

Features

The *Ex Parte* Appeal of a Refusal in the United States: Whether to File One, and Tips for Success (Part One)

Elizabeth C. Buckingham
Dorsey & Whitney, LLP
Minneapolis, Minnesota, USA

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A trademark owner applies to register a mark in the United States, but the U.S. Patent and Trademark Office (USPTO) issues an initial office action refusing to register the application. The applicant responds to the office action, but the USPTO examining attorney is not persuaded by the response and issues a second office action finally refusing the application. The applicant believes that the refusal is not well-founded. This two-part series outlines the applicant's options on whether and how to appeal. Part One outlines the strategic considerations behind whether an applicant should appeal the final refusal or consider alternative strategies such as negotiating with the examining attorney, amending its application, starting another proceeding or filing a petition for reconsideration. Part Two provides tips for a successful appeal if the applicant does decide to appeal.

Understand the Basics of the Appeal Process

In order to know if an appeal is the right choice, it is helpful to understand the basics of the typical *ex parte* appeal process. Within six months of receiving a final refusal, an applicant must file a notice of appeal with the Trademark Trial and Appeal Board (TTAB), accompanied by an appeal fee of US \$100 per class. The applicant's brief is due within 60 days of the appeal date. The brief of the USPTO attorney assigned to examine the application is due within 60 days after applicant's brief is sent to the examining attorney. If the applicant wishes to file a reply brief, the brief must be filed within 20 days of the mailing date of the examining attorney's brief. If the applicant wishes to have an oral argument before a three-judge panel of the TTAB, a request must be filed within ten days of the due date for the reply brief. These requirements are described in Trademark Rules of Practice 2.6(a)(18), 2.141 and 2.142. Once an appeal is ready for decision, the Board typically takes roughly six months to issue its decision (25.9

weeks in the third quarter of the USPTO's Fiscal Year 2012).

Decide Whether the Issue Can Be Resolved Informally or by Amendment

As described above, an *ex parte* appeal is a formal and expensive process. There are certain issues that lend themselves to a more informal process, such as a debate over whether a drawing or specimen is proper or whether the identification of goods or services is sufficiently definite. If these are the open issues, an applicant would be well served in contacting the examining attorney informally to discuss options and propose alternative solutions. This is particularly true if the applicant did not confer with the examining attorney about these issues after the initial office action was issued. While a telephone call often is the best means of contact, an email can be useful as well, especially if an applicant is proposing modifications to a lengthy identification of goods or services (although such an email will become part of the publicly available application file). Such discussions frequently result in the examining attorney's issuing an examiner's amendment to the application that resolves the issue. Such a result would save the applicant two briefs and an oral argument.

Not all discussions with examining attorneys end this well, however. Sometimes the best result of such a discussion is that an applicant learns more about the examining attorney's reasoning behind the refusal and thus how to cure it by amendment. For example, if an examining attorney rejects a brochure as a specimen for goods, the applicant may learn during the call that the examining attorney would accept the brochure as a point of sale presentation if it is distributed at the applicant's booth at trade shows and during onsite visits to potential customers, provided the applicant amends its application to provide a declaration explaining the nature and use of the brochure. Other times, an applicant may decide that it would be better to substitute a drawing page or specimen to obtain the registration, rather than spend the extra time and money needed to continue to contest the requirement.

Determine Whether the Argument Improves with Age

Determining whether an argument will improve (or worsen) with age is an important factor in deciding whether to appeal a final refusal. If the facts supporting an application will improve in several years, it may be better not to risk an adverse decision now on the current set of facts. One common scenario when facts will improve over time occurs with certain descriptiveness refusals. If a recently adopted and arguably descriptive word mark is refused as descriptive, it may be much easier to overcome the refusal in the future, when the applicant will have much higher sales and spending on advertising to bolster its claim of acquired distinctiveness. Likewise, if an applicant is trying to register a color mark in connection with a product, such as the color silver for a shampoo bottle cap, having more years of use and "look for the silver cap" advertising will improve the chances of registration. In such scenarios, an applicant typically can amend its application to obtain a registration on the Supplemental Register rather than appealing. Then, in several years and with better facts, the applicant can apply for registration on the Principal Register, which may eliminate the need for an appeal altogether.

While certain arguments improve with age, not all do. Generally speaking, if an applicant is refused because of a prior registration and the registered mark is in use, there is nothing to be gained by waiting. Indeed, the owner of the registered mark may register other blocking marks, worsening the facts in the future. Instead, as discussed below, sometimes the best solution is to bring a different proceeding rather than to appeal.

