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CONFIRMATION HEARING ON THE NOMINATION OF JONATHAN W. DUDAS, NOMINEE TO BE UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

HEARING

BEFORE THE

COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

MAY 6, 2004

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CONFIRMATION HEARING ON THE NOMINATION OF JONATHAN W. DUDAS, NOMINEE TO BE UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

THURSDAY, MAY 6, 2004

UNITED STATES SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Committee met, pursuant to notice, at 2:37 p.m., in Room SD–226, Dirksen Senate Office Building, Hon. Orrin G. Hatch, Chairman of the Committee, presiding.

Present: Senators Hatch and Leahy.

Chairman HATCH. Because the Chairman has a vote on over in the House, I will forgo my statement for now, and I hope Senator Leahy will forgive me for starting early, but I know you have to catch a vote.

So we are honored to have you here. You have been one of my heroes for a long, long time, and I am just grateful to have you here, Henry, and we look forward to your testimony.

PRESENTATION OF JONATHAN W. DUDAS, NOMINEE TO BE UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE, BY HON. HENRY J. HYDE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Representative HYDE. Thank you very much, Senator. It is a great honor to be in your chambers.

It is a pleasure to be here today to support the President's excellent choice for the crucial position of Under Secretary of Commerce, Jon Dudas.

I have known Jon for almost a decade. After he graduated from law school at the University of Chicago, he came to Capitol Hill and worked in my Congressional office as legislative counsel. When I first became Chairman of the House Judiciary Committee, Jon moved over as counsel to the Subcommittee on Courts and Intellectual Property, which has jurisdiction over the complex issues of patent law. Shortly thereafter, I named him staff director and deputy general counsel of the full Judiciary Committee. And during those extremely busy and trying years for Congress and the Committee, I came to know Jon very well, and I became personally ac-

quainted with his strong leadership, tremendous loyalty, unwavering integrity and the ability to accomplish his assigned mission under tremendous pressure.

When I first got to Congress, I learned a very important lesson. If you want something done, you talk to the Member and then you go to the staffer who makes the Member look good. During his service on Capitol Hill, Jon was one of the people who very often made me look good.

In his position on the Judiciary Committee staff, Jon helped me manage the most productive Committee in the Congress, more than one out of five bills considered by the House during the 105th and 106th Congress went through the Judiciary Committee. Our Conference relied upon him to help achieve some of their most important goals during that period.

So it is with mixed feelings that I encouraged Jon to leave the Committee staff when the Speaker asked him to serve as his chief floor manager and legal policy advisor to the House Leadership. Jon played a critical role in advancing legislation to support the war on terror.

Jon left the Hill when our former colleague, Jim Rogan, was appointed to be Under Secretary of Commerce and Director of the U.S. Patent and Trademark Office. As the assistant secretary immediately under Jim Rogan, Jon played an integral part in implementing the President's management agenda and in developing the 21st Century Strategic Plan—a comprehensive map to move the Patent and Trademark Office from its crisis situation to one of improved quality, quicker issuance of patents and increased deficiency. His ability to relate and work well with others and his good relationship with Members of Congress will be critical in achieving the difficult task of passing the administration's fee bill that will implement the strategic plan. Just as important, because he has been serving as Under Secretary Rogan's right hand for the last 2 years and currently as Acting Under Secretary, Jon will provide the continuity that is necessary at the Patent and Trademark Office.

The issue of this Government's position on patents is a critical one in this ever-expanding world of scientific progress. I can think of no one better qualified to lead the Patent and Trademark Office than Jon. I urge the Committee to confirm this fine public servant as Under Secretary of Commerce so that he may continue to serve the best interests of the American people.

I thank you again, Senators, both Senators, two very good Senators, I might add—get a commercial in for both of you—but thank you for letting me be here today.

Chairman HATCH. Thank you, Chairman Hyde. We are grateful that you took time to come over, and we all respect you over here. We have watched you through the years do so many good things and agree with you. When you were Chairman of the Judiciary Committee over there, they did a massive amount of work and very, very good work at that.

So thank you for coming.

Senator LEAHY. I want to thank you for being here, too, Mr. Chairman. You and I have been friends for so long, probably back even to the days when our hair was dark and I actually had some.

[Laughter.]

Representative HYDE. You were rather bushy-haired, as I recall.

Senator LEAHY. Yes, rather.

Chairman HATCH. I have been here 28 years, and I do not recall any hair, I will tell you.

[Laughter.]

Senator LEAHY. Henry has been here a long time. But we have been dear friends throughout that time, and I did note one of the things you said about our staff make us look good. Here, in my office, I consider myself merely a constitutional impediment to the staff who really do all of the work and do it extremely well.

You honor us by being here. Thank you for coming over.

Representative HYDE. Thank you, Senator, and thank you, Senator.

Chairman HATCH. We will let you get back to the House. We know how important it is for you.

OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR FROM THE STATE OF UTAH

Chairman HATCH. Well, we will continue. We are grateful that we have had Chairman Hyde here. We all respect him and think so highly of him.

Now, we welcome Jon Dudas to the Committee. I know him well, and I am impressed with his qualifications, and I commend the President for nominating such a fine individual to the post of Under Secretary of Commerce for Intellectual Property and of course Director of the United States Patent and Trademark Office. I also welcome his wife, and his children and family and friends here with us today as well and other guests.

Before I continue, I would like to of course express again my regard for Chairman Hyde, and that he would take the time to come over here, that speaks well of you, Mr. Dudas. I know how busy his schedule is, and I know how difficult it is for him or for any Member of the House to come all the way over here. So we are grateful for that.

I have reviewed the record of Mr. Dudas, and I find him to be an excellent choice for this position. Permit me just a moment to highlight his distinguished background.

Upon graduation from the University of Chicago Law School in 1993, with honors, Mr. Dudas joined the law firm of Neal, Gerber & Eisenberg, LLP. In 1995, he joined the staff of Representative Henry J. Hyde as legislative counsel and then joined the staff of the United States House Judiciary Committee, Subcommittee on Courts and Intellectual Property as a counsel.

