

TTAB Practice and the Madrid Rule Changes

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On September 26, 2003, the United States Patent and Trademark Office issued Rules of Practice for Trademark-Related Filings Under the Madrid Protocol Implementation Act.³ These new and amended Rules, effective on November 2, 2003, concern the procedures and requirements for, *inter alia*, submitting international applications through the PTO, processing requests for extension of protection received from WIPO that designate the United States, and conducting TTAB proceedings involving requests for extension of protection.

This article focuses on the significant changes in TTAB procedure resulting from the new and revised rules. These rules affect not only proceedings that involve Madrid Protocol requests for extension of protection (also known as "Section 66(a) applications"), but also those involving

Section 1 and/or Section 44 applications. They impact TTAB practice now, months before the first Section 66(a) application is published for opposition. And the rules applicable to non-Madrid oppositions differ to some extent from those that apply to Section 66(a) oppositions; the major differences are set out in Table I and will be discussed below.

THE MADRID PROTOCOL IN A NUTSHELL

The Madrid Protocol establishes an international trademark filing system administered by the International Bureau of the World Intellectual Property Organization (WIPO) in Geneva, Switzerland. The owner of an application or registration in any of the 61 countries⁴ party to the Protocol may seek protection of its mark in some or all of the other contracting party countries by filing an international application with the owner's home trademark office, designating the other

countries desired. The home office certifies the accuracy of the international application and forwards it to the International Bureau. WIPO examines the international application as to form and, if acceptable, issues an international registration number. WIPO then forwards each request for extension of protection to the designated country, which will then examine the request in accordance with its own laws. A contracting party may refuse protection of a mark on any grounds on which an application for registration filed directly with that party may be refused.

The Protocol imposes certain time limits for a party's examination of a request for extension of protection, so that the holder of an international registration will know, within the applicable time limit, whether its mark has been accepted for protection in each designated country, whether protection has been refused in any country, or whether there still remains the possibility of refusal based on an opposition in a particular country.

The Madrid Protocol Implementation Act (MPIA),⁵ effective November 2, 2003, added new Sections 60-74 to the *Trademark Act*. Those sections, along with the new Rules promulgated on September 26, 2003, govern U.S. practice under the Protocol.

THE MAJOR MADRID-RELATED CHANGES IN TTAB PRACTICE

The major changes in TTAB practice flow from Article 5(2) of the Madrid Protocol (reproduced in Table II), which imposes a time limit on a contracting party's consideration of a request for extension of protection – *i.e.*, on the PTO's examination of a Section 66(a) application.

A party to the Protocol, in examining a request for extension of protection, must notify WIPO within 12 months of WIPO's transmission of the request, that the mark has been refused registration (Article 5(2)(a)), except that a party may declare that this time limit be enlarged to 18 months (Article 5(2)(b)).

In that 18-month declaration, the contracting party may also claim additional time for notifying WIPO if a refusal may result from an opposition to the granting of protection. The Protocol allows for a maximum period of 7 months from the date of publication for this notification to WIPO, provided (1) that during the 18-month period, the party has informed WIPO that an opposition may be filed after expiration of the 18-month period, and (2) the notifi-

NON-MADRID OPPOSITIONS	SECTION 66(A) OPPOSITIONS
■ extension requests may be filed either electronically (via ESTTA) or on paper (Rule 2.102(a)(1))	■ extension requests must be filed via ESTTA (Rule 1.202(a)(2))
■ maximum 150 days extension for opposition period (Rule 2.102(c))	■ (same as non-Madrid)
■ opposition period ends 180 days after publication (Rule 2.102(c))	■ (same as non-Madrid)
■ opposition may be filed via ESTTA or on paper (Rule 2.101(b)(1))	■ opposition must be filed via ESTTA (Rule 2.101(b)(2))
■ if filed via ESTTA, fees for all named party opposers for all classes opposed must be paid with filing. If filed on paper, fees for at least one opposer and one class must be paid on filing; if fees are insufficient to cover all classes or all opposers, opposition will be instituted but only to the extent of fees paid (Rule 2.101(d)(1)-(3))	■ must be filed via ESTTA, and fees for all named party opposers for all classes opposed must be paid on filing (Rule 2.101(d)(1)-(2))
■ pleadings may be amended to add grounds for opposition after opposition period ends, but not to add to the goods or services opposed (Rule 2.107(a))	■ pleadings may be amended but, once opposition is filed, not to add grounds for opposition or to add to the goods or services opposed (Rule 2.107(b))

TABLE I

MADRID PROTOCOL: ARTICLE 5(2)

(a) Any Office wishing to exercise such right [to declare in a notification of refusal that protection cannot be granted] shall notify its refusal to the International Bureau, together with a statement of all grounds, within the period prescribed by the law applicable to that Office and at the latest, subject to subparagraphs (b) and (c), before the expiry of one year from the date on which the notification of the extension referred to in paragraph (1) has been sent to that Office by the International Bureau.

