January 7, 2011

Via Email:
TMFeedback@uspto.gov

The Honorable David Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office (USPTO)
Mail Stop Comments
P.O. Box 1450
Alexandria, VA 22313-1450

RE: IPO's Response to the USPTO Study on Trademark Litigation Tactics

Dear Under Secretary Kappos,

Intellectual Property Owners Association (IPO) appreciates the opportunity to respond to the United States Patent and Trademark Office's (USPTO) request for comments regarding the study on trademark litigation tactics. IPO, established in 1972, is a trade association for companies, inventors, law firms and others who own or are interested in patents, trademarks, copyrights and trade secrets, and the like. IPO is the only association in the United States (U.S.) that serves all intellectual property owners in all industries and in all fields of technology. Governed by a 50-member corporate board of directors, IPO advocates effective and affordable intellectual property (IP) ownership rights in the U.S. and abroad on behalf of its more than 200 corporate members and more than 11,000 individuals involved in the association.

IPO submits these comments in response to the request of the USPTO to provide feedback from U.S. trademark owners, practitioners, and others regarding their experiences with litigation tactics, especially those involving an attempt to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner.

The USPTO is undertaking this inquiry pursuant to the Trademark Technical and Conforming Amendment Act of 2010, which became effective on March 17, 2010. Pub. L. No. 111-146, 124 Stat. 66 (2010). The Act included a provision requiring the Secretary of Commerce, in consultation with the Intellectual Property Enforcement Coordinator, to conduct a study and report to the Committees on the Judiciary of the House and Senate on "(1) the extent to which small businesses may be harmed by litigation tactics by corporations attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner; and (2) the best use of Federal Government services to protect trademarks and prevent counterfeiting." Id. at § 4.

We note that subsequently, on December 9, 2010, the Copyright Cleanup, Clarification, and Corrections Act of 2010 was signed into law, becoming Public Law No: 111-295. It contained a provision removing the "by corporations" language from the Trademark Technical and Conforming Amendments Act of 2010, such that the law now requires the USPTO to examine "(1) the extent to which small businesses may be harmed by litigation tactics attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner. . . ."

IPO addresses questions 6 through 12 posed by the USPTO as follows:

6. Do you think trademark "bullies" are currently a problem for trademark owners, and if so, how significant is the problem?

IPO does not believe that trademark "bullies" are a problem for trademark owners. The question defines a trademark "bully" as a "trademark owner that uses its trademark rights to harass and intimidate another business beyond what the law might be reasonably interpreted to allow." This language is problematic because, *inter alia*, what seems reasonable to one person may not seem reasonable to another. In point of fact, trademarks serve as signs of quality of a particular good or service and play an important role in consumer protection by preventing confusion in the marketplace and building consumer trust. With this deep and expansive market reach, comes the responsibility of maintaining the integrity of the brand. It is in the best interest of companies, large and small, to carefully review potential trademark infringement issues and create a consistent enforcement strategy which, in turn, bolsters brand recognition and reliance.

To this end, trademark owners are permitted to have the courts determine the limits of their rights. It is sometimes difficult to predict when a trademark claim will prevail, particularly in cases where famous marks are used on non-competitive goods and services. The fact that a trademark owner does not ultimately prevail does not mean that the enforcement of its rights was inappropriate.

In addition, the pejorative and emotionally charged term "bullies" suggests that the trademark owner in question is a large organization that is using its greater size and economic power to unjustly "push around" a smaller organization or individual. In the experience of IPO members, this is rare, and most large organizations take action in cases upon careful reflection of the facts and development of a strong business case analysis and justification for the litigation expense.

Indeed, several IPO members noted a trend towards more aggressive assertion and defense of trademark claims by individuals and small organizations, particularly where they represent themselves or have obtained legal representation on a contingency basis. The USPTO has been helpful in certain instances. In a July 14, 2006 Order

signed by Chief Judge J. David Sams, the Trademark Trial and Appeal Board (TTAB) sanctioned an individual for his "misuse of the TTAB's procedures" by filing more than 1,800 requests for extensions of time to oppose the registration of trademark applications within a seven-month period. Large organizations are often the targets of this type of behavior, as they are perceived as having "deep pockets" and the willingness to pay a "nuisance value" to avoid the cost of litigation, despite the lack of merits of a case. Such behavior thwarts the consumer protection mechanisms fundamental to trademark law. These types of cases do not fit the "bullies" label.