From 1997 to 2001, he served as a staff director and deputy general counsel to the full United States House Committee on the Judiciary. He then joined Speaker J. Dennis Hastert's staff as counsel for legal policy and the senior floor assistant in 2001.

In 2002, he became Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office. He has since served as the Acting Under Secretary since January 11th, 2004.

Now, Mr. Dudas is taking on a very big assignment because intellectual property plays a key role, if sometimes an unappreciated

role, in the United States economy. But those of us who deal with it on a daily basis—or at least very, very often—know what a key role this is and how important it is for the country, and we commend you for having the confidence of the President in receiving this nomination.

The issuance of patents and trademarks reflect the creative genius of America's inventors. Our Nation is respected worldwide as the leader in technological innovation and product development. It is essential that the Patent and Trademark Office operate efficiently and fairly, and I commend the 7,000-plus dedicated civil servants at USPTO for all of their hard work and valuable contribution. And that is why this Committee acted unanimously last week to pass legislation H.R. 1561 to stop the diversion of patent fees, which we think is very important.

I know that Mr. Dudas is committed to make the USPTO run even more effectively than it has in the past, and I am confident that Jonathan W. Dudas will continue to serve this country and the Department of Commerce with distinction, and I certainly look forward to your speedy confirmation.

Now, before we turn to Mr. Dudas, we will turn to our Democrat leader on the Committee, Senator Leahy, who I am sure will have some nice things to say.

STATEMENT OF HON. PATRICK J. LEAHY, A U.S. SENATOR FROM THE STATE OF CONNECTICUT

Senator LEAHY. Thank you, Mr. Chairman.

It is good to see you. We have known each other for a while, not as long as Chairman Hyde and I have known each other, but I have enjoyed working with you, and I am delighted to see your family here. You probably would sit here and think, with children this young, now, are they going to be able to survive all the way through a hearing, but for those of us who have had young children, and now grandchildren, we do not mind how much they act up. I do not want them to hear that.

[Laughter.]

Senator LEAHY. The Patent and Trademark Office plays such an enormous role in the development of new technologies. It is the sort of thing that allows the United States to compete in what is very much an international market. It has to make sure that innovators can profit from what they have done, but it has to make sure those new ideas get deployed to the people who might use them.

I think, to do that—it is entirely different than the days, I read an article recently that talked about the old days of the models of every new patent coming in. Well, that was easy, when you would get maybe three, five, six a month, at best. Now, of course, it is different, and you have got to modernize the process and the whole way it is done down at the office. The 21st Century Strategic Plan is a step forward, but of course now you have to implement it. And in that regard, we can either congratulate you or offer you condolences for your new position, but you are a graduate of the University of Illinois, the University of Chicago, practiced law in Chicago before you went with Congressman Hyde. You worked with him there with the Speaker. The last three and a half months, you have been acting director, and it is not as though you get confirmed,

walk in the door and say, "What is this place?" You are going to have to implement the 21st Century Strategic Plan. I truly believe you can.

We are in a situation today, as you know, American corporations are facing retaliatory sanctions. The World Trade Organization says we are discriminating against Cuba and Cuban trademarks through Section 211. There are a couple different bills, one by Senator Baucus, one by Senator Domenici, I believe it is, to address this. I would be anxious to hear what you have to say about that. You are going to be our leading voice on intellectual property policy and practice. Obviously, you have go to coordinate closely with our own Register of Copyrights with the U.S. Trade Representative, the Department of Justice and many others.

You have an exciting time ahead of you, but it is more than just getting an appointment. A great deal of what we do in this country and a great deal of our ability to create jobs, to keep the innovative edge America has always been proud of, it is going to rest on your shoulders.

Any other statement, I will put in the record, Mr. Chairman.

[The prepared statement of Senator Leahy appears as a submission for the record.]

Chairman HATCH. Well, thank you so much.

Mr. Dudas, if you would stand and raise your right hand, do you swear to tell the truth on the testimony you are about to give, the truth, the whole truth and nothing but the truth so help you God?

Mr. DUDAS. I do.

Chairman HATCH. Thank you.

Mr. Dudas, do you have any statement you would care to make? We would like you to introduce your family and your friends who are here with you.

STATEMENT OF JONATHAN W. DUDAS, NOMINEE TO BE UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

Mr. DUDAS. Absolutely. Thank you. Thank you, Mr. Chairman, Senator Leahy.

Just a brief statement. For me, today is a day filled with blessings and responsibilities, as you mentioned, Senator Leahy. It is a great honor and privilege to be here today as President Bush's nominee as Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office. I am very grateful to the President for nominating me to this important post and to Secretary Evans for his recommendation and support.

Thank you, Chairman Hatch and Senator Leahy. I am honored by your scheduling of this hearing. I am especially thankful considering the substantial workload before this Committee and the demands placed on it.

I am grateful to Chairman Hyde for his introduction. He is a man of great honor and a model of public service. he has my never-ending gratitude for his guidance and support.

Finally, Mr. Chairman, I am honored today to have the support of many colleagues and friends here today, bosses, friends and

mentors during my time in Washington. And most importantly I recognize the support today of my family, my wife Nicole, and our four children, Joshua, Caroline, Sarah and Caleb. Caleb did act up a little bit too much, so he left the room. He had responsibility for crying during the tough questions, but I think Sarah can step up for that.

[Laughter.]

Senator LEAHY. No pinching her.

[Laughter.]

Mr. DUDAS. In addition, my parents, Ron and Jan Dudas, are here from Phoenix, Arizona.

Mr. Chairman, Senator Leahy, I cannot overstate the importance of intellectual property in today's global economy. For over 200 years, intellectual property has fueled our Nation's economic growth and will continue to do so. The United States needs to do all that it can at both the domestic and international levels to promote and protect intellectual property domestically and abroad so it will continue to drive economic growth.

The Under Secretary for Intellectual Property plays a significant role in this effort. Not only does the Under Secretary oversee the issuance of patents and trademarks, but he or she also advises the President, through the Secretary of Commerce and other Federal agencies, on all national and international intellectual property issues.