(b) Notwithstanding subparagraph (a), any Contracting Party may declare that, for international registrations made under this Protocol, the time limit of one year referred to in subparagraph (a) is replaced by 18 months.

(c) Such declaration may also specify that, when a refusal of protection may result from an opposition to the granting of protection, such refusal may be notified by the Office of the said Contracting Party to the International Bureau after the expiry of the 18-month time limit. Such an Office may, with respect to any given international registration, notify a refusal of protection after the expiry of the 18-month time limit, but only if

(i) it has, before the expiry of the 18-month time limit, informed the International Bureau of the possibility that oppositions may be filed after the expiry of the 18-month time limit, and

(ii) the notification of the refusal based on an opposition is made within a time limit of not more than seven months from the date on which the opposition period begins; if the opposition period expires before this time limit of seven months, the notification must be made within a time limit of one month from the expiry of the opposition period.

TABLE II

cation of refusal based on the filing of an opposition is made to WIPO not more than 7 months from the date the opposition period begins. If a contracting party chooses an opposition period of less than 7 months, notification to WIPO must occur within a time limit of one month from the expiration of the opposition period. (Article 5(2)(c)).

In its Instrument of Accession deposited with WIPO on August 2, 2003, the United States made the declaration enlarging the time period to 18 months for notification to WIPO of a refusal to register, and also specified that a refusal to register may result from an opposition filed after the expiration of that 18-month period.⁶ In Section 68(c)(2) of the MPIA, the United States complied with Protocol Article 5(2)(c)(ii) by requiring that the PTO transmit to WIPO a “notification of refusal on the basis of the opposition, together with a statement of all the grounds for the opposition, within 7 months after the beginning of the opposition period or within 1 month after the end of the opposition period, whichever is earlier.”

These time limitations on notifying WIPO of a refusal to register necessitated certain changes in TTAB practice, including the imposition of a limit on the period for filing an opposition to a request for extension of protection and a restriction on

an opposer’s ability to amend an opposition to add new grounds once the opposition has been filed.

Opposition Period Limited to a Maximum of 180 Days

In Rule 2.102(c) the PTO has limited the opposition period to 180 days from the publication date: the initial 30-day period from the date of publication plus extensions of time of up to 150 days.⁷ The upper limit allows the PTO a one-month window for notifying WIPO within the Protocol’s 7-month deadline, that an opposition has been filed.

The 180-day limitation on the opposition period applies not only to Section 66(a) applications, but also to non-Madrid applications. The reason for this uniformity of approach is stated in the PTO’s comments on the new Rules:

The Office encourages use of its electronic systems and does not have the resources at this time to develop an electronic opposition filing system that can handle different filing deadlines for different types of applications. Further, different opposition filing deadlines for different types of applications would be difficult for the Board to handle administratively and

would be likely to confuse potential opposers. 68 Fed. Reg. 55760 (2003).

The result of the 180-day limit may be an increase in the filing of oppositions in cases that might have been settled while the opposition period was being extended on consent. It is likely that many of such oppositions will, after filing, either be suspended on joint motion, or effectively suspended by means of extensions of time filed on consent. As the PTO noted in its comments, “the Board is continuing its practice of permitting suspension of an opposition, once filed, to facilitate and encourage settlement negotiations.” *Id.*

Thus U.S. practice may, in some part, come to resemble CTM practice, where oppositions are instituted and then effectively suspended for an extendable “cooling-off period” during which the parties can explore whether a settlement agreement is possible. It seems unlikely, however, that the rate of opposition in the United States (currently 2-2.5%) would approach the rate under the CTM system (reportedly 25%),⁸ where applications are not examined on relative grounds.

The procedure for obtaining extensions of time to oppose is governed by Rule 2.102(c), applicable to both Section 66(a) and non-Madrid oppositions. It specifies that at most three requests to extend may be filed, as follows:

- the first request must be for either a 30-day extension, which will be granted upon request, or a 90-day extension to be granted for good cause shown;
- the 30-day request may be followed by a 60-day request to be granted for good cause shown;
- then, in addition to the 90 days in either case, a final sixty-day extension may be obtained, but only upon “written consent or stipulation by the applicant or its authorized representative, or a written request by the potential opposer or its authorized representative stating that the applicant or its authorized representative has consented to the request, or a showing of extraordinary circumstances.”