Finally, to the extent that "bullying" behavior is grounded in litigation tactics independent of the merits of cases, IPO notes that in trademark case law, one can find examples of both plaintiffs and defendants engaging in objectionable behavior. An infringing defendant determined to delay a finding of liability has as many options available to it as does a plaintiff attempting to vindicate its rights; trademark plaintiffs are themselves at risk of being bullied by more obstructionist opponents.

7. Do you think aggressive litigation tactics are more pervasive in the trademark area than in other areas of the law?

No, and indeed several IPO members commented that aggressive litigation tactics are less common in trademark cases than in cases involving other areas of the law. Monetary damages often are a secondary consideration to equitable relief, *e.g.*, an injunction against further infringement. When seeking equitable relief in a trademark infringement action, the equities must be on the side of the trademark owner. In order to be successful in obtaining an injunction, trademark owners are generally careful to come to the court with clean hands. This acts as a natural inhibitor to unwarranted aggressive tactics.

8. Do you think the USPTO has a responsibility to do something to discourage or prevent trademark bullying? If yes, what should the USPTO do?

IPO believes that, by and large, the TTAB does a good job in addressing aggressive litigation tactics in the context of trademark opposition and cancellation proceedings. The TTAB has ordered sanctions in appropriate circumstances. For example, in the July 14, 2006 Order noted above, the TTAB vacated all extensions previously granted to the individual, dismissed all of his pending oppositions, and barred him from filing any additional requests for extensions for a period of two years (and thereafter unless represented by an attorney). The TTAB now requires that the parties engage in a settlement conference early in each case, which also serves to discourage unreasonably aggressive litigation tactics, except to the extent the USPTO is a party to such a proceeding.

It was suggested that it would be helpful for the TTAB to resolve discovery disputes that may arise from unreasonably aggressive litigation tactics without delaying

the ultimate disposition of the case, such as by not automatically suspending a proceeding when a motion to compel is filed.

IPO does not believe the USPTO has any responsibility or authority for conduct that occurs in trademark cases in federal or state courts.

9. Do you think the U.S. courts have a responsibility to do something to discourage trademark bullies? If yes, what should the U.S. courts do?

The U.S. courts should continue to use the tools at their disposal, including the imposition of sanctions pursuant to Rules 11 and 37(a) of the Federal Rules of Civil Procedure, Rule 38 of the Federal Rules of Appellate Procedure, and 28 U.S.C. § 1927 (2006), as well as the award of attorneys' fees in "exceptional cases" pursuant to 15 U.S.C. § 1117, to discourage unreasonably aggressive litigation tactics by both plaintiffs and defendants. IPO does not believe that additional tools or resources are needed in trademark cases.

10. What other U.S. agencies may have a responsibility to do something about the problem?

None.

11. Do you think Congress has a responsibility to do something to discourage or prevent trademark bullying? If yes, what should Congress do?

IPO does not believe that Congress should single out trademark cases for special consideration on this issue.

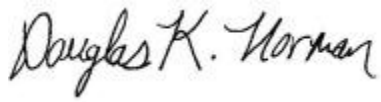
12. Please provide any other comments you may have.

IPO notes that the study being undertaken by the USPTO also addresses "the best use of Federal Government services to protect trademarks and prevent counterfeiting." IPO generally supports efforts focused on enhancing the coordination of government resources to combat counterfeiting and piracy in the United States and abroad.

IPO would be pleased to work with the USPTO to provide input on specific topics relating to the use of Federal Government services to protect trademarks and prevent counterfeiting and/or piracy.

IPO appreciates this opportunity to comment on the USPTO Study on Trademark Litigation Tactics. We welcome the opportunity to provide further comment and, if applicable, to participate in future roundtables and elaborate on the comments herein. Please feel free to contact IPO with any questions.

Sincerely,



Douglas K. Norman
President