I came to the office a little over 2 years ago, then as Deputy Under Secretary, at an important time. Then-Under Secretary Rogan and I quickly realized that the USPTO was an agency that was on an impending crisis. A decade of rapid growth in its workload had overwhelmed the Agency and without decisive action, it would continue along a steady decline.

On a relatively short basis, we performed a comprehensive review and developed a long-term strategic plan to stop the decline and stabilize the Agency. I am pleased to say that the legislation associated with that plan was recently approved by the House of Representatives by a vote of 379 to 28 and, as you mentioned, Mr. Chairman, unanimously approved by this Committee last week.

This strategic plan and the resources to fund it will improve the quality of patents granted and the quality of trademarks registered and minimize their processing times. USPTO customers deserve a quality product delivered in the shortest possible time that will withstand legal challenge.

On the international side, we need to continue to reach out to our foreign trading partners to encourage and, in some cases, to demand support for strong intellectual property laws and enforcement systems. U.S. industries suffer enormous financial losses overseas through piracy and counterfeiting due to an effective enforcement.

So, Mr. Chairman and Senator Leahy, the United States does have the best intellectual property system in the world. I am grateful for the opportunity I have had thus far to improve our system as Acting Under Secretary and Deputy Under Secretary to work to improve our system and, if confirmed, I look forward to continuing to work with you to enhance our intellectual property system in the hopes of making it even better.

Thank you for holding this hearing and for your consideration of my nomination, and I am certainly pleased to answer any questions you all have.

[The biographical information of Mr. Dudas follows.]

I. BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used.)

Jonathan (Jon) Ward Dudas

2. Address: List current place of residence and office address(es.)

Residence:	**OfficeAddress:**
3385 Hickory Hills Drive	**2121 Crystal Drive, #904**
Oakton, Virginia 22124	**Arlington, Virginia 22202**

3. Date and place of birth.

Born July 5, 1968 in Springfield, Illinois (County of Sangamon)

4. Marital Status: (include maiden name of wife, or husband's name). List spouse's occupation, employer's name and business address(es).

Married to Nicole Diane Dudas (maiden name: Huck)
Preschool Teacher and Resource Coordinator
Vienna Baptist Children's Center
541 Marshall Road, Southwest
Vienna, Virginia 22180

5. Education: List each college and law school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

J.D., June 1993
University of Chicago Law School
Attended: 10/90 to 6/93

B.S. Finance, May 1990
University of Illinois at Urbana-Champaign
College of Commerce and Business Administration
Attended: 8/86 to 5/90

6. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including firms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college.

January 11, 2004 to present
Department of Commerce
United States Patent and Trademark Office
2121 Crystal Drive, 904; Arlington, VA 22202
Acting Under Secretary of Commerce for Intellectual Property and Acting Director of the United States Patent and Trademark Office

January 2002 to present
Department of Commerce
United States Patent and Trademark Office
2121 Crystal Drive, 904; Arlington, VA 22202
Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office

January 2001 to January 2002
United States House of Representatives
H-209 The Capitol; Washington, DC 20515
Counsel for Legal Policy and Senior Floor Assistant to the Speaker of the House J. Dennis Hastert

March 1997 to January 2001
House of Representatives
Committee on the Judiciary
2138 Rayburn HOB; Washington, DC 20515
Staff Director and Deputy General Counsel

October 1995 to March 1997
House of Representatives
Committee on the Judiciary
Subcommittee on Courts and Intellectual Property
Counsel

March 1995 to October 1995
Office of Representative Henry J. Hyde
2110 Rayburn HOB; Washington, DC 20515
Legislative Counsel

September 1993 to March 1995
Neal, Gerber & Eisenberg
Two North LaSalle Street, Suite 2200; Chicago, IL 60602
Associate Attorney

February 1993 to June 1993
Neal, Gerber & Eisenberg
Two North LaSalle Street, Suite 2200; Chicago, IL 60602
Third Year Associate

June 1992 to September 1992
Neal, Gerber & Eisenberg
Two North LaSalle Street, Suite 2200; Chicago, IL 60602
Summer Associate

June 1991 to September 1991
Katten, Muchin & Zavis
525West Monroe Street, Suite 1600
Summer Associate

June 1990 to August 1990
State of Illinois, Department of Professional Regulation
Thompson Center; 100 West Randolph Street, Suite 9-300
Summer Intern

7. Military Service: Have you had any military service: If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

None

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you believe would be of interest to the Committee.

B.S. Finance with highest honors
Bronze Tablet
Edmund J. James Scholar
Financial Scholarship
Phi Kappa Phi National Honor Society
Beta Gamma Sigma National Honor Society
Golden Key National Honor Society
J.D. with honors
John S. Lord and Cushman B. Bissell Scholarship

9. Bar Associations: List all bar associations, legal or judicial-related committees or conferences of which you are or have been a member and give the titles and dates of any offices which you have held in such groups.

None

10. Other Memberships: List all organizations to which you belong that are active in lobbying before public bodies. Please list all other organizations to which you belong.

None

11. Court Admission: List all courts in which you have been admitted to practice, with dates of admission and lapses if any such memberships lapsed. Please explain the reason for any lapse of membership. Give the same information for administrative bodies which require special admission to practice.

Supreme Court of Illinois, 1993-present
United States District Court for the Northern District of Illinois, 1993-present

12. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published material you have written or edited. Please supply one copy of all published material not readily available to the Committee. Also, please supply a copy of all speeches by you on issues involving constitutional law or legal policy. If there were press reports about the speech, and they are readily available to you, please supply them.

Speeches included (all related to intellectual property policy)

13. Health: What is the present state of your health? List the date of your last physical examination.

Excellent health; my last physical examination was app. March 2002.

14. Public Office: State (chronologically) any public offices you have held, other than judicial offices, including the terms of service and whether such positions were elected or appointed. State (chronologically) any unsuccessful candidacies for elective public office.