This new Rule regarding extensions of time will apply only in cases in which the first request for extension of time is filed on or after November 2, 2003.⁹ See 68 Fed. Reg. 55748 (2003). A request to extend the time for opposing a Section 66(a) application must be filed electronically through ESTTA (the Electronic System for Trademark Trials and Appeals), but for non-Madrid applications a request may be

filed either through ESTTA or on paper. Rule 2.102(a)(1)-(2).

These particular requirements regarding the number, timing, and form of requests for extension of time to oppose are not necessary for purposes of compliance with the Madrid Protocol time limits. By mandating electronic filing for Section 66(a) proceedings, the PTO expects to maximize its time for notifying WIPO as necessary. Moreover, electronic filing in the Madrid Protocol context will likely prod TTAB practitioners toward use of electronic filing in other contexts as well, thus preparing them for the PTO's seemingly inevitable push for the complete elimination of paper filings. By making these new rules applicable to both Madrid and non-Madrid oppositions, the PTO avoids the burden of administering two differing opposition regimes.

Fees Up Front in ESTTA Oppositions

In another change not directly mandated by the Madrid Protocol, an opposition filed through ESTTA – and Section 66(a) oppositions must be filed electronically (Rule 2.101(b)(2)) – will not be accepted unless accompanied by a fee that is sufficient to pay in full for each named party opposer and for each class specified in the opposition. Rule 2.101(d)(2). The impact of this rule is not particularly serious because, as the comments to the new Rules point out, a potential opposer will not be able to submit a notice of opposition via ESTTA with an insufficient fee because the sender will immediately receive an electronic message indicating that the transmission is not possible because the fee is insufficient. 68 Fed. Reg. 55759 (2003).

For a non-Madrid opposition, an opposer may still file on paper (Rule 2.101(b)(1)), in which case the opposition will be instituted as long as the fee submitted is sufficient to pay for one person to oppose in at least one class. Rule 2.101(d)(3). However, the PTO will no longer correspond with an opposer in a paper opposition to permit submission of additional fees or designation of additional party opposers or classes. Instead the TTAB will notify each opposer that the opposition has been instituted and will identify the opposer(s) and the class(es) included in the opposition. 68 Fed. Reg. 55756, 55759 (2003). The revised rule explains how the PTO will apply the insufficient fees that accompanied the paper submission to determine the opposer(s) and the class(es) opposed.

The failure to include sufficient fees with an opposition filed on paper could have substantive ramifications, particularly

if the opposition period has expired and the opposing party is not permitted to amend the opposition to add additional parties or additional grounds. A practitioner who regularly files oppositions on paper would be wise to maintain an adequately funded deposit account and to authorize the PTO to charge opposition fees to that account.

Amendment of Pleadings Limited in Section 66(a) Oppositions

Another significant change in TTAB practice restricts the amendment of pleadings in Section 66(a) oppositions.

Prior Rule 2.107 stated that “Pleadings in an opposition proceeding may be amended in the same manner and to the same extent as in a civil action in a United States district court.” Board practice prohibited an opposer from adding to the goods or services opposed after the opposition period closed. *See* 68 Fed. Reg. 55757 (2003).

Under the Madrid rule changes, prior Rule 2.107 is re-designated as 2.107(a) and applies only to non-Madrid oppositions. Incorporated into the rule is the prior Board prohibition on adding to the goods or services opposed after the opposition period had closed.

Newly-added Rule 2.107(b) applies to Section 66(a) oppositions and places two other limitations on amendment: *once filed*, the opposition may not be amended to *add grounds for opposition* or to add to the goods or services opposed. *See* Rule 2.107(b). The ban on post-filing additions to the opposition grounds stems from the Madrid Protocol's requirement that *all* grounds for opposition be included in the notification of opposition when it is timely transmitted to WIPO. *See* Madrid Protocol Article 5(2)(a) and MPIA Section 68(c)(2).

This Rule 2.107 dichotomy may lead to a substantial difference in the form of oppositions filed against non-Madrid applications as compared to oppositions filed against Section 66(a) applications. In the former, one may base an opposition on a single ground – say, Section 2(d) likelihood of confusion – and subsequently add additional grounds for opposition “to the same extent as in a civil action in a United States district court,” should new grounds for opposition – such as abandonment or fraud – be uncovered during discovery. This fairly lenient standard is based on Rule 15(a) of the Federal Rules of Civil Procedure, which states that “leave [to amend] shall be freely given when justice so requires.”

