TRADEMARK PUBLIC ADVISORY COMMITTEE
ANNUAL REPORT 2019

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Public Advisory Committee
Fiscal Year 2019 Annual Report

I. Introduction.

This is the twentieth annual report of the Trademark Public Advisory Committee ("TPAC"). This report reviews the trademark operations of the United States Patent and Trademark Office ("USPTO" or "Office") for the Fiscal Year ("FY") ending September 30, 2019.

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

Members of TPAC. As of the end of FY 2019, the following individuals were members of TPAC:

- William G. Barber (Chair), Member, Pirkey Barber PLLC, Austin, Texas (term ends December 1, 2019)
- Elisabeth Roth Escobar (Vice Chair), Vice President and Senior Counsel, Marriott International, Inc., Bethesda, Maryland (term ends December 1, 2020)
- Stephanie H. Bald, Partner, Kelly IP, LLP, Chicago, Illinois (term ends December 1, 2021)
- Christopher Kelly, Partner, Wiley Rein LLP, Washington, D.C. (term ends December 1, 2021)
- Anne Gilson LaLonde, Author, Gilson on Trademarks, South Burlington, Vermont (term ends December 1, 2020)
- Ilene B. Tannen, Of Counsel, Jones Day, New York, New York (term ends December 1, 2019)
- Donna A. Tobin, Partner, Royer Cooper Cohen Braunfeld LLC, New York, New York (term ends December 1, 2020)
- Kelly D. Walton, Vice President, Trademarks and Copyrights, Dell Inc., Austin, Texas (term ends December 1, 2021)

- Brian J. Winterfeldt, Principal, Winterfeldt IP Group, Washington, D.C. and New York, New York (term ends December 1, 2019)

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

- Harold Ross of the National Treasury Employees Union ("NTEU") Chapter 243
- Jay Besch of NTEU Chapter 245
- Pedro C. Fernandez of the Patent Office Professional Association

During FY 2019, TPAC had five subcommittees: Operations, Budget and Finance, Policy and International Affairs, IT, and TTAB. The subcommittees met through conference calls and in-person meetings with USPTO officials responsible for the various functions to assist TPAC in meeting its mission and the USPTO in its proposals and initiatives. TPAC members assigned to each subcommittee were:

- Operations: Bill Barber (lead) and Elisabeth Escobar
- Budget and Finance: Brian Winterfeldt (lead) and Chris Kelly
- Policy and International: Elisabeth Escobar (lead) and Stephanie Bald
- IT: Donna Tobin (lead), Kelly Walton, and Jay Besch
- TTAB: Ilene Tannen (lead) and Anne Gilson LaLonde

II. Report Highlights.

A. Transitions within the USPTO.

FY 2019 was a year of many transitions within the leadership of the USPTO. On November 13, 2018, Laura A. Peter was appointed Deputy Secretary of Commerce for Intellectual Property and Deputy Director of the USPTO. Deputy Director Peter has attended a number of TPAC meetings and subcommittee meetings since she took office, and we appreciate her interest and support of TPAC's activities and Trademark Operations.

On February 25, 2019, Henry "Jamie" Holcombe was appointed Chief Information Officer ("CIO") of the USPTO. Mr. Holcombe has attended many of TPAC's public meetings and meetings of TPAC's IT Subcommittee. We have greatly appreciated his efforts in this regard.

On May 28, 2019, Mark A. Thurmon was appointed Deputy Chief Administrative Trademark Judge of the Trademark Trial and Appeal Board ("TTAB"). TPAC extends a warm welcome to Judge Thurmon.

In May 2019, Dana Colarulli retired as Director of the USPTO's Office of Governmental Affairs, while Tony Scardino retired as Chief Financial Officer at the end of June 2019. Mr. Colarulli and Mr. Scardino were both regular attendees of TPAC meetings and subcommittee meetings, and we greatly benefitted from their insights and expertise. We congratulate them for their years of service to the Office and wish them all the best in their future endeavors.

Finally, our fabulous Commissioner for Trademarks, Mary Boney Denison, announced that she will retire at the end of this calendar year. Commissioner Denison has ably led the Trademark Operations of the Office through a period of explosive growth and change, and her contributions to the Office and TPAC have been immeasurable. Please join us in congratulating Commissioner Denison on her many years of outstanding service.

B. Public Meetings and Hearing.

During FY 2019, TPAC conducted four public meetings: on October 26, 2018, January 25, 2019, April 26, 2019, and July 26, 2019. We also conducted a public hearing on September 23, 2019 to consider a trademark fee proposal presented by the USPTO. As of the end of FY 2019, TPAC was in the process of considering the comments received from the public regarding the fee proposal, and will issue its report to the Director in due course pursuant to the applicable statutory authority. TPAC greatly appreciates the Office's invaluable assistance in helping TPAC organize and conduct these meetings.

C. Trademark Operations.

In FY 2019, a year of record filings, Trademark Operations continued its long track record of meeting or exceeding virtually all of its performance goals. TPAC commends Commissioner Denison and her management team for their leadership and the hundreds of employees in Trademark Operations for their hard work that made these results possible. TPAC also applauds Trademark Operations for introducing and continuing initiatives to improve the customer experience through efforts within and outside the Office and to address the many challenges caused by continuing filing increases from the United States and abroad.

D. IT and E-Government Issues.

TPAC has previously addressed the delays and costs in replacing legacy systems with Trademark Next Generation ("TMNG"). These issues continue to be troubling, particularly given the risk of aging legacy systems and the escalating costs to develop and implement next generation IT solutions. TPAC is encouraged that, recognizing the problems, the USPTO's highest level of leadership, including the Director, Commissioner and CIO, are actively engaged in the process and that there also appears to be progress through a working group known as the "Path Forward Team" to address the outstanding issues with TMNG and its future.

Over the past year, the USPTO engaged the services of a respected industry consultant to examine the state of USPTO IT and provide assistance in developing

its IT vision and strategy. The USPTO is working to make significant changes in how systems are maintained and how new technology is used.

In the fourth quarter of FY 2019, USPTO senior leaders agreed to a new approach to deliver a full suite of IT products to the Trademark and TTAB business units. Execution of a multi-year effort will begin in the second quarter of FY 2020. TPAC looks forward to further developments and progress on these issues.

E. Budget and Funding Issues.

Total trademark fees collected in FY 2019 increased by 4.5% which was within 1% of planned collections. TPAC commends the Office for its excellent forecast in planning fee revenues and forecasting filings. TPAC notes that the Trademark Operations budgeting success is dependent upon their continued ability to adjust fees to take into account filing trends and practices.

F. Trademark Trial and Appeal Board.

The TTAB's caseload this fiscal year was surprisingly challenging. Incoming appeals, oppositions and cancellations all increased at faster rates than in FY 2018 and the number of cases maturing to ready for decision ("RFD") on the merits increased 14.5% after decreases in each of the two prior fiscal years. Combined with some staffing deficits, the sizable workload resulted in the TTAB's inability to meet its pendency and inventory control goals for the year, though some of the goals were not far out of reach. Chief Administrative Trademark Judge Gerard Rogers is taking appropriate action to increase productivity by adding personnel and taking other measures to regain control of the TTAB's performance metrics, but the TTAB's numbers may not get back on track until later in FY 2020. The TTAB did easily meet its target for the number of precedential decisions in FY 2019 and decided more Accelerated Case Resolution ("ACR") cases than in any prior year. During FY 2019, the TTAB also continued its efforts to (1) declutter the Trademark Register through the continuation of the pilot program it started in FY 2018 to encourage early adoption of expedited procedures for abandonment and non-use cancellation proceedings and (2) obtain additional stakeholder feedback on its Standard Protective Order ("SPO"), which, based on the new input, is unlikely to result in any modification other than minor edits to clarify ambiguities raised in FY 2018. TPAC looks forward to seeing further action and progress on these and other matters during FY 2020.

G. Policy and International Affairs.

The Office participates in discussions and initiatives with trademark offices and governments in other countries, and with the World Intellectual Property Organization ("WIPO"), to help improve trademark office examination practice, harmonize certain trademark tools and practices, and coordinate on compliance with treaties that relate to trademarks. Among other things, these efforts are designed to improve the experience of U.S. citizens in registering and enforcing their marks in other countries. TPAC appreciates the work of the knowledgeable professionals who contribute to providing a better experience for U.S. citizens who utilize these services.

III. Discussion of Specific Issues.

A. Trademark Operations Performance.

1. Performance Statistics.

FY 2019 was another successful year for the USPTO's Trademark Operations.

a. Increase in Applications.

Trademark application filings increased by 5.4% in FY 2019, which was 0.7% less than Trademark Operations originally projected. Trademark Operations initially estimated it would receive 678,000 classes for registration in FY 2019. Midyear, the expected projection for filings was revised to 646,000 classes reflecting the shifting economic indicators and weak first quarter results. The actual number of classes filed in FY 2019 was 673,233. Trademark Operations continued to receive notable increases in filings originating from Mainland China. More than 11% of total classes filed came from China, the largest share of filings from any foreign country. This represents an increase of more than 1,100% over the past six years, far outpacing growth from any other country. Although still strong, the rate of increase in filings from China appears to have eased in FY 2019, increasing by 31.9% from the prior year. Trademark Operations monitors filings and continues to consult with other IP organizations to gain better insight for future planning. The new U.S. Counsel rules will have an immediate impact on foreign pro se filings, but as of the writing of this report, it is too early to gauge any long-term effects.

b. Electronic Filing and Communication.

Trademark Operations is close to achieving its longstanding goal of having all trademark applications and other filings submitted electronically. More than 99.9% of all new applications are submitted electronically. With the implementation of mandatory electronic filing planned for late calendar year 2019, all trademark filings (with a few treaty exceptions) will be electronic. Two-way electronic filing and communication engenders more cost-effective processing, and now comprises 88.4% of all applications processed to disposal, exceeding the Office's target of 88%. TPAC continues to support the Office's goal of increasing the percentage of trademark applications that are processed electronically from end-to-end.

c. Balanced Disposals Higher.

