

Nineteen Hundred and Twenty-two

# NYIPLA

The New York Intellectual Property Law Association®

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July 8, 2019

**1. Please describe the entity or individual submitting the comments (i.e., a law firm, a private practice attorney, a corporation or other business entity, in-house counsel, a trade association, a legal or policy association, professor/academia, other).**

NYIPLA Response:

These comments are submitted on behalf of the New York Intellectual Property Law Association ("the NYIPLA"). The NYIPLA is a professional membership association of approximately 1,000 attorneys in the New York City metropolitan area whose interests and practices lie in the areas of patent, trademark, copyright, trade secret, and other intellectual property law. The NYIPLA's members include a diverse array of attorneys specializing in trademark law, including in-house counsel for businesses that own, license, enforce, and challenge trademarks, as well as attorneys in private practice who advise a wide array of clients on trademark counseling and litigation matters. Many of the NYIPLA's member attorneys participate actively in trademark proceedings before the Trademark Trial and Appeal Board (the "TTAB"). The NYIPLA, its members, and the clients of its members, share an interest in setting clear terms in the TTAB's standard protective order for the review of confidential information.

**2. The SPO currently provides for the protection of information and documents designated as (1) Confidential or (2) Confidential – For Attorneys' Eyes Only (trade secret/ commercially sensitive) (AEO). Under the SPO, AEO material is only available for review by outside counsel, not in-house counsel. Absent agreement by the parties or Board order, in-house counsel currently cannot access AEO information and documents. Should the SPO be amended so that the default is to allow for in-house counsel access to AEO information and documents? YES or NO, and please explain the reason for your response**

NYIPLA Response:

Yes. In the NYIPLA's view, the TTAB should amend the current SPO to allow in-house counsel access to AEO documents by default without the requirement of showing a need for access as provided in *U.S. Steel Corp. v. U.S.*, 730 F.2d 1465 (Fed. Cir. 1984).

That is, the SPO, as it currently stands, imposes a presumption (i.e. a default rule) against access by in-house counsel to AEO documents. The crux of the issue, therefore, is not whether or when in-house counsel should have access to certain AEO documents. Rather, the issue is whether AEO documents are typically of such extremely confidential nature that the risk of disclosure or dissemination (which, notably, would first require that in-house counsel engage in a gross violation of his or her ethical standards) is so prominent and so potentially detrimental to the disclosing party, that the relevant in-house attorney should, **by default**, be barred from access thereto.

As with all aspects of the law, the designation of an applicable burden of proof is a balancing act designed not to dispel risk, but rather to appropriately mitigate it. In other words, the issue is whether the means of mitigating the relevant risk (*i.e.*, the presumption against access) is justified by the ends (*i.e.*, preventing harmful disclosure of the other party's confidential information). Inevitably, the above requires an analysis of the specific circumstances and facts surrounding the relevant proceedings, which includes as part of the analysis the nature of the information most generally shared in the proceedings. In other words, "the status of in-house counsel cannot alone create that probability of serious risk and cannot, therefore, serve as the sole basis for denial of access." *U.S. Steel*, 730 F.2d at 1469.

Applying the above to trademark disputes before the TTAB, the NYIPLA sides with the guidance set forth in *U.S. Steel* and submits that the default restriction against in-house counsel's access to confidential information is unwarranted in the context of a TTAB proceeding. In the NYIPLA's view, and for the reasons set forth below, it is not proper to analogize *Akzo N.V. v. U.S. Intl'l Trade Commision*, 808 F.2d 1471 (Fed. Cir. 1986), to the circumstances at hand because that case is a patent case involving entirely different issues of fact and law and, therefore, entirely different kinds of evidence and information.

As an initial matter, the *presumption* against access to AEO documents by in-house counsel is a burdensome one. That is, each time in-house counsel (*i.e.*, an officer of the court, bound by the same Code of Professional Responsibility as retained outside counsel and employed by a company to represent it in connection with the relevant TTAB proceeding) seeks to access a document which is labeled "AEO" (more or less at the other party's discretion), time and resources must be exhausted by the Board and the relevant party to address that request for access. Moreover, in some instances, a company may institute or defend a TTAB proceeding only using in-house counsel. The presumption almost necessarily compels such a party to expend additional resources to retain outside counsel. What is most noteworthy, however, is that an in-house counsel lawyer is often a company's primary source of risk-evaluation in the context of disputes and, therefore, its most trusted source as to strategy with respect to whether or not to settle a case. In light of that fact, in-house counsel might need access to all of the evidence presented in a TTAB proceeding for a number of reasons, including a need by such in-house counsel to evaluate and advise its client as to the strength of its own case. Because of his/her internal role with the company, in-house counsel is often privy to more information (including the party's own non-public financial information) than is outside counsel and, thereby, is often in a better position to provide a cost-benefit analysis. As a result, whether such a presumption is warranted depends on the degree of risk presented. This is where reliance on *Akzo* is misguided.