In Section 66(a) oppositions, however, an opposer has only one bite of the apple. Once the opposition is filed, new grounds cannot be added. Under these circumstances, an opposer may be pushed to include all conceivable grounds in the initial opposition document. It is thus possible that Section 66(a) notices of opposition will contain a laundry list of grounds, lest the original pleading fail to include what turns out to be a valid basis for opposition. Such an approach, however, raises some serious problems for attorneys and “unrepresented parties” under Rule 11 of the Federal Rules of Civil Procedure, applicable to opposition proceedings pursuant to Trademark Rule 2.116(a). In general, FRCP 11 requires that an attorney or unrepresented party who files a pleading have a good faith factual and legal basis for the allegations made. The liberal standard for amendment of pleadings in FRCP 15(a) is intended to work hand-in-hand with Rule 11 to permit and encourage attorneys to plead initially only reasonably-founded allegations, with the opportunity to add grounds later should further investigation uncover new bases for relief. Yet, amendment of a Section 66(a) opposition cannot be allowed in light of the Protocol's strictures.

Requiring that all grounds be stated in the original opposition document could present a difficult and perhaps unfair dilemma for a TTAB practitioner. However, because Section 66(a) applications are in essence intent-to-use applications, per Rule 2.33(e) and Rule 2.34(a)(5), certain grounds that might be uncovered in discovery regarding a use-based application, such as abandonment, are not realistic bases for a section 66(a) opposition. Furthermore, the availability of dilution and likelihood of confusion grounds should be apparent at the time of opposition, as will most other grounds – other than fraud, perhaps. Thus there certainly are some limits as to the grounds that are reasonably available in a Madrid opposition.

One who files a Section 66(a) opposition should contemplate deleting any questionable grounds for opposition at the earliest possible date, in order to minimize the chance of running afoul of Rule 11. Perhaps the *Trademark Rules of Practice* should be amended to make Rule 11 inapplicable to notices of opposition filed against Rule 66(a) applications. Such an amendment could be balanced by a requirement that, at the end of discovery, the opposer state the viable grounds for opposition. For now, however, the interplay of FRCP 11 and Trademark Rule 2.107(b)

will present a pleading dilemma for TTAB practitioners.

OTHER RULE CHANGES THAT AFFECT TTAB PRACTICE

Various other of the Madrid Rule changes are of less significant impact but are nonetheless worth noting. Some resulted from the PTO's desire for uniform treatment of opposition and cancellation proceedings, where possible, and others are meant to facilitate electronic filing not only in the Madrid Protocol context, but generally.

Cancellation Proceedings

The new rules limiting extensions of time to oppose and restricting the amendment of notices of opposition have no direct counterparts applicable to cancellation proceedings. Once a Section 66(a) application has proceeded to registration, it is treated like any other U.S. registration (See Section 69(b) of the *Trademark Act*), and therefore no special Madrid-related rules apply in the cancellation context. Nonetheless, the PTO has taken this opportunity to introduce several rule changes related to cancellation proceedings that are congruent with those for opposition proceedings.

In particular, Rule 2.111 has been revised so that petitions for cancellation may be filed either on paper or electronically. Paralleling Rule 2.101 regarding fee payment, Rule 2.111(c) now states that the PTO will not accept a cancellation petition submitted via ESTTA that does not include sufficient fees to cover all party petitioners and all classes. Under ESTTA it is not possible to submit a cancellation petition without sufficient fees; the sender will receive an electronic message explaining why transmission of the petition to the PTO cannot proceed. See 68 Fed. Reg. 55760 (2003), comment to Rule 2.111(c)(2).

For a cancellation petition submitted on paper, the proceeding will be instituted only if the petition is accompanied by a fee adequate to pay for one person to petition to cancel the registration in at least one class. Rule 2.111(c). In a change from former practice, should the petition fee be insufficient to cover all party petitioners or classes, the PTO will not correspond with the petitioner to permit the submission of additional fees or the designation of additional petitioners or classes. See comment, 68 Fed. Reg. 55757 (2003). The revised rule explains how the PTO will apply the insufficient fees that accompanied the paper submission. Rule 2.111(c)(3).