The Office completed 1,387,610 Balanced Disposals in FY 2019. This was 52,910 more than the 1,334,700 Balanced Disposals planned for the year and 14% more than completed in FY 2018. A

Balanced Disposal occurs when either (1) a First Office Action issues; (2) the application is approved for publication; or (3) the application is abandoned prior to publication.

d. **Total Office Disposals Higher**.
Total Office Disposals refers to the number of applications that resulted in either registration or abandonment. There were 609,124 Total Office Disposals in FY 2019, significantly higher than the 561,138 disposals in FY 2018. The trend for Total Office Disposals has declined relative to new application filings as the percentage of first action approvals for publication increases and fewer applications are abandoned.

e. **Average First-Action Pendency in Target Range**.
First-Action Pendency is reported monthly as the average time between the filing of a trademark application and the substantive review of that application by the USPTO, which typically results in either a Notice of Publication or a first Office Action. The Average First Action Pendency declined by the end of FY 2019 even as filings continued to increase. Average pendency was increasing at the end of last fiscal year with all indications that pendency would exceed the Office's goal in FY 2019 for the first time since 2007. The Office implemented a six-month pendency initiative that was successful in reducing pendency to a very low rate. By the end of the fiscal year, pendency was at 2.6 months, well within the target range of 2.5 to 3.5 months and an improvement of 0.8 months from the end of FY 2018. TPAC has supported this target range for several years, as a balance between meeting customer needs and managing incoming filings, and we commend the Office for continuing to meet this range as it has done for many years.

f. **Average Total Pendency Better than Target**.
Trademark Operations exceeded its target goals on Average Total Pendency for FY 2019. Average Total Pendency, the average time between the filing of a trademark application and the final disposition of that application (through registration, abandonment, or issuance of a Notice of Allowance), continued to remain quite low. Average Total Pendency was 9.3 months if suspended or *inter partes* cases are excluded, and 10.7 months if those cases are included. (An application is suspended in cases where the outcome of another matter must be determined before further action on the application can be taken. This can occur if there is a previously-filed application still under examination. An *inter partes* case is an opposition or cancellation proceeding before the TTAB.) Both of these numbers are lower than in FY 2018 (9.6 months and 10.9 months, respectively).

g. **Overall**.

During FY 2019 Trademark Operations met or exceeded all of its performance goals. TPAC commends Commissioner Denison and her management team for their leadership in making these results possible. Most importantly, these consistently excellent results would not be possible without hard work from the hundreds of employees in Trademark Operations, who all contribute to providing service to customers in a complex and dynamic system.

2. **Quality and Training**.

As important as the quantitative measures discussed above are to Trademark Operations, of even greater value to the public is the high quality with which work is done to ensure that the Trademark Register is an accurate reflection of the important substantive rights owned by trademark owners. Once again, the USPTO has met or exceeded its aggressive targets. Maintaining and exceeding high quality goals while onboarding so many new hires year after year is commendable.

a. **Compliance Rate**.

Examination quality is measured by evaluating random samples of applications at two different points during the examination process. The compliance rate is the percentage of actions or decisions that have been determined to have been made correctly, with no deficiencies or errors. The first point of review looks at initial Office Actions that reject applications for registration or raise other issues regarding formalities that require amendment to the application. The second point of review takes place at "final disposition" of an application, either a final refusal to register or a decision to approve the application for publication. The goal at both points is to determine whether the Examining Attorneys' decisions and written Office Actions comport with the bases of refusal under the Lanham Act. The Office's goal for FY 2019 was a compliance rate of 95.5% for the First Office Action and a compliance rate of 97% for final compliance. For each of those targets, the Office exceeded the targets established for FY 2019. For First Office Action, the compliance rate was 96.4%, and for final compliance, the rate was 97.4%.

b. **Exceptional Office Action Standard**.

The Exceptional Office Action standard has the following four criteria: the appropriateness of the likelihood of confusion search, the quality of the evidence provided, the clarity of the writing, and the quality of the decision-making. In FY 2019, Trademark Operations exceeded the goal of 46%, with 54.5% of Office Actions meeting the criteria established.

c. **Training Law Offices**.

A total of 83 new Examining Attorneys were hired in FY 2019. Two more Law Offices were created to address the increase in Examining Attorneys of whom there were 627 by the end of the fiscal year, a net increase of 46.

To standardize training between new hires placed in training law offices and new hires who backfill vacancies in traditional and virtual law offices, Trademark Operations implemented a Training Unit pilot that promoted much-needed consistency in on-boarding, classroom training, mentoring, and hands-on learning. The pilot not only met the needs of all new hires, but also added leadership development opportunities, not just for those managing the unit, but also for Examining Attorney mentors whether they work at the office or telework full time. The pilot Training Unit provided three cohorts of Examining Attorneys with innovative educational experiences.

TPAC commends the Office's efforts to improve training of new Examining Attorneys.

d. **TORCH Training**.

In FY 2019, Trademarks Operations conducted its biennial TORCH (Trademark Organization Reconnection and Collaboration Homecoming), a mandatory training event in which all employees including teleworkers were called to the office for in-person training. As the Telework Enhancement Act Pilot Program is still in effect, participants traveled from throughout the United States to attend the training at the Alexandria headquarters. Many practical courses were offered over the three-day period.

e. **Nice Classification 11th Edition Training**.

This training for Examining Attorneys highlighted changes in the International Classification system brought about by the implementation of the Eleventh Edition of the Nice Classification, version 2019.

f. **Examining Attorney Training**.

Training sessions held in FY 2019 focused on examination procedures related to: (1) the U.S. Counsel rule; (2) digitally created, digitally altered, and mockup specimens; and (3) mandatory electronic filing. In addition, the International Trademark Association provided speakers on trademark issues regarding on-line retail platforms and trademark issues in the cheese industry.

3. **Initiatives Completed in FY 2019**.

a. **Examination Guides**.

Between updates to the Trademark Manual of Examining Procedure ("TMEP"), the Office occasionally provides guidance on specific issues through the issuance of Examination Guides. Typically, Examination Guides supersede the current edition of the TMEP to the extent any inconsistency exists and they are usually incorporated into the next edition of the TMEP.

In May 2019, an Examination Guide was issued to clarify the procedure for examining marks for cannabis and cannabis-derived goods and for services involving cannabis and cannabis production after enactment of the 2018 Farm Bill.

In July 2019, an Examination Guide was issued regarding Section 2(a)'s scandalousness provision after the Supreme Court decision in *Iancu v. Brunetti*.

In July 2019, an Examination Guide was issued to provide additional guidance regarding specimens that appear not to be in use in commerce because they are digitally created/altered or otherwise mocked up.

In August 2019, an Examination Guide was issued to provide additional guidance regarding implementation of the final rule requiring: (1) applicants, registrants, or parties to a trademark proceeding whose domicile is not located within the United States or its territories to be represented by an attorney who is an active member in good standing of the bar of the highest court of a state in the U.S., and (2) U.S. attorneys to provide their bar information when representing applicants and registrants, whether domiciled inside or outside the U.S. The USPTO received requests for additional clarification regarding its implementation of the final rule and issued a revised Examination Guide in September 2019. TPAC commends the USPTO for being responsive to its stakeholders and issuing additional guidance.

b. **ID Manual**.

The ID Manual lists identifications of goods or services and their respective classifications that Examining Attorneys will accept without further inquiry if the specimens of record support the identification and classification. Although the listing of acceptable identifications is not exhaustive, it serves as a guide for Examining Attorneys and those preparing trademark applications on what constitutes a sufficiently "definite" identification.

On January 1, 2019, the Eleventh Edition of the Nice Classification, version 2019, came into force. Changes in the Eleventh Edition had an impact on the USPTO's examination policy and practice. A complete list of those changes can be found by setting the "Effective Date" field in the ID Manual to Operator "=" and then typing the date "01/01/2019" and pressing the "Search" button.

The USPTO continues to receive feedback from internal and external customers regarding the ID Manual and has implemented several of the suggested changes. Some of the enhancements added this year include: the ability for users to see all of their results on a single page; the addition of navigation buttons to see results from previously executed searches; targeted searching for the description field; and automatic searching of alternate spellings for some terms.

c. **MyUSPTO Enhancements**.

During FY 2019, the Office continued to enhance MyUSPTO, a personalized homepage for managing IP portfolios, by adding a number of widgets to provide specific capabilities, and more are on the way. One of the most important new widgets is the Trademark "Form Finder," which allows users to quickly search for a trademark form by name, or locate it by action or response needed.

A mobile trademark application status app also went live to provide push notifications any time the status of one or more particular applications changes. The app is free and available through Google Play or the App Store.

Additional MyUSPTO developments for FY 2020 are expected to include an application-filing widget called "TEAS Plus Short Form," which is currently in beta testing.

d. **Rulemaking**.

In FY 2019, Trademark Operations issued two final rules to change the Rules of Practice.

(1) **Requirement of U.S. Licensed Attorney for Foreign Trademark Applicants and Registrants**.

The USPTO implemented a change on August 3, 2019 to amend the Rules of Practice to require applicants, registrants, and parties to a proceeding whose domicile or principal place of business is not located within the United States to be represented by an attorney who is an active member in good standing of the bar of the highest court of a state in the United States. The requirement mirrors the requirement for local counsel that currently exists in many

other countries. The rule addresses an increasingly frequent complaint of unauthorized representation. In the past few years, the USPTO has seen many instances of the unauthorized practice of law by foreign parties who are not authorized to represent trademark applicants but nevertheless are improperly representing foreign entities before the USPTO. As a result, increasing numbers of foreign entities are at risk of receiving inaccurate or inadequate information about the legal requirements for trademark registration in the United States, such as the standards for use of a mark in commerce, who can properly aver to matters and sign for the mark owner, and even who the true owner of a mark is under U.S. law.

