

To Trademark Examining Attorneys:

Since the all hands meeting, I have received additional information regarding economic projections. This has caused me to reconsider trademark application filing projections for the remainder of the fiscal year.

The leading economic indicator for Trademark filings is the Gross Domestic Product (GDP). On January 30th, it was announced to the nation that the real GDP for the 4th quarter of 2008 (September through December 2008) fell by 3.8%. A drop of this size generally indicates a severe recession. Additionally, filings through the end of January are 11% less than they were last year at this time. Therefore, the Trademark application filing projection, which in October was 390,000 new classes, has been revised to approximately 363,000 new classes.

As Commissioner, my primary concern, as we manage to pendency, is maintaining an appropriate inventory of new cases at all times to ensure a sufficient supply of work for each of our examining attorneys. In light of the above information and new data, I have determined that it is prudent to adjust the production bonus for this quarter in order to avoid incentivizing production above and beyond the outstanding level. Unfortunately, it is necessary to cap the bonus at \$1250 at the outstanding level and \$625 at the commendable level. The first action requirement for the rest of this fiscal year is also waived. I am very sorry to have to give you this news at this point in the quarter; however, given the latest information on GDP and filings, I believe that an immediate and measured response is necessary.

While we take this proactive measure, I would like to take this opportunity to explore new avenues to enhance quality. Measures we are working on include increased training, increased details and work projects, and additional ways to recognize and reward quality.

I will continue to closely monitor the situation and if inventory increases, I will be happy to increase the bonus for next quarter. As changes occur in the filing levels, that information will be made available. I know that this action will generate discussion, and the Trademark management team and I are available to answer your questions.

Lynne