

**N**ational  
**T**reasury  
**E**mployees  
**U**nion

# **NEWS** RELEASE

901 E Street, N.W., Suite 600 • Washington, DC 20004 • (202)783-4444  
www.nteu.org

For Immediate Release

Contact: (202) 783-4444

July 18, 2002

Jim Watkins, Ext. 2604

**Sheila McCormick, Ext. 2630**

**Mike Drapkin, Ext. 3747**

## NOTE: Fact Sheets Attached

### Treasury Employees Union President Slams PTO Plan

#### **To Raise Fees While Cutting Trademark Attorney Staff**

**Washington, D.C.**—A proposal by the administration to raise user fees paid to the Patent and Trademark Office (PTO) while at the same time cutting one-third of its Trademark attorney workforce—with the detrimental impact that would have on service—“makes no sense whatsoever,” the head of the union representing PTO employees said today.

President Colleen M. Kelley of the National Treasury Employees Union (NTEU) offered that assessment in the wake of today’s testimony on PTO plans and funding by agency Director James Rogan before the House Judiciary Subcommittee on Courts and Intellectual Property.

PTO is “entirely funded by user fees,” President Kelley said, “and it has more than ample funds not only to pay for its operations, but to avoid its unwise and unnecessary proposed reduction-in-force (RIF).” The agency has said it intends to lay off by the September 30 end of this fiscal year up to 135 of its 383-member Trademark attorney workforce. NTEU represents some 2,300 PTO employees in two chapters, including all of the Trademark attorneys.

Even though PTO goes through the congressional appropriations process, it operates entirely on fees generated from patent and trademark applications. NTEU has long been a vocal opponent of continued diversion of PTO revenues to the general treasury, both to fund other programs and as a deficit-reduction tool.

**(MORE)**

## **NTEU's Kelley On PTO Fee And RIF Plans—Add One**

The union has taken several steps in the wake of the agency's proposed RIF, including use of the grievance procedure and a demand that PTO provide information that would support a business case for any such action.

President Kelley noted that while the agency is pointing to a shortfall in demand for trademark services stemming from last year's stalled economy, there is considerable evidence that such demand will pick up, very likely sharply, as the economy continues to improve.

With tens of thousands of trademark applications backlogged, both for initial and follow-up actions by agency employees, the NTEU leader said, a reduction-in-force "clearly would have serious adverse affects on trademark application turnaround time, on work quality and on the implementation of the agency's new e-commerce initiative. It is a bad move, poorly-timed and unnecessary."

Kelley criticized PTO's strategic plan, as well, particularly in light of the proposed RIF. Under the plan, she said, "there would be a significant decrease in the value of Trademark registration," without attorneys performing the trademark examination process. Moreover, she said, applicant costs likely would rise under the plan as an increasing number of issues concerning conflicting trademarks would find their way into the courts.

NTEU is the largest independent federal union, representing some 150,000 employees in 25 agencies and departments.

**For more information visit the NTEU web site at [www.nteu.org](http://www.nteu.org)**

# FACT SHEET

## On The Patent And Trademark Office's Proposed Reduction-In-Force And Revised Strategic Plan

### The Proposed Reduction-In-Force

The Patent and Trademark Office has proposed to reduce its Trademark attorney workforce by one-third—the loss of 135 attorneys from its present workforce of 383.

This cutback, scheduled for September 30, 2002, along with implementation of a revised but seriously flawed strategic plan, would have serious detrimental affects on pendency, quality of service, costs, and the value of a Trademark itself. Here is why a RIF is the wrong move.

- **There is more than enough work for the present attorney workforce.** On May 31, there was a backlog of some 50,000 new cases—along with thousands of amended cases to be worked on.
- **Contrary to PTO assertions, Trademark filings are on the upswing.** First quarter 2002 filings rose 7.4 percent from the previous quarter. Filings rose another 8 percent in the second quarter. May 2002 filings were the highest in the fiscal year. The trend clearly is upward.
- **Pendency continues to rise, even with current staffing levels.** First action pendency rose to four months in June from 3.6 months at the end of April. Disposal pendency climbed to 18.4 months at the end of April. Both are sharply higher than PTO's stated goals of two months for first action and 12 months for disposal.
  - **Pendency will unavoidably climb if the legal staff is slashed by 35 percent.** Clearly, work on new cases would have to come to a virtual standstill if 135 attorney dockets are distributed to the remaining 248 attorneys.
  - **An increased backlog hurts customers in ways beyond pendency and service.** The need to address backlogs is sure to draw resources from other initiatives, most notably e-commerce and other moves toward a purely electronic application process.
  - **There is no budget pressure to reduce staff.** The administration's budget proposal for fiscal 2003 has PTO collecting more fees than it spends.

## **The Impact of PTO's Revised Strategic Plan**

PTO's revised Strategic Plan—made public in early June, just six days after the announcement of the proposed RIF—makes little sense either, especially when viewed in light of a staff cutback. Here are the facts:

- **Under the plan, there would be a significant decrease in the value of a Trademark registration.** PTO attorneys would not search for conflicting marks under Section 2 (d) of the Trademark Act—and outside search certification would most likely be the first step in a deposit system.
- **Applicant costs will rise.** Issues concerning conflicting marks would now be left to the courts, with the likelihood of sharply increasing the cost protecting registrants' marks.