The requirement that foreign applicants, registrants, and parties be represented by a qualified U.S. attorney instills greater confidence in the public that U.S. registrations issued to foreign entities are not subject to invalidation for reasons such as improper signatures and use claims. The rule also enables the USPTO to more effectively use available mechanisms to enforce compliance by foreign entities with statutory and regulatory requirements in trademark matters.

(2) **Mandatory Electronic Filing**.
The USPTO issued a final rule to amend the Rules of Practice to mandate electronic filing of trademark applications and submissions associated with trademark applications and registrations, and to require the designation of an email address for receiving USPTO correspondence. The rule was published in the Federal Register on July 31, 2019. Implementation is planned for December 21, 2019. The change in filing requirements will further advance the USPTO's strategy to achieve complete end-to-end electronic processing of trademark submissions, thereby improving administrative efficiency by facilitating electronic file management, optimizing workflow processes, and reducing processing errors and ending the subsidization of paper filings by those who file electronically.

4. **Ongoing Initiatives**.

a. **Regulatory Reform**.
The USPTO's Working Group on Regulatory Reform continues to consider, review, and recommend ways to improve, revise, and streamline USPTO regulations. The Working Group was formed to implement Executive Order 13771, titled "Presidential Executive Order on Reducing Regulation and Controlling Regulatory Costs."

Members of the public may submit their ideas to improve, revise, and streamline USPTO regulations to the following email address: RegulatoryReformGroup@uspto.gov.

b. **Efforts to Improve the Accuracy of Identifications of Goods or Services in Registrations**.

During FY 2019, the USPTO expanded its program to conduct random audits of "proof of use" declarations, as established by 37 C.F.R. §§ 2.161(h) and 7.37(h). The goal of the program is to improve the integrity of the Trademark Register by cancelling registrations with unsubstantiated use claims and removing unsupported goods and services from audited registrations.

In FY 2019, trademark Examining Attorneys conducted audits of more than 5,000 cases in which Post-Registration maintenance affidavits were filed. For each audited file, the Office requested additional evidence from the registrant to substantiate proof of use. As of October 1, 2019, in 62% of the audited registrations, either a response deleting goods or services was filed or the entire registration was canceled. In those files, 78% of the registrants were represented by an attorney and 22% percent were pro se.

c. **Fraudulent Solicitations**.

Through notices and warnings to users, the USPTO has continued to increase awareness of the issue of solicitations from companies fraudulently promising to protect trademarks. The USPTO has sent two lawyers on a two-year detail to the Department of Justice to work exclusively on prosecuting perpetrators of these fraudulent solicitations. The USPTO also proposed and is co-leading a project on fraudulent and misleading solicitations at the five largest Trademark Offices in the world ("TM5"). A web page dedicated to explaining how to recognize fraudulent solicitations as well as a new video "Solicitation Alert" have been added to the USPTO website. Trademark employees speaking at various events in FY 2019 highlighted this issue to increase stakeholder awareness.

d. **Specimen Database**.

The USPTO has recognized that the problem of trademark applicants and registrants submitting fraudulent specimens is significant enough to a warrant proactive response. The objective of Trademarks' Automated Specimen Analysis Project is to procure a commercial, off-the-shelf tool that permits the automated integrated analysis of trademark specimens. The tool will be utilized by Trademark employees as needed and seamlessly integrated into the Trademark business unit workflow. It will utilize a combination of metadata, error analysis, compression, filtering, and other methodologies to compare and contrast a selected specimen against

other specimens. The project is underway and the Office expects to begin beta testing in late 2019.

e. **IP Security Enhancements**.
The USPTO has seen a striking increase in malicious and damaging inputs to its systems. For example, the increase in changes to email addresses (primarily the correspondent's address) has led to an extraordinary number of requests to the Office for correction of records. The Office is exploring ways to enhance the security of its systems to include requiring user names, passwords, and PINS, and other options to make it more difficult to change critical parts of the record. In the meantime, it is sending emails to trademark owners and applicants when a change of correspondence address is received on a file.

B. IT and E-Government Issues: Focus on Stabilization and Modernization.

1. The Office of the Chief Information Officer ("OCIO").

Among its many responsibilities, the OCIO provides the personnel and technology for the USPTO administration, Trademark Examining Corps, Trademark Trial and Appeal Board, and end-users to effectively research, file, prosecute, and maintain trademark applications and registrations. Users around the world utilize the USPTO database of pending and registered trademarks 24 hours per day. The system stores approximately 750 million records for its users, as well as for the 627 Examining Attorneys (as of the end of FY 2019) who at any one time may be online. Under the direction of the OCIO, the IT staff works to stabilize and modernize tools to improve trademark examination quality, reduce pendency, manage inventory, and build and maintain a 21st century workplace.

On February 25, 2019, Jamie Holcombe became the permanent CIO, taking over for Acting CIO David Chiles. Mr. Chiles remains with the USPTO in the Office of the Chief Technology Officer. TPAC welcomes Mr. Holcombe and thanks Mr. Chiles for his expertise and the exemplary manner in which he has served the USPTO as Acting CIO and worked with TPAC in that capacity.

Under Mr. Holcombe's leadership, the OCIO is focused on two primary priorities – stabilization and modernization. Stabilization will reduce the risk of future system outages in infrastructure and existing systems. Over two dozen systems and applications across USPTO are initially targeted for stabilization based on risk and business criticality. In parallel, modernization efforts will improve agility, performance, and stability of trademark systems; develop and integrate a portfolio of new features to address business needs and increased demand; and drive savings and speed to market through data management, automation, and artificial intelligence.

2. **Stabilize trademark systems**.

OCIO continues to maintain, stabilize, and enhance existing trademark systems, which run, albeit with challenges, in parallel with modernization efforts. A significant increase in funding was budgeted during FY 2019 to stabilize and enhance existing trademark systems to ensure that trademark users, internally and externally, can continue to access and use the systems as necessary. FY 2019 accomplishments include:

- Completed stabilization of TEAS, TEASi, and TMNG's Content Management System.
- Began TRADEUPS, TTABIS, and TSDR stabilization.
- Implemented system updates to support U.S. Counsel rule changes: The U.S. Counsel rule went into effect on August 3, 2019 to ensure that submissions from foreign applicants and registrants have a U.S.-based attorney who is responsible for submissions to the USPTO.
- Developed system updates to support mandatory electronic filing ("MEF") rule changes: MEF will be effective December 21, 2019, requiring all applicants and registrants to file submissions through the USPTO's electronic filing systems (certain exceptions apply due to treaty obligations).
- Developed capability to increase IT security through user authentication and authorization (to be deployed in FY 2020).
- Modified Trademark and TTAB systems for Windows 10 compatibility: deployed approximately 1,000 new laptops to employees within Trademark Operations and the TTAB; updated existing applications to be compatible with Windows 10 and related productivity and communications software.

Despite these accomplishments, however, there are challenges, many of which necessitate urgent decision-making for future trademark IT capability. The challenges include:

- Existing trademark IT systems are beyond their planned retirement dates and are using aging environments that include unsupported hardware, highly specialized software, and incompatibility with newer software.
- Increasing need for emergency maintenance is costly and unsustainable.
- OCIO has specialized skills to work with outdated technology. If these skills are lost, USPTO will risk long outages.
- Technology is mixed (old with new) making it harder to maintain.

- Older technology is less flexible, so it cannot keep up with advances in technology.
- Security issues arise from older technology with no available fixes.

3. **Modernize trademark systems**.

Since 2011, the USPTO worked on, among other IT projects, the planning, development, testing, and implementation of TMNG. Although originally envisioned as a four-year project, a number of hurdles and issues arose that led to eight years of effort to implement TMNG.

At this point, the USPTO has identified components of TMNG that are reusable as part of future modernization efforts, while significant opportunities exist to integrate modern capability that did not exist when TMNG started. Examples are included in the FY 2019 accomplishments:

- Released "TM Status" mobile app to the public in May 2019, the USPTO's first mobile app.
- Conducted ongoing research into artificial intelligence and modernization solutions to combat unauthorized changes; currently at proof-of-concept stage and testing.
- Improved internal processes and developed automated tools to track metrics and perform data analytics.
- Deployed TEAS Plus Short Form widget to beta testers
- Updated and modernized the Trademark Quality Review ("TQR") product.
- Completed CKEditor® development and integration with TMNG Exam; addressed TMNG Exam Critical Success Factors; and currently incorporating beta testing feedback;
- Completed an independent assessment of TMNG's technical architecture and design; recommendations have either been implemented, are in-progress, or are under consideration and/or further review.

The following chart summarizes the status of existing TMNG products:

Products	Description	Status
Trademark Status and Document Retrieval (TSDR)	Allows public and internal USPTO users to search trademark information and documents and view and download documents in PDF, HTML, and JPEG formats.	• Fully operational in 2012 • Deployed enhancements and defect fixes through 2018 • Addressing stabilization concerns and infrastructure upgrades in 2019 and 2020
TMNG eOG (Electronic Official Gazette)	Offers public users an electronic version of the Official Gazette to create and save custom queries, as well as the ability to export/download data.	• Fully operational in 2013 • Deployed enhancements and defect fixes through 2019
TMNG Exam	Offers trademark examining attorneys the ability to electronically examine trademark applications.	• Deployed in 2016 to the first Law Office; pulled back due to product concerns • Deployed enhancements and defect fixes through 2018 • Beta tested in 2019
TMNG IDM (ID Manual)	Offers public and internal USPTO users an electronic, searchable, and editable version of the ID Manual.	• Beta deployment in 2014 • Fully operational in 2017 • Deployed enhancements and defect fixes through 2019
TMNG Trademark Quality Review (TQR)	Automates the internal trademark quality review business process. Leverages advanced analytics as needed.	• Deployed 2018 • Deployed enhancements and defect fixes through 2019
TMNG eFile	Will offer an end-to-end electronic filing capability for external USPTO users to submit domestic and international legal documents to both the Trademark Business and TTAB.	• Continued definition of business requirements
TMNG Madrid	Will offer internal electronic processing capability for inbound/outbound international applications.	• Continued definition of business requirements
TMNG Non-Exam	Will offer internal business capability to Petitions, Intent-to-Use, Post-Registration, Pre-Exam, and TTAB business units.	• Continued definition of business requirements
TMNG TTAB	Will integrate TTAB trial capability into TMNG by maximizing re-use of existing TMNG and PTAB capability.	• Continued definition of business requirements

While there were a number of successes with TMNG, there were also many problems and delays and the original budget was greatly exceeded. The total cost from inception through FY 2019 is $204.8M. Given the significant investment, TPAC appreciates the cooperation of the OCIO and the Office of Chief Financial Officer ("OCFO") in this effort, which has proven helpful to our Committee. TPAC has worked with the OCIO and OCFO to more closely monitor spending and progress on modernization initiatives and will continue to do so.