January 12, 2004 to present
Acting Under Secretary of Commerce for Intellectual Property and Acting Director of the United States Patent and Trademark Office (by operation of statute)
Department of Commerce, United States Patent and Trademark Office
2121 Crystal Drive, 904; Arlington, VA 22202

January 11, 2002 to present
Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office (appointed by Secretary of Commerce Donald L. Evans)
Department of Commerce, United States Patent and Trademark Office
2121 Crystal Drive, 904; Arlington, VA 22202

15. Legal Career:

A. Describe chronologically your law practice and experience after graduation from law school including:

(1) whether you served as clerk to a judge, and if so, the name of the judge, the court, and the dates of the period you were a clerk;

Not applicable

(2) whether you practiced alone, and if so, the addresses and dates;

Not applicable

(3) the dates, names and addresses of law firms or offices, companies or governmental agencies with which you have been connected, and the nature of your connection with each;

January 11, 2004 to present
Department of Commerce, United States Patent and Trademark Office
2121 Crystal Drive, 904; Arlington, VA 22202
Acting Under Secretary of Commerce for Intellectual Property and Acting Director of the United States Patent and Trademark Office

January 2002 to present
Department of Commerce, United States Patent and Trademark Office
2121 Crystal Drive, 904; Arlington, VA 22202
Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office

January 2001 to January 2002
United States House of Representatives
H-209 The Capitol; Washington, DC 20515
Counsel for Legal Policy and Senior Floor Assistant to the Speaker of the House J. Dennis Hastert

March 1997 to January 2001
House of Representatives--Committee on the Judiciary
2138 Rayburn HOB; Washington, DC 20515
Staff Director and Deputy General Counsel

October 1995 to March 1997
House of Representatives--Committee on the Judiciary
Subcommittee on Courts and Intellectual Property
Counsel

March 1995 to October 1995
Office of Representative Henry J. Hyde
2110 Rayburn HOB; Washington, DC 20515
Legislative Counsel

September 1993 to March 1995
Neal, Gerber & Eisenberg
Two North LaSalle Street, Suite 2200;Chicago, IL 60602
Associate Attorney

February 1993 to June 1993
Neal, Gerber & Eisenberg
Two North LaSalle Street, Suite 2200;Chicago, IL 60602
Third Year Associate

June 1992 to September 1992
Neal, Gerber & Eisenberg
Two North LaSalle Street, Suite 2200;Chicago, IL 60602
Summer Associate

June 1991 to September 1991
Katten, Muchin & Zavis
525West Monroe Street, Suite 1600
Summer Associate

June 1990 to August 1990
State of Illinois, Department of Professional Regulation
Thompson Center; 100 West Randolph Street, Suite 9-300
Summer Intern

B.

(1) What has been the general character of your law practice, dividing it into periods with dates if its character has changed over the years?

Government Policy and Legal Policy:
March 1995 to present

General Litigation:
September 1993 to March 1995

<u>Legal Research/Litigation Support</u>:
February 1993 to June 1993
June 1992 to September 1992
June 1991 to September 1991
June 1990 to August 1990

(2) Describe your typical former clients, and mention the areas, if any, in which you have specialized.

For the last nine years, I have worked for the Department of Commerce or the House of Representatives where I have specialized in legal policy, particularly intellectual property policy. In that regard, my clients have been Members of Congress, the Secretary of Commerce, the President and ultimately through them, the American people. From September 1993 to March 1995, I was involved in a general business litigation practice representing corporations as well as some criminal matters and some pro bono matters.

C.

(1) Did you appear in court frequently, occasionally, or not at all? If the frequency of your appearances in court varied, describe each such variance, giving dates.

From September 1993 to March 1995, I appeared in court frequently.

(2) What percentage of these appearances was in:

(a) federal court;	**app. 40%**
(b) state courts of record;	**app. 50%**
(c) other courts.	**app. 10%**

(3) What percentage of your litigation was:

(a) civil:	**app. 95%**
(b) criminal.	**app. 5%**

(4) State the number of cases in courts of record you tried to verdict or judgment (rather than settled), indicating whether you were sole counsel, chief counsel, or associate counsel.

Two to judgment (one to dismissal, one to summary judgment)

(5) What percentage of these trials was:

(a) jury;	**None**
(b) non-jury.	**None**

16. Litigation: Describe the ten most significant litigated matters which you personally handled. Give the citations, if the cases were reported, and the docket number and date if unreported. Give a capsule summary of the substance of each case. Identify the party or parties whom you represented; describe in detail the nature of your participation in the litigation and the final disposition of the case. Also state as to each case:

(a) the date of representation;
(b) the name of the court and the name of the judge or judges before whom the case was litigated; and
(c) the individual name, addresses, and telephone numbers of co-counsel and of principal counsel for each of the other parties.

In my first two years out of law school, I practiced general litigation. I worked on several cases, researching causes of action and defenses, drafting court filings, preparing or responding to discovery requests and representing clients in court. Judging by the context of this question, I believe that there are only four that may be described as significant.

1. Kuffel v. Rowland--In this case, I represented the defendant, Mary Rowland. Ms. Rowland was an attorney in the federal defender's office in the Northern District of Illinois. She represented indigent clients who could not secure counsel. The plaintiff, a former client who had executed a signed plea agreement, sued Ms. Rowland for $400,000 under the theories of negligence, breach of contract, fraud and fraudulent misrepresentation. I represented Ms. Rowland from the time she received the complaint through final disposition—summary judgment on behalf of the defendant. I was the attorney primarily involved in this case and operated under the supervision of a partner.

(1) The case was decided on January 26, 1995. I had begun the representing the client approximately 9 months earlier
(2) The case was litigated in the United States District Court for the Northern District of Illinois before Judge Wayne R. Anderson.
(3) The supervising partner and attorney of record for the defendant was Michael D. Sher at Neal,Gerber & Eisenberg. Plaintiff Edward Kuffel was pro se and at the time was in a federal prison in Rochester Minnesota.

