agreed upon by the parties. "The report shall contain a complete statement of all opinions to be expressed and the basis and reasons therefor; the data or other information considered by the witness in forming the opinions; any exhibits to be used as a summary of or support for the

opinions; the qualifications of the witness, including a list of all publications authored by the witness within the preceding ten years; the compensation to be paid for the study and testimony; and a listing of any other cases in which the witness has testified as an expert at trial or by deposition within the preceding four years." (Fed R Civ P 26(a)(2)(B)).

No later than 30 days prior to the close of discovery, which is also 90 days prior to the opening of the opposer's testimony period (briefly discussed below), both parties must identify whether they are going to use an expert at trial. The applicant must make this disclosure regardless of whether the opposer retains an expert. Either party may wish to limit testimony of an expert to rebuttal. That party must disclose the identity of the rebuttal expert within 30 days of the opponent's prior disclosure.

The TTAB recommends that the parties discuss early on whether they anticipate this extent of discovery. Moreover, if you retain an expert prior to the deadline to disclose her identity and your opponent has asked for that information through traditional interrogatories and document requests, the latter deadline should not be used to delay revealing the information to your adversary.

Expert disclosure should be made known to the TTAB because the TTAB may suspend the proceedings to allow sufficient time for expert discovery. Time may also be required and changed by agreement – approved by the TTAB – for obtaining rebuttal expert witnesses. These are all subjects that, if discussed earlier rather than later, can result in avoidance of disputes and motions. The TTAB handles late notifications on a case-by-case basis. However, expect to have to show good cause why the expert and her report should be admissible if deadlines for disclosing expert testimony are missed. Keep in mind that these requirements pertain to testifying experts rather than consulting experts, whose identity may remain secret.

All this being said, expert testimony is not typically provided in opposition proceedings and it is expensive. The New Rules provide flexibility in dealing with expert testimony issues.

Overall timing

The opposition commences with the institution order and all dates follow from that date unless modified by the TTAB. For example, the answer is due 40 days from the date of the institution order (institution date plus 40); the deadline to have your discovery conference is 30 days from the date on which the answer is due (institution date plus 70);

discovery opens 30 days after the answer is due (institution date plus 70); initial disclosures are due 30 days from the opening of the discovery period (institution date plus 100); expert disclosure is due 30 days prior to the close of discovery (institution date plus 220); discovery closes 180 days from the opening thereof (institution date plus 250); etc. After discovery comes the testimony period, which also may require depositions to prove your case, and thus involve more out-of-pocket expense and attorneys' fees. Final phases of the proceeding require briefing and may involve oral argument before TTAB judges. The TTAB anticipates motions to suspend for settlement talks and favours resolution without the need for TTAB interference when possible.

Conclusion and final practice tip

These New Rules are intended to decrease litigation expenses; decrease time from filing to disposition; decrease amount of discovery; decrease number of discovery disputes; increase efficiency; increase procedural fairness; and, above all, increase settlement prospects. Oppositions can be an invasive process requiring you and your client to disclose, divulge and expose information that may be proprietary. Therefore, in this author's opinion, the earlier the settlement negotiations begin, the better. And keep in mind that the USPTO can only decide registration issues, not use. Therefore, if infringement is the higher priority of your client, then federal litigation can be examined.



Julie A Katz is a principal with Welsh & Katz, Ltd. She focuses on trademark prosecution and enforcement, and all aspects of IP litigation, including patents, antitrust, trademarks, trade secrets, copyright, trade dress and domain names. Ms Katz has served as first chair in dozens of proceedings on behalf of Precious Moments, Inc and Ty Inc, and other clients, before the United States Patent and Trademark Office Trademark Trial and Appeal Board. She regularly counsels clients concerning the Anti-Cybersquatting Consumer Protection Act and the Internet Corporation for Assigned Names and Numbers arbitration procedures concerning domain name disputes. Also a resolute litigator, Ms Katz has represented clients in the pharmaceutical, high-tech audio equipment, healthclub services, video games and plush toys industries.

Ms Katz earned her JD in 1990 from the University of Illinois and her undergraduate degree from Indiana University in 1987.

Julie A Katz

Principal

Email: jakatz@welshkatz.com

Tel: +1 312 655 1500

Welsh & Katz, Ltd

USA

www.welshkatz.com