The USPTO undertook a review of Program Governance and Project Management as well as TMNG Technical Architecture and Design Review beginning in late 2016. The purpose of the review was to assess what risks, methods or operating approaches may prevent the USPTO from successfully modernizing trademark IT systems. Identified challenges included:

- Lack of consistent business and IT visions for TMNG, coupled with complex business and IT architecture.
- IT delivery has been slow and hinders ability to keep up with changes (hardware/software, business, legal, policy) that, in turn, drives more delay.
- Continued delays with TMNG Exam.

- Existing trademark IT systems beyond their planned retirement dates, use aging environments that include unsupported hardware, specialized software, and incompatibility with newer software.

In addition, on March 13, 2019, the Office of the Inspector General ("OIG") issued its Final Report, No. OIG-19-012-A, after auditing the Office's TMNG system. Specifically, the report found that:

- USPTO investment board members did not exercise adequate oversight to correct or terminate underperforming TMNG investments.
- Weaknesses exist in the Capital Planning and Investment Control process.
- USPTO provided ineffective project management and oversight for the TMNG examination tool.

The USPTO also employed new outside consultants to evaluate its overall IT program and processes. The USPTO has indicated that it is going to implement recommendations from both the OIG and the consultants and is refocusing its efforts on how best to deliver modern trademark capabilities by using a number of TMNG capabilities as the foundation for modernized trademark IT capability.

To provide overarching direction to the trademark modernization effort, the USPTO is defining an overall trademark information technology vision. This will include a decision on which business capabilities fit into that vision and how the vision can be delivered most cost effectively. In terms of an overall approach, TPAC commends the USPTO's refreshed way of looking at IT with a focus on two priorities (stabilization and modernization). TPAC appreciates an IT approach that follows principles of Agile methodology: a focus on constant awareness of the progress of the project; communication and constant engagement of all stakeholders; an end-to-end implementation plan with small, measurable successes at every step; and an incremental and phased approach whereby critical gaps are addressed in real-time before adding new products. This new approach is being tested via a number of trademark Agile pilot teams which started in the second half of FY 2019.

Internal collaboration and feedback will be sought as existing IT capabilities are improved and completed with more modern technology and capabilities. End-user acceptance is critical to success as identified by both by the OIG and by the outside consultants. TPAC sees an opportunity to improve Examining Attorney involvement in order to provide sound end-user guidance consistent with Agile concepts of IT development, which seeks a continuous feedback loop from stakeholders at all stages in order to deliver the most effective product.

4. **Overall Concerns**.

From the trademark users' perspective, both internally and externally, there is significant frustration with the USPTO's IT systems. The disruptive outages last year, the OIG audit, outside consultant reviews, and a new CIO have all brought a laser focus on the problems and challenges presented by current trademark IT capability. Despite the challenges, TPAC is encouraged that the USPTO is committed to providing a mature IT product to all of its end-users. TPAC is cautiously optimistic that continuing changes and improvements will be made and the new way of thinking about the problems will result in significant progress. TPAC has also made a number of observations in this Annual Report resulting from public meetings, review of documentation and reports, and conversations which we hope will positively impact the success of IT and IT modernization at the USPTO.

C. Budget and Funding Issues.

1. **Fee Collection**.

Total trademark fees collected in FY 2019 were $344 million, representing an increase of 4.5% over collections in FY 2018. With the prior fiscal year Operating Reserve and other sources of income, $481 million in total resources were available. Total spending was $350 million, resulting in $130.7 million projected to be available in the Operating Reserve at the beginning of FY 2020 including the excess fee collections not available in the current year, that have been deposited into the Patent and Trademark Fee Reserve Fund ("PTRF") and will be made available through reprograming authority.

The minimum Operating Reserve was increased to $75M and the optimal was increased to six months as a result of the biennial review risk assessment. The USPTO Operating Reserve Policy allows projected reserve balances to exceed the optimal level by up to 25%, with consideration for adjusting fees, which would permit the reserve to increase beyond six months of operating expenses. This additional flexibility acknowledges the high degree of variability in trademark fee collections. The optimal reserve target is reviewed every two years to assess the likelihood and consequence of risks to ensure an appropriate reserve level is maintained to mitigate the uncertainty and complexity of the operating environment. TPAC has noted in every Annual Report that it would monitor the Operating Reserve with a goal of maintaining a six-month reserve of trademark operating expenses. TPAC appreciates the efforts to review the Operating Reserve targets every two years and is pleased with the six-month optimal level with the 25% acceptable planning variance. In the past, significant unanticipated spending on the IT side has impacted the Operating Reserve as well as lapses in appropriation authority which make cash flow critical to sustaining operations. TPAC will continue to monitor the impact of IT budgeting and spending on the health of the Operating Reserve.

2. **Proposed Fee Adjustment**.

The USPTO continually strives to balance fee collections according to Office needs, considering workload, filing forecasts, and spending requirements. Options for setting and adjusting fees consider balancing cost to revenue and incentivizing behaviors and practices that improve the quality of the Register, process and services provided. TPAC commends the due diligence of the Trademark Operations team in reviewing and assessing the need for adjustments to the fee schedule. In FY 2019, the USPTO considered its 5-year financial outlook and determined a fee adjustment was needed. The USPTO has proposed adjustments to current trademark fees as well as setting new fees to address fiscal sustainability. TPAC conducted a public hearing on the proposal on September 23, 2019 as required by the fee setting authority in the America Invents Act (AIA), and is in the process of preparing a report on its recommendations. Following public feedback and comments, the USPTO plans to implement changes by August 2020.

3. **Financial Advisory Board**.

The Financial Advisory Board ("FAB"), co-chaired by the CFO and the Patent and Trademark commissioners, provides oversight, accountability, and analysis for financial activities, ensuring funding is sufficient to carry out the mission and objectives of the USPTO. The FAB reviews fee proposals and annual agency spending requests to ensure consistent practices to mitigate financial and operational risk. The FAB oversaw the biennial fee review for setting patent and trademark fees, reviewed budget spending plans and funding to ensure financial resources were sufficiently managed within expected revenues and reviewed delivery on performance commitments. The revalidated FY 2020 plans and the FY 2021 OMB budget request are based on a less positive financial outlook with a lower expectation for filing increases. As a result, without an increase in trademark fees, revenues and operating reserves are insufficient to fund planned hiring and spending requests considering the increase in planned IT investments in critical legacy system fixes, enhancements and new systems development.

4. **Direct v. Indirect Spending**.

Total trademark fee collections account for approximately 10.1% of the total USPTO fee collections. The Trademark share of the USPTO's FY 2019 expenses was 10.5%. Direct expenses for Trademark Operations and the TTAB accounted for 50.9% of total USPTO trademark expenses. Spending on trademark and TTAB IT systems was 14.5% of total trademark expenses. Including the Trademark share of supported IT products, services, and support, OCIO expenses comprised 17% of total trademark expenses. The remainder of the trademark spending is based on a cost allocation for supporting administrative services within the USPTO, which include infrastructure for agency-wide information technology, human resource management, financial management, legal services, policy and

international activities, and USPTO administration and management. The allocation percentage for trademark user fees for administrative services or allocated indirect expenses within the USPTO was somewhat more than 29.6% of trademark expenses reported for FY 2018. The trademark share of the agency administrative services cost allocation is higher than the percentage share allocated for patents. As a comparison, Patent and PTAB direct expenses comprise 73% of total USPTO patent expenses. Spending on Patent and PTAB IT systems comprise 7%, with the remaining 20% of expenses allocated for administrative or indirect expenses. TPAC has raised concerns in the past about the differences in the cost allocation share and will continue to monitor these allocations and discuss any appropriate adjustments with the USPTO.

5. **Spending in Trademarks for Trademark Information Technology**.
In FY 2019, the IT Subcommittee and Budget Subcommittee worked more closely in monitoring budget versus spending for all Trademark IT support, which accounts for 13.8% of trademark revenues.

$204.8M of trademark user fees were invested in TMNG through August 2019 since the project began in FY 2011.

6. **Enterprise Services (formerly Shared Services)**.
The USPTO has been participating in a working group with the Department of Commerce ("DOC") on its shared services project known as "Enterprise Services." The objective of the project is to ensure that all DOC bureaus have access to high quality mission support services in the core areas of Human Resources ("HR"), Acquisition, Financial Management ("FM"), and IT. As one of the largest organizations within the DOC and due to its specialized technical needs, the USPTO has previously made significant investments in FM, acquisition, HR, and IT systems. The DOC and the USPTO have agreed to maintain existing arrangements for payroll processing and human resources systems that operate under a shared arrangement through DOC with other departments. TPAC is pleased that a mutually beneficial arrangement has been made, alleviating the concern for possible diversion of user fees paid by trademark owners and inventors to protect their brands and innovations to general DOC functions.