FMC Rochester
P.O Box 4600
2110 East Center Street
Rochester, MN 55903-4600
(507) 287-9601

2. Battye v. Child Support Services, Inc.—In this case, I represented the defendant, Child Support Services, Inc. ("CSSI"), against claims of violations of the Fair Debt Collections Practices Act (15 U.S.C. § 1692 *et seq.*) and intentional infliction of emotional distress. CSSI was attempting to collect unpaid child support obligations. I handled the case from the time the complaint was filed through a successful removal to federal court and a successful motion to dismiss on behalf of CSSI (873 F. Supp. 103). I also prepared the petition for attorneys' fees and costs. That petition was denied. I was the attorney primarily involved in this case and operated under the supervision of a partner.

(1) The case was dismissed on November 30, 1994. I had begun representing the client in early 1994. The petition for costs and attorneys fees was decided on May 17, 1995; my representation ended when I left the law firm in March 1995.

(2) The case was litigated in the United States District Court for the Northern District of Illinois before Judge Marvin E. Aspen. The petition for costs and attorneys fees was decided by Magistrate Judge Joan B. Gottschall.

(3) The supervising partner and attorney of record for the defendant was Michael D. Sher at Neal, Gerber & Eisenberg. The plaintiff was represented by:

Richard L. Lucas and William E. Hale of
Richard L. Lucas & Associates
19W555 Lake Street
Addison, IL 60101
(630) 543-1133

3. In re Ticketmaster Corporation Antitrust Litigation—In this case, I represented the defendant, Ticketmaster, in sixteen nearly identical antitrust lawsuits. I worked on a Motion to the Judicial Panel for Multidistrict Litigation to transfer all of the cases to the Northern District of Illinois for Coordinated or Consolidated Pretrial Proceedings. On December 19, 1994, the Judicial Panel ordered the cases transferred to the Eastern District of Missouri for coordinated or consolidated pretrial proceedings.

(1) I worked on the case from its inception through March 1995 when I left the firm. My participation was primarily in getting the cases transferred for coordinated or consolidated proceedings.

(2) The motion was presented to the Judicial Panel on Multidistrict Litigation. The cases were transferred to Judge Steven Limbaugh in the Eastern District of Missouri.

(3) The supervising partner and attorney of record was James K. Gardner at Neal, Gerber & Eisenberg.

4. Mahoney v. Walgreen Co.—In this case, I represented the defendant, Walgreen Co. in a class action lawsuit. I worked on filings seeking to deny certification of the class. On March 29, 1995, the judge denied the motion to certify the class.

(1) I worked on the case from its inception through March 1995, when I left the firm. My participation was in supporting a denial of a certification of the class.

(2) The motion to certify the class was decided by Judge Robert D. Ericsson in the Circuit Court of Cook County Illinois, Chancery Division.

(3) The supervising partner and attorney of record for the defendant was Michael D. Sher at Neal, Gerber & Eisenberg. The plaintiff was represented by:

Kevin T. Martin
Swanson, Martin & Bell
One IBM Plaza
330 North Wabash, Suite 3300
Chicago, Illinois 60611
(312) 321-9100

17. Legal Activities: Describe the most significant legal activities you have pursued, including significant litigation which did not progress to trial or legal matters that did not involve litigation. Describe the nature of your participation in this question, please omit any information protected by the attorney-client privilege (unless the privilege has been waived).

During my tenure as a staffer on the House Judiciary Committee and in the Office of the Speaker of the House, I had the opportunity to work on a number of significant legal activities involving the passage of legislation.

On the Committee, I was involved in the passage of important intellectual property legislation, including the Anti-Counterfeiting and Consumer Protection Act of 1996, the 1999 American Inventors Protection Act, and the Digital Millennium Copyright Act. I was also involved in legislation that allowed federal criminal defendants who were pursued by the government "frivolously, vexatiously or in bad faith" the opportunity to recover attorneys' fees and costs as well legislation to reform civil asset forfeiture laws.

Also, as Deputy General Counsel and Staff Director of the House Judiciary Committee, I was involved in the impeachment inquiry and Senate trial of President William Jefferson Clinton.

In my capacity as counsel for Legal Policy in the Office of the Speaker, I was involved with the passage of the War Powers Resolution in response to the terrorist activities of September 11th, legislation to allow for compensation to victims of the attacks and counterterrorism legislation.

III. GENERAL (PUBLIC)

1. An ethical consideration under Canon 2 of the American Bar Association's Code of Professional Responsibility calls for every lawyer, regardless of professional prominence or professional workload, to find some time to participate in serving the disadvantaged. Describe what you have done to fulfill these responsibilities, listing specific instances and the amount of time devoted to each.

   During my law school and professional life in Illinois, I worked as a lawyer for a legal aid clinic for the indigent and handled some pro bono cases. I worked for the legal aid clinic while I was in law school. Under the supervision of the Clinic Director, I represented an indigent juvenile accused of murder in discovery and several pre-trial proceedings. I estimate that I devoted approximately 200 hours to this matter. As a practicing attorney, I sought out pro bono cases at my law firm. My most significant pro bono case was to defend an attorney from the federal public defender's office from a claim of malpractice. I handled the case from the complaint through final disposition—a successful order of summary judgment for the client. I estimate that I devoted approximately 120 hours to this case.

   During my time in public service to the Congress and the Department of Commerce, I have not provided legal services to the disadvantaged; I am admitted to practice only in the State of Illinois. However, usually with the participation of my children, I have participated in serving the disadvantaged through food collection and food drives, collection and delivery of clothes and household items and shopping for the needy during the holidays. I estimate that I devote approximately 30-40 hours a year to these activities.

2. Do you currently belong, or have you belonged, to any organization which discriminates on the basis of race, sex, or religion - through either formal membership requirements or the practical implementation of membership policies? If so, list, with dates of membership. What you have done to try to change these policies.

   No

Chairman HATCH. Thank you so much. We ar grateful to have you here, and we are grateful you are willing to serve in this very important position.

Now, the position for which you have been nominated is an extremely important one to the United State and of particular importance to Senator Leahy and me. We both work very closely together on virtually all intellectual property issues. As you know the Patent and Trademark Office is currently facing the heaviest workload and the longest pendency rate in its 200-year history. It is a time of great challenge, but also opportunity, for the PTO and American Congress. I, personally, feel very confident in your abilities, and I think you will make an excellent director.