Unlike patent cases where the issues presented almost invariably require the parties to produce technical and often proprietary information relating to their inventions (*e.g.*, source code, blueprints, technological documents, trade secrets relating to manufacturing, research and development and/or underlying and/or not-yet-patented innovations), the large majority of TTAB cases do not require discovery of a company's technical proprietary information. In fact, TTAB proceedings generally turn on whether a party should be entitled to register and/or maintain a registration. The issues of fact presented generally involve nothing more than the selection process for a mark, knowledge of the prior party, external and non-confidential issues as to whether the public might perceive two marks as similar, and the strength of a mark, including sales and promotion under the mark. Of course, the above *could* involve the production of a marketing deck or presentation that *might* involve some information about the company's competitive practices and, potentially a customer list, any of which *might* be considered sufficiently confidential to *appropriately* be labeled "AEO." However, what is clear based on the foregoing is that those circumstances are the exception and not the

rule. What this means is that in the large majority of cases, even documents labeled AEO in a TTAB proceeding will not typically rise to the level of sensitivity of the documents presented in a patent case. Moreover, to the extent such sensitive documents are produced, the producing party should have a right (upon proper showing of risk) to request that the same not be accessed by in-house counsel. However, those situations are sufficiently rare, particularly compared to a patent case, that the burden should be borne by the producing party to show why opposing in-house counsel should be barred access thereto. The same would also conserve Board resources and facilitate the expeditious resolution of TTAB cases.

In addition, as noted above and at length in *U.S. Steel*, in-house counsel in the United States are bound by all the same ethical duties as are retained counsel. Accordingly, any risk of disclosure by in-house counsel to its own company is low as it would first require a gross violation of such counsel's ethical duties. Moreover, nothing presented indicates that there is a great risk of unintentional disclosure that should otherwise warrant special treatment and the burdensome imposition of a presumption against in-house counsel access. And, again, to the extent the information is sufficiently proprietary for the producing party to have concern, nothing precludes that party from seeking to withhold access to such documents from opposing in-house counsel on a case by case basis.

Based on the foregoing, the NYIPLA agrees with the comments submitted by two other IP associations and concludes that, while a producing party should have a right to preclude in-house counsel from accessing certain documents in some instances, in the context of TTAB cases, those instances are sufficiently rare, that a presumption against access is an unwarranted, overly-restrictive rule.

***3. If your answer to question 2 is yes, should it matter if the in-house counsel is domestic or foreign? Please explain.***

NYIPLA Response:

Yes. Because foreign counsel is generally not bound by the same ethical obligations as are in-house attorneys in the U.S. and because the roles of in-house counsel may vary from one country to another, NYIPLA submits that in some instances the risk of harm from access to in-house counsel may be greater than those presented in the context of U.S. counsel. As such, the NYIPLA recommends restricting access to AEO information to in-house legal counsel admitted to practice in the United States. The parties will remain free to negotiate whether to permit foreign in-house counsel access to these materials, but the NYIPLA submits that providing access to foreign attorneys should not be the default provision in the SPO.

***4. When a party requests that in-house counsel be entitled to access AEO information in a particular case, the TTAB currently relies on the test set forth in Akzo N.V. v. U.S. Int'l Trade Commission, 808 F.2d 1471, 1484, 1 USPQ2d 1241 (Fed. Cir. 1986) to make that determination. The factors to be balanced are:***

- (1) Whether the party seeking to gain access to AEO information for in-house counsel has "need for the confidential information sought in order to adequately prepare its case."***
- (2) Any showing of "harm that disclosure would cause the party submitting the information."***
- (3) The forum's interest in maintaining the confidentiality of the information sought."***

***Do you believe that this test is still appropriate for assessing in-house counsel access to AEO information? YES or NO, and please explain the reason for your response.***

NYIPLA Response:

Yes. Although the NYIPLA disagrees with a presumption against access to U.S.-based in-house attorneys in TTAB proceedings, from a substantive standpoint, the NYIPLA agrees with appropriateness of using the factors outlined in *Akzo N.V. v. U.S. Int'l Trade Commision*, 808 F.2d 1471, 1 USPQ2d 1241, 1248 (Fed. Cir. 1986), to measure whether certain information should be shared with in-house counsel. That is, the NYIPLA agrees that whether in-house counsel should have access to certain AEO documentation should turn on: (1) the party's need for the confidential information sought in order to adequately prepare its case, (2) the harm that disclosure would cause the party submitting the information, and (3) the forum's interest in maintaining the confidentiality of the information sought. However, in the context of TTAB proceedings such a test should come into play not to overcome a presumption against access, but rather by the producing party seeking to deny access in a specific instance. In other words, the NYIPLA agrees with the substantive test, but would simply shift the burden of proof to the producing party seeking to restrict access.

***5. If your answer to question 2 is no, and you do not think the SPO should be amended so that the default is to allow for in-house counsel access to AEO material, should the SPO instead be amended to incorporate the Akzo test described in question 4. YES or NO, and please explain the reason for your response.***

NYIPLA Response:

N/A

***6. In addition to the issue of access to AEO material, the USPTO is interested in comments on the SPO's levels of confidentiality for protected information and documents. The previous version of the SPO included three levels: Confidential, Highly Confidential, and Trade Secret/Commercially Sensitive, with a presumption that in-house counsel would not have access to information or documents in the last category. Should the current SPO be amended to re-introduce the "Highly Confidential" tier? Please explain.***

NYIPLA Response:

No. The current SPO should not be amended to re-introduce the "Highly Confidential" tier. As noted above, it is the NYIPLA's view that the *Akzo* test is the appropriate measure by which to evaluate whether or not in-house counsel should be restricted from accessing certain AEO information on a case by case basis. Introducing a third tier of confidential information does little more than complicate the analysis. If the burden is shifted to the producing party, then it is in that party's interest and ethical obligations only to request that in-house counsel be barred access if and when the information requires additional protective measures. It is then that party's burden to argue and the TTAB's duty to evaluate whether the *Akzo* factors weigh in favor of the proposed restriction. Determining whether a confidential document is so sensitive that it requires denial of access to in-house counsel is a fact-finding exercise that is best left to the TTAB to determine by weighing the *Akzo* factors rather than by applying a bright-line rule as to where on the spectrum the relevant document might fall.