7. **Trademark Operations Revenues**.
TPAC has expressed some concerns in the past about Trademark Operations revenues being used to fund USPTO Regional Offices because of their traditionally patent-oriented focus. On September 23, 2019, TPAC members met with Deputy Director Peter in executive session to discuss the Regional Offices. It is TPAC's understanding, based on our discussion with Deputy Director Peter, that the Regional Offices are expanding their trademark-related services to the public to include, among other things, trademark search and filing capabilities and providing facilities for hosting and videoconferencing Trademark Trial and Appeal Board hearings. The

Regional Offices also are increasing their trademark public outreach and education events and interacting with regional trademark practitioner communities to support and participate in, for example, roundtables dedicated to trademark-related topics. Moreover, the Regional Directors' staff and USPTO Information Technology Resource Providers employed at the Regional Offices are receiving increased trademark-focused training. Attached as Exhibit A is a copy of the report titled "Summary of Trademark Services in the Regional Offices" provided to TPAC members by Deputy Director Peter at the September 23, 2019 meeting.

D. Trademark Trial and Appeal Board.

Due to a surge in its workload, coupled with a number of health- and family-related issues affecting its relatively small contingent of attorneys and judges, the TTAB struggled with most of its performance measures, particularly in the second half of FY 2019 as caseloads increased. In sum, the significant increase in trademark filings over the past few years has finally resulted in more work coming into the TTAB in the form of increased appeals, extensions of time to oppose, oppositions and petitions to cancel. FY 2019 saw a significant increase in trial cases maturing to RFD, resulting in an inventory of cases requiring disposition on the merits more heavily weighted towards trial cases. Appeals becoming RFD increased by 8.7% while trials increased by 29.9%. As recently as FY 2016, trial cases had represented approximately 23% of the TTAB's inventory of cases maturing to RFD, but in FY 2019 these cases comprised at least 33% of the inventory. This negatively impacted the TTAB's average pendency and inventory control. The TTAB is taking steps to improve productivity, such as by increasing personnel through hiring additional Administrative Trademark Judges ("ATJs") and Interlocutory Attorneys ("IAs") and working with ATJs and IAs to identify opportunities for increasing operational efficiency. TPAC commends the TTAB and Chief Judge Rogers for taking swift action to address this situation.

During FY 2019, the TTAB continued to work on its various initiatives to engage stakeholders in discussions of policy and procedure and provide guidance on the benchmarks for successful practice before the Board. The TTAB issued a substantial number of precedential decisions to provide procedural and substantive guidance on a variety of issues from discovery and service procedures to genericness and mere descriptiveness refusals. It solicited further stakeholder comments on the SPO to finally determine the nature and extent of substantive changes for which stakeholder consensus exists. As part of its efforts to declutter the Trademark Register, it continued its expedited cancellation pilot program, putting a greater emphasis on learning (a) the procedures that parties are willing to agree to that may expedite a proceeding and (b) the reasons parties are not willing to commit early on to expedited procedures, in order to determine whether a formal expedited cancellation proceeding is necessary. The Board also continued its substantial outreach efforts, regularly partnering with Trademark Operations on customer roundtables, working with USPTO Regional Offices on various programs, and participating in programs featuring public hearings in TTAB cases.

1. **Efforts to Declutter the Trademark Register**.

As part of the USPTO's initiatives to ensure the accuracy of the Trademark Register, the TTAB continued its expedited cancellation pilot program in FY 2019, gathering information on default rates in cancellation cases, including those involving only nonuse or abandonment claims, and on procedures that could speed up abandonment and nonuse cases. Following another USPTO decluttering strategy, the requirement of Trademark Operations for those domiciled outside the United States to be represented by U.S.-licensed counsel became applicable to TTAB proceedings as well. Both the cancellation pilot and the applicability of the U.S. counsel rule at the TTAB are discussed in more detail below.

As set forth in TPAC's 2018 Annual Report, the expedited cancellation pilot program started in March 2018 with the TTAB identifying eligible proceedings for participation, selecting cancellation cases limited to abandonment and/or nonuse claims that had not resulted in default. Under the pilot program, the TTAB reaches out to the parties and arranges for an ATJ and an IA to participate in their discovery conference or a follow-up conference. In these conferences, the TTAB encourages the parties to use the TTAB's pre-existing ACR techniques to resolve the case. The pilot program is expected to continue at least through the end of calendar year 2019.

As of the end of FY 2019, 160 cases were determined to be eligible for the pilot program and the Board participated in approximately 80 conferences. However, in only 15 proceedings did the parties agree, at the discovery conference stage, to utilize some form of ACR. In other cases, the parties either decided not to engage in ACR or agreed to reconsider use of ACR methods at a later stage, typically after some discovery. Many were unwilling to commit to using expedited procedures early on in the proceeding primarily because in contested cases, discovery as to the extent of a defendant's use, excusable nonuse, or intent to resume use remains extremely important to the plaintiff for purposes of building its case. Indeed, the Board's first opinion published from the pilot program, a precedential opinion in *TV Azteca, S.A.B. de C.V. v. Martin*, 128 U.S.P.Q.2d 1786 (T.T.A.B. 2018), ruled against the cancellation petitioner. The petitioner's decided to forgo discovery and was ultimately unable to prove abandonment or nonuse. While this opinion serves as a useful reminder that the petitioner's burden of proof does not change in an ACR proceeding, it is unlikely to encourage parties to proceed without at least some discovery.

In addition to users' reluctance to commit to streamlining discovery, there is a high default rate overall for cancellations, particularly with abandonment and nonuse cases. The TTAB examined default judgment rates for cancellations from February 26, 2018 to July 20, 2019, and found that the overall default judgment rate for cancellations was 45%. The rate

for cancellations that include, but are not necessarily limited to, an abandonment or a nonuse claim was 51% and the rate for cancellations with neither of those claims was 29%. Cases that *only* have an abandonment claim had a 62% default rate and those with *only* a nonuse claim had a 53% default rate.

Based on the foregoing, it is questionable whether there is enough interest from stakeholders to warrant spending TTAB staff time crafting a Notice of Proposed Rulemaking ("NPRM") for a formal expedited cancellation proceeding. However, even without an NPRM, the TTAB will continue to press the use of ACR in nonuse and abandonment cancellation cases to expedite these types of claims.

TPAC commends the TTAB and Chief Judge Rogers for continuing to gather information on procedures that may be acceptable to its users in expedited proceedings in order to speed the removal of registrations of unused trademarks from the Trademark Register. The pilot program has given the TTAB an opportunity to understand its users' needs and priorities. To further its information gathering, TPAC suggests that the TTAB conduct follow-up interviews with parties' counsel who have completed the pilot program to solicit their feedback as to what did and did not work for them.

The TTAB is also involved in other efforts to maintain the integrity of the Trademark Register, including the USPTO's new U.S.-licensed counsel requirement, which applies to all parties in TTAB proceedings. While the TTAB will suspend pertinent cases and set a deadline for obtaining U.S. counsel, it anticipates that the overall impact on its proceedings will be minimal. Only a small percentage of parties' addresses in Board proceedings are outside of the U.S. In fact, fewer than 1% of applicants in ex parte appeals, potential opposers in extensions of time to oppose, and opposers in opposition proceedings have non-U.S. addresses, and only 8% of applicants in extensions of time to oppose and 6% of applicants in opposition proceedings have non-U.S. addresses. The Board anticipates that the new rule may lead to increased filings against applications and registrations owned by foreign parties and believes many of those proceedings may end in default.

2. **Revisions to Trademark Trial and Appeal Board Manual of Procedure**. In June 2019, the TTAB revised its Trademark Trial and Appeal Board Manual of Procedure ("TBMP") in accordance with its annual revision schedule. The TBMP update incorporates case law reported between March 2, 2018 and March 1, 2019 and reflects current TTAB practice and procedure.

3. **Standard Protective Order**.

As previously discussed in TPAC's Annual Reports in 2017 and 2018, the TTAB adopted a revised SPO in FY 2016 that applies in every inter partes proceeding unless the parties agree to an alternative and obtain Board approval. After the revised SPO had been in effect for more than a year, the TTAB sought stakeholder input on its utility. However, only four entities submitted comments by the January 31, 2018 deadline. Consequently, in an effort to solicit more feedback from stakeholders, on January 17, 2019, the TTAB sent out a request for Additional Discussion of its Standard Protective Order via a Trademark Alert email and also reached out directly to IP stakeholder groups. Comments were originally due March 31, 2019 but the period was extended to June 30, 2019 in order to obtain feedback from a broader cross section of users. Several additional comments were received.

The second request for comments posed more specific and direct questions, focusing largely on two issues. First, it sought observations on the SPO's presumption precluding access by in-house counsel to the other party's "Attorneys' Eyes Only" ("AEO") information and documents. Second, it asked for comments regarding the SPO's levels of confidentiality for protected information and documents.

No clear consensus emerged on the need to change the SPO. On the first issue, the comments were split on whether the SPO should be amended to recognize presumptive access to AEO material by in-house counsel. Some commenters stated that in-house counsel are bound by ethical rules not to disclose confidential materials and there is little risk that confidentiality would be breached. Others stated that the risk of inadvertent disclosure by in-house counsel is a genuine concern and that access should only be granted on a case-by-case basis. As to the second issue, the commenters were split over whether the "highly confidential" tier of protection that previously was part of the SPO should be reintroduced. Most felt that a third tier would simply complicate the confidentiality designation, while one party suggested that such a tier would provide parties with more flexibility.

Based on a lack of consensus for change on either of these two issues, the Board is unlikely to alter the current presumption regarding non-access to AEO material by in-house counsel, subject to showing a need for access, or to reintroduce a third confidentiality tier. But the TTAB plans to address some outstanding issues in the SPO that were previously raised during the first round of comments (see TPAC's 2018 Annual Report at III. D. 4.) and introduce a revised version before the end of calendar year 2019. In addition, the TTAB has taken under advisement a request to enter the SPO in the prosecution history and make it of record in each proceeding because, while it is not signed by the parties, it applies automatically in every case.

TPAC commends the TTAB for posting more targeted questions addressing the SPO; actively reaching out to a wide range of stakeholders, including trademark associations and practitioners, in its solicitation of feedback; and bringing this matter to a conclusion.