Just to highlight some of these experiences, you served as counsel to the House Judiciary Subcommittee on Courts and Intellectual Property and then spent 4 years as chief of staff and chief counsel to that Committee. You then went to the work for the Speaker of the House before you became deputy director at PTO, and for the past 4 months, you stepped in as Acting Under Secretary and Director. So I want to commend you for your dedication and service to the Agency.

Now, how do you intend to bring your legislative and administrative experiences to bear as Director of PTO? And do you have any general comments regarding your qualifications and perhaps your experience that you would like to share with us?

Mr. DUDAS. Absolutely. Thank you for the question.

I believe right now is a time that is critically important for the Patent and Trademark Office to understand all of Washington, to understand the administration, to understand Congress, and certainly for the intellectual property community to understand that as well. So the experience I have had thus far, in the 2 years I have been at the Patent and Trademark Office, what I found most important was to make certain that I help act with then-Under Secretary Rogan to translate what the intellectual property world is saying to Washington and translate what happens in Washington back to the intellectual property world. In that regard, coming to the Judiciary Committee in the Senate, the Judiciary Committees in the House and even the Appropriations Committees has certainly been very valuable.

What I developed over the past 2 years, what I feel I have developed is a better understanding of the office and its processes, what exactly we need to do to implement the strategic plan. We live in a world right now in the Patent and Trademark Office, we live in really two worlds. One world is one where we presume and hope to have the funding that is necessary to run the office and implement the strategic plan in full, but what we have been living in day-to-day now is an office that is in a decline because of the lack of resources.

So I think the most important thing I can bring to bear right now to the Patent and Trademark Office is to help pass the fee bill, to help make certain again that Washington understands the needs of the intellectual property community and work closely with all of you. I have found the experiences that have matched well for what I think the Patent and Trademark Office needs. But you put it very

well, as did Senator Leahy. There are a great number of opportunities ahead, but there are also a great number of challenges.

Chairman HATCH. Thank you. I have tremendous respect for your predecessor, for his character and vision, as he served there. But in the testimony you gave before the House of Representatives Subcommittee on Commerce, Justice, State and the Judiciary Committee on Appropriations in March of this year, you stated that without fundamental changes, the way the PTO operates, average pendency will likely double in certain areas by 2008, and the backlog of applications awaiting a first review by an examiner will grow from the current level of approximately 475,000 to over a million.

Now, tell us how you plan to advance the various goals of the 21st Century Strategic Plan set out by the former Under Secretary Rogan in order to avert this escalation.

Mr. DUDAS. Absolutely. Thank you.

The most critical element, the first thing that Under Secretary Rogan and I did was take a comprehensive look at the office from an administrative perspective. At that time, we talked to members of the Senate Judiciary Committee, Appropriations Committee, House Judiciary Committees and Appropriations Committees and folks in the administration, as well as the private sector.

What we came to realize, that the first and most important goal is to make sure that quality is the primary goal at the Patent and Trademark Office.

We also found, as you noted, that the office is one that, under the current funding levels and under current hiring levels that we have now is one where pendency will grow, timeliness will become almost unbearable in some technologies. As you mentioned, over the next 5 years, without the funding and the strategic plan in place, pendency will more than double in some areas. Some areas today, in some of the cutting-edge technologies, are already double our average pendency. So the question that some may ask in the private sector is at what point will it become meaningless or at what point does it become questionable whether or not you even want to file for patent protection.

H.R. 1561, and the administration's solution, was to fully fund the office and involved a great deal of hiring and quality initiatives. So, first and foremost, we have already put in place a number of quality initiatives that we cannot afford under the current resources, and there will be more quality programs in place.

How we hire people has changed, how we promote people has changed. There is more testing. There is more training. There is a second pair of eyes program that we have in place where we have examiners looking at examinations as they go out the door a second time. The number of ways we test through the process has more than tripled. So quality is going to come through a number of programs, as well as testing.

Pendency, as you talked about, the most important element is passing H.R. 1561 and implementing 1561, which involves hiring and gaining other efficiencies as well. The most important thing I can say about that is, at the end of 5 years, the pendency will be stabilized and going downward. It will be at approximately 28.8 months, under current figures, 28.9 months, excuse me, but it will be going downward. The pendency will be stabilized.

In the absence of the fee bill and the strategic plan, it will be at 39 months and growing, and the evidence of that is the backlog, as you mentioned. Rather than controlling the backlog at the end of 5 years, we will have a backlog that could well exceed one million patents. So, to us in the office, it is very clear to the Commissioners, it is clear to all of our professional staff, what we need to do is get the appropriate resources and implement the plan.

Chairman HATCH. Thank you. You testified before the Committee on the theft and counterfeiting of intellectual property. I think Senator Specter, I was grateful to him for conducting that particular hearing. But the piracy of global trademark counterfeiting has been estimated at $500 billion—with a "b"—billion dollars each year. So could you give us your general thoughts on what both Congress and the PTO should be doing to prevent the alarming costs of global piracy.

Mr. DUDAS. Absolutely. Thank you.

Certainly, at the USPTO, we help coordinate intellectual property policy and enforcement programs. Throughout the world, we are seeing the result of TRIPS, we are seeing the result of WTO, and that is stronger, new intellectual property systems in other nations, but as nations are growing, the piracy and counterfeiting is reaching incredible levels.

What we need to be doing is coordinating within the U.S. Government, making certain that we are addressing these issues, particularly at the USPTO. We have relationships with developing nations and developed nations as well with their Patent and Trademark Offices. We conduct training for Supreme Court justices, we conduct training for prosecutors that are from other nations, here in the United States. We travel to other nations and conduct training programs there as well.

Much of what we need to do is in coordination with USTR and throughout the Department of Commerce. I can point to China as an example of growing theft, and piracy and counterfeiting. There recently was concluded, with the United States Trade Representative and Secretary of Commerce Don Evans, a Joint Commission on Commerce and Trade meeting, where we had Vice-Premier Wu Yi here. The Chinese have promised, on a number of fronts, how they can improve their system and stop piracy and counterfeiting. What is most important now, from an administration perspective, and Secretary Evans has led the fight on this, is to make sure that we measure results, that we measure exactly how that is being done and how it is carried out.