Know When to Bring a Different Proceeding to Resolve the Refusal

Sometimes, the best way to overcome a refusal is to bring another proceeding, rather than appealing directly from a final refusal. This scenario typically arises when an application has been refused on the ground that the mark applied for is confusingly similar to a prior-registered mark. The USPTO prohibits an applicant from collaterally attacking a reg-

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istration throughout the application process, including the *ex parte* appeal. Such a prohibition prevents an applicant from making any of the following arguments: (1) the applicant, not the registrant, owns the prior registration; (2) the applicant's use of its mark predates the registrant's use of the prior-registered mark; (3) the registrant lacked a good-faith intent to use its mark when it applied to register the mark; and (4) the prior registration has been abandoned. If an applicant, having failed to overcome the refusal with a "no likelihood of confusion" argument, now wishes to make a collateral attack on the cited registration, the next step is definitely not an appeal. Instead, the applicant should consider petitioning to cancel the cited registration with the TTAB or bringing a civil action before a U.S. federal district court and requesting cancellation. (For a discussion of whether to bring a Board proceeding or a civil action, see this author's two-part feature series in the February 1 and 15, 2012, issues of the INTA Bulletin.) Whichever route is chosen, the applicant may then have the examining attorney suspend consideration of its refused application pending the outcome of the cancellation proceeding or litigation.

Consider Whether All Legal Arguments Have Been Raised

Overcoming a refusal can be an iterative process: the applicant makes one argument at a time and proceeds to the next argument only if the first one does not succeed. This strategy means that an applicant may receive a final refusal before it has made all its arguments. For example, an applicant that receives a likelihood-of-confusion refusal may argue that there is no likelihood of confusion. If this fails and the applicant receives a final refusal, the next step could be to obtain the consent of the

owner of the cited registration and argue that there is no likelihood of confusion because of that consent. Similarly, an applicant that receives a descriptiveness refusal may argue that the mark is not descriptive. If this fails and the applicant receives a final refusal, the next step often is to argue that the mark has acquired distinctiveness. In each example, however, the next argument cannot be made as part of an *ex parte* appeal, because the TTAB will not consider any legal arguments that were not made first to the examining attorney.

Thus, if an applicant wishes to make a new argument in response to a final refusal, the applicant must file a petition for reconsideration with the examining attorney. (The applicant can either add the new argument to its existing argument or make only the new argument.) The petition for reconsideration must be filed within six months of the final refusal, and can be filed either before or at the same time as the notice of appeal. Filing a petition for reconsideration, however, does not stay the deadline for filing an appeal. For this reason, as well as to warn the examining attorney that it will appeal any unfavorable outcomes to the TTAB, many applicants will file a petition for reconsideration and the notice of appeal at the same time. If the examining attorney decides the petition in favor of the applicant, then the appeal is moot. If the examining attorney rejects the petition for reconsideration, then the applicant has a stronger record on which to base its appeal.

Decide Whether the Record Is Complete

If none of the factors discussed above suggest an alternative course to an *ex parte* appeal,

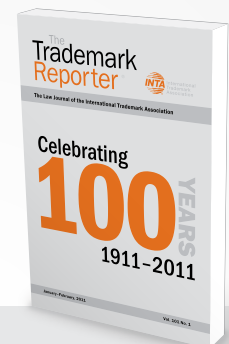
the decision whether to appeal from a final refusal rests largely on the evidence. That is, has the applicant introduced all evidence needed for an appeal, or is there critical evidence yet to be added? For example, could the applicant provide evidence that the cited registration has coexisted with numerous third-party marks and thus can coexist with applicant's mark as well? Or, could the applicant introduce third-party registrations to establish that the USPTO does not usually consider a particular term to be merely descriptive? Pursuant to Trademark Rule of Practice 2.142(d), the TTAB ordinarily refuses to consider new evidence on appeal. While the TTAB sometimes permits the consideration of late-filed evidence, typically when the examining attorney either does not contest it or explicitly considers it, or when the TTAB can take judicial notice of it, these are limited exceptions. It could be dangerous for an applicant to assume that such exceptions would apply to its situation. Instead, if an applicant has new evidence to introduce, the applicant should consider filing a petition for reconsideration with the examining attorney, as described above. Creating a strong record will increase the chances of success with the examining attorney on reconsideration and, if necessary, with the TTAB on appeal.

Summary

By understanding the steps involved in an *ex parte* appeal, as well as the alternatives to such an appeal, an applicant can best determine what action to take following the receipt of a final office action. ■

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