As with oppositions, a failure to include sufficient fees with a petition for cancellation filed on paper could have substantive consequences, particularly if the target registration is at or near its 5-year anniversary – after which certain grounds for cancellation are no longer available. See 15 U.S.C. § 1064. A practitioner may avoid this potential problem by authorizing the PTO to charge necessary fees to an appropriately-maintained deposit account.

Other Non-Madrid-Related Changes

Many of the changes wrought by these new and amended Rules are designed to reduce the flow of paper to the PTO by eliminating requirements for multiple copies of documents, by authorizing electronic filing, and, as we have seen, by mandating electronic filing in certain situations.

The requirement that opposition extension requests be submitted in triplicate has been jettisoned by the elimination of former Rule 2.102(d) – a reasonable step in light of the fact that extension requests must be filed electronically in Section 66(a) cases, and may be filed electronically in non-Madrid cases. Similarly, Rules 2.104 and 2.112 no longer require the filing of oppositions and petitions for cancellation in duplicate.

New Rule 2.126 signals the PTO's encouragement of filings other than on paper, stating that submissions may still be made to the TTAB on paper, but may also be made electronically or on CD-ROM – in each case where the rules in this part or Board practice permit (Rule 2.126(a)-(c)). This detailed rule, which governs all paper submissions (including exhibits and depositions), prescribes the size and weight of the paper, forbids stapling or binding, and precludes use of tabs or dividers that extend beyond the edge of the paper – all to facilitate the PTO's scanning of documents into electronic form. See 68 Fed. Reg. 55760 (2003). All pages must be numbered and any deposition transcripts must also comply with the particularities of Rule 1.123(g).

Under amended Rules 2.127 and 2.128, motion papers and briefs at final hearing no longer need be submitted on paper, but must be submitted in “written form” in accordance with Rule 2.126. Likewise, revised Rule 2.142 states that notices of appeal in *ex parte* cases and briefs on appeal must be submitted in a “written form” that satisfies Rule 2.126. These rule changes pave the way for the PTO to accept electronic filing of TTAB documents and

presumably will facilitate the eventual posting of these documents at the TTAB's new web site called TTABVUE, found at <http://ttabvue.uspto.gov/ttabvue/>. They represent one more step in the accelerating march toward a paperless PTO.

CONCLUSION

The arrival of the Madrid Protocol on American shores has brought a number of important modifications to TTAB practice. Practitioners should give prompt and careful consideration to these changes, even though it will be some months before the first Section 66(a) application is published for opposition. As pointed out in this paper, many of the Madrid Rule changes affect TTAB proceedings immediately. **IPT**

ENDNOTES

1. Counsel, Foley Hoag LLP, Boston, MA.
2. Partner, Lowrie, Lando & Anastasi, LLP, Cambridge, MA.
3. These Rules, with PTO commentary, appear at 68 Fed. Reg. 55748-55781 (2003), and may be found in pdf form at www.uspto.gov/web/offices/com/sol/notices/68fr55748.pdf.
4. The United States filed its Instrument of Accession on August 2, 2003, and on November 2, 2003 became the 59th party to the Protocol. Cyprus became a party on November 4, 2003, and Iran joined on December 25, 2003. A list of parties to the Protocol may be found at <http://www.wipo.org/madrid/en/index.html>.
5. The terms of the MPIA, Pub. L. 107-273, 116 Stat. 1758, 1913-1921, may be found at www.uspto.gov/web/trademarks/PL107_273.htm#D.
6. See WIPO Information Notice No. 15/2003, available at the WIPO website at <http://www.wipo.org/madrid/en/>.
7. In fact, a potential opposer will have at least 181 days to file an opposition: marks are published for opposition on a Tuesday, and the 180th day after any Tuesday is a Sunday. Rule 2.196 of the *Trademark Rules of Practice* provides that “[w]hen the day ... for taking any action or paying any fee in the Office falls on a Saturday, Sunday, or Federal holiday within the District of Columbia, the action may be taken, or the fee paid, on the next succeeding day that is not a Saturday, Sunday, or a Federal holiday.” If the following Monday is a holiday, the potential opposer will have 182 days.
8. “Trademark Oppositions: Effective Proceedings or Procedural Warfare?,” *INTA Bulletin*, vol. 58, no. 16 (September 1, 2003), p. 4.
9. Thus a potential opposer to a mark published for opposition less than 30 days prior to November 2, 2003 [i.e., published on Tuesday, October 7, 14, 21, or 28], had the option of filing a first request for extension of time prior to November 2, in which case the “old” rule applies regarding further extensions of time to oppose, or waiting until at least November 2 before filing, in which case the new rule applies.