4. **Personnel**.

The Board filled the vacant position of Deputy Chief Judge during FY 2019, hiring Mark Thurmon, who started on May 28, 2019. During the fiscal year, the Board also added three new ATJs: Elizabeth A. Dunn, Christen M. English and Jonathan Hudis. Judge Susan Hightower left the TTAB, where she had served since 2012, to become a United States Magistrate Judge. TPAC thanks Judge Hightower for her years of excellent service to the Board. As of the end of FY 2019, the TTAB had 25 ATJs, including Chief Judge Rogers and Deputy Chief Judge Thurmon, 14 full-time IAs and one part-time IA, a Managing IA, two Lead Paralegals, a Supervisory Paralegal, and ten Paralegals.

To address its growing inventory and take back control of pendency, the TTAB issued vacancy announcements for ATJ and IA positions to replace Judge Hightower and expand both the ATJ and IA staffs. If necessary, it will seek supplemental appropriations for these positions. Furthermore, during FY 2020, Examining Attorneys will be detailed to work as IAs to assist with the effort to reduce the pending inventory of contested motions.

5. **Performance Measures and Statistics**.

FY 2019 started off well for the TTAB's performance metrics. However, because the TTAB started the year with a surplus of trial cases, it focused its efforts during the first quarter on deciding trial cases. This resulted in the first quarter having the lowest overall production of total decisions (appeals + trials) of the year. Increases in the number of cases becoming RFD through the first three quarters was largely responsible for the TTAB's climbing inventory of cases waiting for decision, which reached its high point at the end of May. In June and throughout the fourth quarter, the ATJs ramped up production of decisions, particularly decisions in appeal cases, and in the fourth quarter, the rate of increase in cases maturing to RFD slowed somewhat. Accordingly, the ATJs were able to reduce the inventory by 24.5% between June and the end of September. The increase in inventory that characterized much of the year and the early focus on clearing out trial cases both contributed to the growth in the pendency rate for time to issuance of final decisions on appeals and trials. And, the growing percentage of trial cases resulted in increases in inventory and pendency to disposition of contested motions. The TTAB is making a concerted effort to turn the numbers around, including hiring new ATJs and IAs and taking some Examining Attorneys on detail as IAs. TPAC recognizes these positive efforts and understands that the TTAB is working diligently to improve its metrics.

"Average pendency" figures mentioned below are calculated after excluding cases that resulted in issuance of precedential orders or decisions, or consideration of such issuance, as well as cases with anomalous prosecution histories such as lengthy suspensions or remands. In addition to allowing the TTAB to assess its own performance, the resulting figures provide useful averages for those involved in typical proceedings and permit clients and counsel to make more accurate estimates of how long it will take the Board to resolve their cases or motions.

a. In FY 2019, 6,955 oppositions, 2,426 cancellation proceedings and 3,333 appeals were filed (compared to 6,496 oppositions, 2,253 cancellation proceedings and 3,223 appeals in FY 2018). Extensions of time to oppose also increased; 20,502 were filed in FY 2019, up from 19,208 in FY 2018.

b. The TTAB issued 38 precedential decisions in FY 2019, near the top of its target range of 35-40 precedential decisions per year.

c. The average pendency of all non-precedential final decisions issued in FY 2019 in both ex parte and inter partes cases was 13.4 weeks (compared to 8.6 weeks in FY 2018). This pendency is a week and a half above the upper end of the TTAB's goal of 10-12 weeks. The average for ex parte appeals was 12.7 weeks (compared to 8.3 weeks in FY 2018) and for inter partes cases the average was 15.3 weeks (compared to 9.5 weeks in FY 2018). Pendency is measured from the date the case becomes RFD to the date the final decision is issued.

d. The average pendency of precedential decisions issued in FY 2019 was 36.2 weeks for final decisions in inter partes cases (compared to 29.9 weeks in FY 2018), 35.6 weeks for final decisions in ex parte cases (compared to 27.9 weeks in FY 2018), and 25.6 weeks for interlocutory orders (compared to 24.5 weeks in FY 2018).

e. The TTAB issued final decisions addressing the merits in a total of 651 cases in FY 2019 (compared to 585 in FY 2018), leaving the total inventory of cases RFD at the end of FY 2019 at 206 cases (compared with the FY 2018 final inventory of 130 cases). The TTAB's target range for FY 2019 inventory control was 130-170 cases. The vast majority of all cases commenced at the TTAB are still resolved without the need for a final decision addressing the merits.

f. The average end-to-end (commencement to completion) pendency of inter partes cases decided in FY 2019 was 160.6 weeks

(compared to 140.3 weeks in FY 2018), an increase of 14.5%. Median pendency of such cases was 150 weeks (compared to 128 weeks in FY 2018), an increase of 17.2%.

g. The average end-to-end processing time for ex parte appeals decided in FY 2019 was 40.5 weeks (compared to 35.8 weeks in FY 2018), an increase of 13.1%. Median pendency of such appeals was 38 weeks (compared to 33 weeks in FY 2018), an increase of 15.2%.

h. The average pendency of non-precedential decisions on contested motions issued in FY 2019 was 11.5 weeks, as compared with a target of 8-9 weeks, and versus 9.4 weeks in FY 2018. The number of motions resolved by issued decision was 1,231 in FY 2019, versus 1,318 motions in FY 2018.

i. The oldest contested motion RFD at the end of FY 2019 had been ripe for decision for 20.1 weeks, compared with the goal of having no motion at the end of any quarter RFD for more than 12 weeks.

j. The inventory of contested motions RFD at the end of FY 2019 was 242, as compared with the target range of 150-190 motions, and versus 165 motions in FY 2018. The number of cases with motions RFD was up 46.6% compared to the end of FY 2018, which is not surprising given the significant increase in trial cases. Even in cases not involving an agreement to use some form of ACR, parties are more often agreeing to stipulations as to facts or procedure. Stipulations are often a part of ACR agreements and the familiarity with them in the ACR context may be contributing to more use of them even outside ACR cases.

Based on an increased interest in ACR procedures, the TTAB decided 27 cases by the end of FY 2019 in which the parties used some form of ACR, the most per year by far.

6. **Precedential Decisions**.

The TTAB issued 38 precedential decisions in FY 2019, providing guidance to stakeholders on a variety of issues, including discovery and service procedures, specimens, failure to function refusals, genericness and mere descriptiveness refusals, and dilution. The *TV Azteca* opinion, identified above, resulted from the TTAB's expedited cancellation pilot program and reiterated the burden of proof in cancellation proceedings. TPAC commends the Board on continuing to issue a substantial number of precedential decisions that provide procedural and substantive guidance to stakeholders.

7. **Proposed Fee Adjustments and New Fees**.

As part of the USPTO's biennial fee review under its fee-setting authority, the TTAB proposed certain fee adjustments as well as new fees for its services. In addition to increasing the cost of certain filings, the TTAB proposed *new* fees for such services as requests for an oral hearing, deleting goods or services as the result of an adverse finding in a TTAB case, filing a request for reconsideration with a notice of appeal, filing a request for suspension and remand after filing a notice of appeal, and filing a second or subsequent request for extension of time to file an appeal brief. TPAC held a public hearing on the proposed fees on September 23, 2019, and early in FY 2020 will make a written report available to the public setting forth its recommendations.

E. Policy and International Affairs.

1. **IP Attaché Program**.

The USPTO's IP Attaché Program managed by the Office of Policy and International Affairs ("OPIA"), continues to be an important tool for advancing harmonization and supporting the protection and enforcement of the IP rights of U.S. individuals and businesses abroad. In consultation with OPIA's subject matter experts, the IP Attachés regularly engage with the private sector and other stakeholders on a variety of issues. Their work includes: advocating for U.S. IP policy with foreign government officials; providing training on IP law, enforcement, and administration; and conducting public awareness and outreach programs. Additionally, the IP Attachés assist U.S. stakeholders looking to enter foreign markets and conduct business abroad and educate them on how to protect and enforce their IP outside the U.S. They also provide information about foreign laws and regulations and the operation of foreign courts, agencies, and governments. IP Attachés serve in embassies, consulates, and missions throughout the world, including in China, Mexico, Brazil, Peru, Belgium, India, Thailand, Switzerland, Ukraine, and Kuwait.

Some examples of the IP Attachés' work this past year include training on non-traditional trademarks and trademark examination in various countries, such as Colombia, China, Taiwan, and Thailand. The IP Attaché in Brazil tracked and provided updates about the status of the EU-Mercosur geographical indications ("GI") negotiations and Brazil's accession to the Madrid Protocol. The IP Attachés in China conducted meetings and roundtable discussions with U.S. stakeholders to monitor progress and discuss challenges in the region on IP protection, including bad faith trademark filings and counterfeiting.

Throughout 2019, the IP Attachés engaged in significant outreach to the corporate community, academia, and other U.S. stakeholders to raise awareness about the IP Attaché Program and its services and to learn which

issues were of the greatest interest and concern to those groups. The IP Attachés conducted outreach in Chicago, Philadelphia, and Boston, and presented at the annual meetings of the American Intellectual Property Law Association, International Anti-Counterfeiting Coalition, and INTA.

2. **Technical Assistance**.

OPIA provides technical assistance to foreign trademark officials, typically in the form of training on examination procedures and policy, Madrid Protocol implementation, and IP office administration. These programs provide an opportunity for OPIA to share best practices with other officials, and to demonstrate not just how the USPTO trademark system works but why it was designed and is administered that way. These exchanges are critical to improving foreign examination practices and promoting dialogue between the U.S. and foreign offices on issues impacting U.S. stakeholders.

In 2019, OPIA's Trademark Team, through the USPTO's Global Intellectual Property Academy ("GIPA") and in cooperation with the IP Attachés, trained over 550 government officials through 17 trademark examination, administration, law and policy programs. This effort included training to build IP capacity in the 13 largest trading partner economies. This fiscal year, the USPTO provided 15 training programs overseas covering trademark examination, the Madrid Protocol, opposition and cancellation procedure, non-traditional marks including trade dress, and GI examination and policy, reaching over 50 countries.