I think what the Judiciary Committee in the Senate is doing, watching the issue, there is legislation in place, continuing to have the U.S. be a model for the rest of the world, as far as piracy and counterfeiting, I think is one of the best things we can do when we travel internationally. When we had problems here in the United States with theft of intellectual property that were not based on financial thefts, this Committee passed the NET Act, which was a model for the world for intellectual property counterfeiting or opposition to that.

So there is a great deal that we can do as USPTO within the administration, and there is a great deal still to be done in Congress.

I think what is going on right now is exactly right, which is the monitor.

Chairman HATCH. Thank you. I will submit any other questions I have in writing.

Let us turn to Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

I am just curious. I mentioned that dispute over the treatment of Cuban trademarks in this country. We have one possible solution that Senator Baucus has put forward in a larger bill, Senator Domenici in a stand-alone bill. USTR said they both would allow the U.S. to come into compliance with the recent World Trade Organization opinion against our current policy.

What do you believe is the best way, aside from any question of being Cuba or anywhere else, just sound trademark policy, what is the best way for us to deal with this issue, thinking that 10 years from now some successor of yours may be looking at it and see what you did?

Mr. DUDAS. Well, I, specifically, with the issue of Section 211, the Trade Representative has the lead on trade matters. I can speak briefly on what I understand of that, and then I can get to the heart of your question.

My understanding is that the WTO appellate body decision was itself quite narrow and that, while complete repeal of Section 211, which is I think one of the options on the table, could be one response to the WTO's decision, that repeal is neither mandated nor suggested by the decision of the WTO appellate body. I, certainly, on the specifics of Section 211, can consult with the U.S. Trade Representative and give you more of an answer.

From a strictly trademark perspective, I can tell you, and there have been cases before the office, and I can only speak in general terms because, in my current position, I operate as a statutory member of the Trademark Trial and Appeal Board, but in general thoughts, what we do at the Patent and Trademark Office, through our Appeal Boards, is really responsibility to apply the law as it has been applied through the court systems. So we look at it strictly on a case-by-case basis with each law as it comes through.

Senator LEAHY. Well, let me go to that a little bit because you are on that Appeals Board. Now, according to papers released by Governor Bush in Florida, he said you met with him, you were receptive, and responsive to his concerns on this. This has some political problems for him. You were responsive.

What arguments did he make, and what did you say that was so responsive?

Mr. DUDAS. The issue I think you are talking about is a particular dispute between Bacardi and Cuba Export. That is an issue we have gotten letters from Governors, as you mentioned, and from Republican members of Congress, Democratic Senators, and others, all urging the Trademark Trial and Appeal Board to cancel the mark.

Senator LEAHY. What was it that you told the Governor that gave him such comfort?

Mr. DUDAS. I don't know that we gave comfort. We gave him the same response that we have given to Members and Senators, which was basically a procedural update. At that time, I was not a statu-

tory member of the Trademark Trial and Appeal Board. So, when they requested the meeting, I took the meeting. What we sent along, and I am happy to provide copies of the letter, it was really a procedural update of what has gone on. In fact, I think what we had said was that this is pending before our Trademark Trial and Appeal Board, and there is not a whole lot to comment on that beyond that.

It is a similar response we gave again, even in the previous administration when these issues came up.

Senator LEAHY. If I could have a copy of that letter, I would appreciate it.

Mr. DUDAS. Absolutely.

Senator LEAHY. Until a very short while ago, anyway, you had on the PTO website, you said, while you worked in the House, you guided the enactment of the Digital Millennium Copyright Act, the American Investors Protection Act, the Trademark Counterfeiting Consumer Act, and you point out that where you worked in the House, that is the birthplace of all Federal intellectual property statutory law.

They do not need us any more, Orrin. I actually thought some of those came from over here.

[Laughter.]

Senator LEAHY. But I would just note, for whatever it is worth, as recently as last week, this Committee reported out three important intellectual property bills, the PIRATE Act, the CREATE Act, the ART Act. We also reported the PTO Fee Modernization Act, which would increase the fee or Agency charges and then guarantee that those fees will either go to the PTO or they go right back to the people that paid them—they cannot go to other Federal programs—and called on PTO to initiate a pilot program to test whether private contractors could do some of the searches necessary on patent applications now.

Let me ask you a couple of things. The patent pendency times seem to get longer and longer, and I realize you are getting more and more things that are a lot more complex than some simple mechanical device. I would think that a great deal of the increased fee revenue from this ought to go to hiring and training patent examiners. You cannot hire them on Monday and have them working on Tuesday. It takes some work. But your budget does not do that. As I read it, as little of 10 percent of the revenue increases are going to new hires. Where will the rest of it go?

Mr. DUDAS. Most of the new money under the H.R. 1561, as it exists now and came through the Senate Judiciary Committee, will go into hiring, I think the majority. Much of it will also go into electronic processing.

Senator LEAHY. But not to examiners.

Mr. DUDAS. No, it will go to hiring examiners. In fact, the office, under that plan, intends to hire 900 additional examiners in the first year, which would be a record, both in terms of raw numbers and also a record in terms of percentagewise. Twenty-five percent of new—now, that doesn't include attrition.

But a fair amount will also go to supporting our electronic processing. As you may know, as we move into the new building, we are not going in with new files, we are going in moving electroni-

cally. The Office and Trademarks now has over 60-percent electronic filing and electronic processing. So much of what we are doing is updating the systems and preparing our systems for an environment that ultimately will save a great deal of money, but it requires infrastructure and information costs today.

Senator LEAHY. Let me ask some follow-up questions on the breakdown of the budget.

In your pilot program to test outsourcing of certain PTO jobs, that is going to be evaluated by the Patent Public Advisory Committee. Could not a better, more independent one be done by GAO?

Mr. DUDAS. GAO, in my understanding, is coming down to look at the office under an inquiry from the House Appropriations and Judiciary Committee. Certainly, we welcome oversight from GAO and others as well. The Patent Public Advisory Committee is made up of a variety of folks who are temporary Government workers, but they are represented in the union, folks from the private sector, both in industry and legal arenas, are represented there. So I think either/or, as far as being able to give an outside view and give ideas to the office are both valuable.