At GIPA headquarters, OPIA offered an intensive seminar on advanced trademark examination as well as a comprehensive seminar on IP office administration.

OPIA Trademark Team members also are in regular communication with foreign offices regarding specific policy questions and concerns.

3. **Bad Faith Filings and Conduct**.

OPIA routinely engages with foreign trademark offices on strategies to prevent bad faith filings. Two notable developments in this area occurred in FY 2019. After several years of engagement between the USPTO and the Mexican IP Office to share information regarding bad faith filings and conduct, Mexico adopted bad faith as a ground of refusal in examination. OPIA will be monitoring the implementation and impact of this new examination policy. Additionally, China introduced several measures aimed at bad faith conduct before the China Trademark Office. Since 2010, the USPTO has engaged extensively with China regarding possible solutions to address this challenge through office-to-office discussions and also through TM5 outreach seminars, most recently in Boston at the INTA Annual Meeting. In connection with the outreach seminars, the offices exchanged information on how they handle bad faith filings and discussed examples of bad faith conduct cases. Revisions to the Chinese Trademark Law were

passed by the National People's Congress and go into effect on November 1, 2019. Most notably, the new law provides that an application may be refused, opposed or invalidated based on a lack of intent to use. Further, the law prohibits a trademark agent from filing an application that they know or should have known is being filed without an intent to use. Additionally, the Chinese Government has published several drafts of additional measures to address bad faith conduct during the trademark registration process.

4. **Anti-counterfeiting**.

This year, the Commissioner for Trademarks and OPIA collaborated on a series of public awareness projects regarding anti-counterfeiting including: a PSA video contest on anti-counterfeiting; a public forum co-sponsored with the McCarthy Institute on "Brand Protection and Anti-Counterfeiting Strategies" held on June 6, 2019 at the USPTO; and, in cooperation with the National Crime Prevention Council, a longer term educational outreach program focused on anti-counterfeiting messaging. Additionally, at the 2018 Annual Meeting of the TM5 in Seoul, South Korea, the TM5 Partners adopted a new anti-counterfeiting project focused on raising public awareness about counterfeiting and trademark infringement beginning in 2019.

On April 3, 2019, President Trump issued a Presidential Memorandum on Combatting Trafficking in Counterfeit and Pirated Goods. The President directed an interagency group, led by the Department of Homeland Security, to prepare and submit a report this Fall that will assess counterfeiting and piracy conducted through online marketplaces and intermediaries and "identify appropriate administrative, statutory, regulatory, or other changes, including enhanced enforcement actions, that could substantially reduce trafficking in counterfeit and pirated goods or promote more effective law enforcement regarding trafficking in such goods." OPIA is leading DOC's contribution to the report and is working with the interagency group to develop it. To solicit stakeholder views for incorporation into the report, OPIA assisted in drafting and reviewing responses to a Federal Register notice directed to intellectual property holders, online third-party marketplaces, and other third-party intermediaries and private-sector stakeholders. Among other things, the notice requested input regarding the nature and extent of trafficking of counterfeit goods through online third-party marketplaces and strategies for combatting this problem.

5. **WIPO**.

a. **WIPO Standing Committee on Trademarks, Industrial Designs and Geographical Indications**.

At the WIPO Standing Committee on Trademarks, Industrial Designs, and Geographical Indications ("SCT"), OPIA is advancing

discussions on national examination practices to seek better international understanding of how GI applications are reviewed on a country-by-country basis. The goal is to create transparency in national examination practices by identifying similarities and differences among systems, and providing information that will benefit GI holders, national offices, and GI users. The SCT will hold an information session on GI issues in November 2019 to share examination practices as to generic terms as well as the scope of protection afforded those terms in infringement determinations. Additionally, the session will explore the protection available for GIs on the Internet.

As for trademark agenda items, the SCT continues to discuss the protection for country names in trademarks and in generic top-level domains ("gTLDs") but has found little consensus on the issue. Some delegations have been requesting that country names and names of geographic or cultural significance be reserved for use only by governments or parties authorized by the government in subsequent gTLD application rounds at ICANN.

b. **WIPO Working Group on the Legal Development of the Madrid System**.

In the Working Group on the Legal Development of the Madrid System, the USPTO is involved in discussions regarding regularizing replacement; time limits for responding to provisional refusals and the calculation of those time limits; a possible reduction of the dependency period; addition of new languages; new means of representation of marks; and examination authority as to limitations. WIPO's International Bureau ("IB") informed the Working Group of survey findings regarding office practices for acceptable types of marks and the means of representation of those marks. As for replacement, the IB will prepare draft amendments to Rule 21 allowing for partial replacement. For time limits, the IB will propose draft amendments, taking into consideration: a minimum time limit to respond to provisional refusals; a possible requirement to indicate in the provisional refusal either the response deadline or how to calculate it; and a potential delay in implementation to allow for changes in legal framework, practices or infrastructure. The IB will prepare a document on the possible reduction of the dependency period from five to three years. The Working Group requested that the IB perform a comprehensive study of the cost and technical feasibility of the gradual introduction of the Arabic, Chinese, and Russian languages into the Madrid System. As to representation of the mark, the IB will propose draft amendments to Rule 9 that are flexible and accommodate new means of representing marks, taking into consideration the IT and communication infrastructure of the offices and the IB. The Working Group agreed to continue

discussions regarding who, as between the office of origin, IB and/or designated contracting party, should examine limitations made in international applications. OPIA will continue to discuss these issues at the yearly Working Group meeting at WIPO.

6. **ICANN**.

OPIA represented the USPTO at the ICANN Governmental Advisory Committee ("GAC") and various other ICANN community meetings. The main topics of discussion were protection for geographic names in any future gTLDs; protection for inter-governmental organization acronyms in second-level domains; assessment of rights protection mechanisms in the new gTLDs; and continued access to the WHOIS domain name registration database under the May 2018 EU General Data Protection Regulation ("GDPR"). As part of the GAC and the larger ICANN community, OPIA continues to engage on the issue of access to and disclosure of WHOIS data for parties with legitimate interests.

7. **Hague Conference on Private International Law**.

The Hague Conference on Private International Law held a diplomatic conference in late June 2019 regarding the adoption of an international agreement to facilitate the recognition and enforcement of civil and commercial judgments by courts of different member states. The U.S. was successful, through the advocacy of OPIA, in convincing many delegations to oppose the inclusion of judgments on intellectual property validity and infringement. Ultimately, IP was not included in the text of the Convention, which will be finalized by March 2020.

8. **The TM5**.

The TM5 is a framework through which five intellectual property offices, namely, the USPTO, the China National Intellectual Property Administration ("CNIPA"), the European Union Intellectual Property Office ("EUIPO"), the Japan Patent Office ("JPO"), and the Korean Intellectual Property Office ("KIPO"), exchange information on trademark-related matters and undertake cooperative activities aimed at harmonizing or improving their respective trademark systems and procedures. A list of projects of the TM5 as of September 2019 is attached as Exhibit B.

a. **Annual Meeting, November 1 – 2, 2018**.

The 2018 TM5 Annual Meeting was held in Seoul, South Korea. At that meeting, the TM5 Partners discussed various ongoing joint projects and agreed to adopt one new project: Raising Awareness about Trademark Infringement (led by KIPO). The Partners also agreed to invite certain non-TM5 offices to join the USPTO-led Common Status Descriptors Project and to hold the 3rd Joint Workshop on bad faith trademark filings at the 2019 INTA Annual Meeting with the participation of INTA and non-TM5 trademark offices. A full-day user session took place on the second day of the

meeting, featuring table topic discussions on Priority Rights, AI operations in Image Search, the 4th Industrial Revolution and Trademarks, and Experiences of Users and Small and Medium Enterprises ("SME") in doing business via e-commerce.

b. **Midterm Meeting**.
The TM5 Partners conducted their midterm meeting on May 18, 2019, in Boston, which was followed by a user session on May 19, 2019.

9. **Domestic Legislative Proposal Regarding Section 2(b)**.
Companion House and Senate bipartisan legislation was introduced in 2019 to amend Section 2(b) of the Lanham Act to allow governments to register flags, coats of arms, or seals as trademarks, or to consent to registration by an affiliated entity. The proposed amendment would add the phrase "except by written consent of the competent authority" to the end of the Section 2(b) sentence as follows: "No trademark … shall be refused registration … unless it— … (b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof except by the written consent of the competent authority." No legislative action has been taken since the introduction of the bills. In response to the USPTO's request for input, TPAC provided its comments and support for this initiative in principle.

10. **U.S. Counsel Requirement**.
As discussed above, the USPTO issued a rule, effective August 3, 2019, to require any non-U.S. domiciled trademark applicant, registrant, or party to a proceeding to be represented by a U.S. licensed attorney. This requirement is intended to ensure consistency with U.S. legal requirements and deter the unauthorized practice of law by foreign trademark agents. In response to the USPTO's request, TPAC previously provided its input regarding this initiative.

EXHIBIT A

Summary of Trademark Services in the Regional Offices

For

Trademark Public Advisory Council

Provided By:
Laura A. Peter
Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director

UNITED STATES
PATENT AND TRADEMARK OFFICE
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Trademark Application and Search Services in the Regional Offices

- **All regional office public search terminals provide access to USPTO trademark and patent systems**
  - Users can file, pay fees and search online
    - Access to:
      - Trademark Electronic Search System (TESS) to search the USPTO's trademark database;
      - Trademark Electronic Application System (TEAS) to apply online and pay fees
- **Additional trademark training for the USPTO Information Technology Resource Providers (ITRPs)**
  - Developed and delivered prior to 9/1/19
  - Covered using the trademark search tools, including accessing the TESS system
  - The public will receive better support and instruction for trademark searching and use of the online trademark application system at the Regional Offices

TTAB Services in the Regional Offices

- **Regional Office Hearing rooms are available for TTAB proceedings**
  - TTAB hearings have been hosted from both the Silicon Valley and Denver regional office location
    - Counsel and client were present;
    - TTAB judges were at a remote location
  - Hearing rooms are available for counsel and clients that may need an appropriate and reliable setting (facilities and IT support)
    - Open to the public for viewing (practitioners and students are frequent users)

Trademark Outreach and Education in the Regional Offices

- **Sessions open to the public, routinely made available through the regional offices**
  - Trademark Tuesday (monthly sessions)
    - Educational sessions on USPTO trademark products and services, and answer trademark-specific questions
    - Held on-site and Webcast to PTRCs throughout region
  - Introduction to IP (monthly/quarterly)
    - Trademark information and education highlighted
    - Held at all Regional Offices
  - IP Strategy is a Business Strategy
    - Specifically targeting business owners
    - More in-depth IP discussion including trademark information and education
    - Held at all Regional Offices
- **Trademark detailees have been provided to the Regional Offices to assist with trademark-specific outreach issues and education**
- **Speakers routinely present trademark-related topics at the Regional Offices in conjunction with Regional Office programs**

Trademark Outreach and Education Designed for Small Businesses and Start-Ups

- **Trademark information sessions offered with the Small Business Association (SBA) and the Regional Offices**
  - IP basics information, including a trademark overview
  - Small Business Innovation Research (SBIR) Road Tours
    - Overview of IP, including trademark basics
- **Speed Dating for Start-Ups at the Silicon Valley Regional Office**
  - Topics of interest to start-ups, including branding and trademark information

Trademark Outreach and Education Designed for Advanced Business Stakeholders

- TTAB specific presentations
- STOPfakes Road Tours
- Small Business Development Corporation Events
- Startup Week topics and presentations throughout the regions
- China IP Roadshow

Trademarks for Practitioners

- **The Regional Offices regularly interact with and support events with the regional trademark practitioner community**
  - Bar Association Roundtables
    - Trademark senior managers participate in “hot topic” roundtables throughout the country.
  - International Trademark Association (INTA) Saul Lefkowitz Moot Court Competition
    - The Texas Regional Office hosts an annual award reception for the participants of the Dallas Regional Competition, the only regional competition held in the same city as a USPTO Regional Office. USPTO members, including Chief TTAB Judge Gerard Rogers, engage as judges, as well as participating as keynote speakers for the reception.
  - Trademark Boot Camp – Nuts and Bolts of Trademark Law
    - Seminar in collaboration with the State Bar of Texas and the Dallas Bar Association Intellectual Property Section that included presentations on USPTO resources for trademark applicants.

Trademark One-on-Ones

- **Members of the public can schedule Trademark one-on-ones with the Trademark Assistance Center (TAC) through the Regional Offices**
  - Most common issues:
    1. How to conduct a Trademark search;
    2. How to electronically file a Trademark application; and
    3. How to maintain a registered Trademark

Trademark Walk-in Consultations and Phone Inquiries

- Trademark consultations are routinely provided in-person (for walk-ins) and by phone at all Regional Offices

Trademark Training for the Regional Directors

- **All Regional Directors received training specific to trademarks in FY 2019**
  - The subjects included:
    - Introduction to the Trademark Organization and Outward Facing Resources;
    - A Day in the Life of an Examining Attorney: Pre-Exam, Intent to Use and Post Registration;
    - The Trademark Assistance Center: Common Questions and Responses;
    - The Madrid System; and
    - Hot Topics in Trademarks provided by Mary Boney Denison, the Commissioner for Trademarks
  - Regional Assistant Directors and Regional Outreach Officers also received training in FY 2019


UNITED STATES PATENT AND TRADEMARK OFFICE
DEPARTMENT OF COMMERCE

EXHIBIT B

TM5 Project Updates
September 2019

TM5 currently has 15 cooperative projects:

ID List

- USPTO is the lead on this project, which provides a list of pre-approved identifications of goods and services that are acceptable in all TM5 offices. As of September 10, 2019, the TM5 ID List contained 19,932 harmonized identifications (terms approved by all 5 Partners).
- The national trademark offices of non-TM5 countries can also participate in the project on a limited basis. To date, the Offices of Colombia, Chile, Canada, the Philippines, Singapore, Mexico, and the Russian Federation have joined the project. Colombia is the first non-TM5 country to propose IDs to the ID List. Invitations have been extended to Australia, New Zealand, Vietnam, Peru, Brazil, Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Thailand, Morocco, Algeria, United Arab Emirates, India, South Africa, OAPI, ARIPO, Argentina and Paraguay. South Africa declined.
- Recently, the Partners agreed to invite Jordan and Georgia to join the ID List.

Common Status Descriptors

- USPTO is the lead on this project, which aims to show the status of trademark applications and registrations using the same set of status symbols in all TM5 offices. The USPTO implemented the full set Common Status Descriptors into our Trademark Status and Document Retrieval (TSDR) tool in April 2016, followed by EUIPO in November 2016, JPO in April 2017, CNIPA in May 2017, and KIPO in March 2018.
- Invitations have been extended to other countries, and the USPTO is in the process of developing an "implementation package."
- EUIPO will implement the Common Status Descriptors on the TMview "results" page in the near future.

Non-Traditional Trademarks

- USPTO is the lead of this project, which is exploring how offices search and describe non-traditional marks. Currently, the Partners are working on a guide for searching non-traditional marks.
- The USPTO is also currently creating graphical representations of selected data and will begin publishing a series of reports with this data on the TM5 website later this year.

Fraudulent Solicitations

- This project is co-led by USPTO and EUIPO. The purpose of this project is to exchange information on the problem of fraudulent solicitations, exchange best practices to combat the problem, coordinate efforts in combatting the problem, raise public awareness of the problem and create a one-stop shop on the TM5 website with information and a multi-national database of

questionable solicitations.

- The Partners have begun working on creating the database of fraudulent solicitations.

Common Statistical Indicators

- This is an EUIPO-led project to collect statistical indicators that capture calendar year data from the TM5 offices and make it available to the public. The 2015 data are posted to the TM5 website and other data will be posted in the near future. The Partners are in the process of providing data for CY 2018.
- The Partners are also discussing publishing more of this data to the users.

TMview

- EUIPO leads the TMview project, which is an online searchable database of trademark applications and registrations in 65 trademark offices. EUIPO, USPTO, KIPO and JPO data are included, and CNIPA data should be included by the end of 2019.

User Involvement

- Currently, EUIPO and JPO are focusing on different areas of user involvement: EUIPO focuses on participation of users in TM5 projects and JPO focuses on information to users, primarily in the form of workshops.
- After completion of a user questionnaire, EUIPO is exploring other ways to involve users.
- A joint workshop with INTA on bad faith filings featuring non-TM5 trademark offices was held on Monday, May 20, at the 2019 INTA Annual Meeting in Boston, and the Partners are planning a workshop for the 2020 INTA Annual Meeting in Singapore.

Bad Faith Project

- This is a JPO-led project through which the TM5 Partners have been sponsoring an ongoing series of seminars and issuing reports on how trademark offices and rights holders can address the problem of bad faith trademark filings.
- A seminar was held at the 2017 INTA Annual Meeting in Barcelona, which was accompanied by the publication of TM5's 2017 report on Bad Faith, and also at the 2019 INTA Annual Meeting in Boston. Currently, the Partners are preparing a new bad faith report for 2020 that also includes non-TM5 countries.

Image Search

- This is a JPO-led project that began in 2011, before artificial intelligence was widely utilized, and is aimed at driving development of automated trademark image search systems. In November 2017, the Partners participated in a meeting in Tokyo on the state of the art in the field and how the Partners are handling the issues regarding the image search system. The Partners continue to share information on this developing field and intend to hold an experts' meeting in 2020.

TM5 Website

- KIPO hosts the TM5 website (http://tmfive.org/) through which the TM5 Partners describe the various TM5 cooperation projects. The Partners are now responsible for updating their own project information on the website, and KIPO will be adding a user's corner with helpful information for users.

Comparative Analysis on Examination Results

- KIPO is the lead on this project, which is focused on increasing user convenience by enabling international applicants to understand the registrability of marks in TM5 Partner offices. The project is also intended to promote mutual understanding among TM5 Partners through information exchanges. The Partners completed review of 50 cases in 2017 and a second set of 50 cases in 2018. KIPO is currently analyzing this information.

Information on Describing Product Names for Users

- This is a KIPO-led project aimed at assisting users in drafting IDs in accordance with Partner guidelines when their goods/services do not appear on the ID List. The Partners published a report on ID practices in 2016. In 2017, the Partners provided detailed information to KIPO about their ID practices through a large study. The Partners completed two more large studies in 2018, and another large study in 2019. The Partners are discussing how to best to report the results, and KIPO will draft a report by the end of 2019.

Combatting Trademark Infringement

- This is a newly approved KIPO-led project to raise awareness of counterfeiting. The details of the activities are still being worked out.

Priority Rights

- This EUIPO-led project is a comparative study of Paris priority and registration practices amongst the Partners. Phase I will include a comparative overview of the practices of TM5 Partners regarding the acceptance of priority right documents and establish a list of conditions to fulfill for foreign priority documents to be accepted. Phase II will assess conditions under which TM5 Offices can accept priority rights documents issued by other TM5 Partners. The Partners have completed an extensive questionnaire for Phase I, and EUIPO recently circulated a draft user report of this data for the Partners to review.

Quality Management

- This project is co-led by JPO and EUIPO and relates to quality management. JPO leads Phase I, which includes exchanging information on the Partners' respective systems on examination practices, quality management activities, and initiatives to further understanding and reliability of quality management. We will have a quality management experts' meeting on December 9, 2019, in conjunction with the TM5 Annual Meeting. EUIPO will lead Phase II, which is proposed to involve users and the Phase I information to provide feedback on quality measures.