Senator LEAHY. I understand that WIPO is going to look at a possible treaty regarding the rights of broadcasters since I think 1998. The next WIPO session on that is scheduled for the first week in June. Do you have a position with regard to these negotiations?

Mr. DUDAS. Yes. The United States' position has been one of a great deal of support for going forward with the Broadcasters' Treaty. We spent a great deal of time at the Patent and Trademark Office working with both the content owners, as well as the broadcasters, to try to come up with a unified position for the United States. So we go in with a position of wanting to get a treaty, but certainly any time, in doing treaty negotiations, being cautious of what is being put on the table.

Senator LEAHY. I can imagine.

Mr. Chairman, I just wonder if we might have Mr. Dudas introduce his family who is here because some day when you go in the dusty archives of the Dudas Memorial Library—

[Laughter.]

Senator LEAHY. —your kids might be glad to see, and I just realized I think your wife just left, and I apologize for that, but they might like the idea of being able to read in there, you know, that day that we had to sit there forever, and ever, and ever with daddy, we still got our names in there. Besides which, if they are missing school, they can show the teacher where they were.

Mr. DUDAS. Well, thank you very much.

Let me introduce Joshua Matthew Dudas. Can you stand up, please. Thank you. Caroline Nicole Dudas, my father Ronald Edward Dudas. The other half of my family, Nicole Dudas, Sarah Dudas and Caleb Dudas are all gone.

Chairman HATCH. We understand.

[Laughter.]

Senator LEAHY. No, we understand.

Mr. DUDAS. Thank you.

Senator LEAHY. I just wanted to make sure, and you will get a copy of this to make sure that the names are all spelled right. But

they have to be awfully proud of you in being here, and I just wanted to make sure somewhere in the record they had their names to show they were here.

Mr. DUDAS. Thank you very much. That was kind.

Chairman HATCH. Well, thank you, Senator.

Senator LEAHY. We have the rest of the family or part of the rest of the family coming back in here, too.

Chairman HATCH. There is your wife.

Mr. DUDAS. There is my wife, Nicole Dudas.

Chairman HATCH. Well, we are glad to have you here, and your mother as well.

Mr. DUDAS. I am sorry—my mother, Janice Dudas.

Chairman HATCH. That is all right. We are delighted to have you. This is a very, very important position. Both of us know that, and both of us work very closely with the office that you are about to take over. Frankly, we look forward to working with you, and I think we would like to have even more suggestions from you folks there as to how we might be able to do a better job up here because that is one thing that I think we find that we work on very well, in a bipartisan way, and I think we can get a lot done between now and the end of the year, if we can do that.

So I intend to try and get you confirmed as soon as we possibly can, and hopefully that will be real soon.

Mr. DUDAS. Thanks very much. I look forward to continuing to work with you. Certainly, in my capacity as acting, I know there are challenges, and I know you will provide vigorous oversight. I think you can tell by the lack of crying that you were kind to me today, so I appreciate that.

[Laughter.]

Chairman HATCH. That is great. Well, with that, we compliment you for this job and look forward to your service. We will keep the record open for one week for additional statements and questions. If the questions come in, get your answers back as soon as you can, and we will try and get you up before the Committee and then up on the floor as soon as we possibly can.

Mr. DUDAS. I appreciate that. Thank you.

Chairman HATCH. Thanks, Jon. Good to have you all here, and thanks to all of you for coming and supporting.

Mr. DUDAS. Thank you.

Chairman HATCH. With that, we will recess until further notice.

[Whereupon, at 3:14 p.m., the Committee was adjourned.]

[Questions and answers and submissions for the record follow.]

[Additional material is being retained in the Committee files.]

QUESTIONS AND ANSWERS

Questions Submitted by Senator Patrick Leahy
On the Nomination of Jon W. Dudas for Director, Patent and Trademark Office
and Under Secretary of Commerce for Intellectual Property
May 13, 2004

Questions for Jon Dudas, Acting Director, Patent and Trademark Office and Acting Under Secretary of Commerce for Intellectual Property

Bacardi/Section 211

1) A dispute over the treatment of Cuban trademarks in the United States is now coming to a head. I understand that there are two potential solutions to this problem, one put forth by Senator Baucus as part of a larger bill, and another by Senator Domenici in a stand alone bill. The USTR has said they both would allow the US to come into compliance with the recent World Trade Organization opinion that found against our current policy. Setting aside the WTO aspect of the question, what do you believe is the best way, from the standpoint of sound trademark policy, for the United States to deal with this issue?

2) According to press accounts, prior to your nomination you met with representatives of Governor Jeb Bush about this dispute, and also according to those accounts, you were responsive to those overtures. Please describe your interaction with the Governor's office, and please also specifically describe the arguments made to you by the Governor's office, and whether you found them persuasive.

Bacardi/Section 211 Answers

1. Section 211 addresses the issue of whether a party may rely on an uncompensated confiscation of intellectual property as a basis for asserting ownership of that property. With respect to trademark policy, an approach which honors the principle that the true owner of a mark is entitled to rights in that mark would be best.

2. As I recall, staff from Governor Jeb Bush's office called the USPTO in February 2002, asking to meet with Under Secretary Rogan. Under Secretary Rogan could not meet because of his position as a statutory member of the Trademark Trial and Appeal Board. I met in his stead with Ms. Melissa Freedman of Governor Jeb Bush's staff, together with Mr. Jorge Rodriquez of Bacardi, Ms. Elizabeth Iadarola of the MWW Group who I believe was working with Bacardi, and Ms. Eleanor Meltzer, (a career USPTO employee), on February 25, 2002. I don't recall that Ms. Freedman said anything regarding the substance of the case. However, she did express gratitude at the

meeting for my having taken the time to meet with Mr. Rodriguez and Ms. Iadarola.

Governor Bush's "arguments," contained in a June 13, 2002 letter to Under Secretary Rogan, were in the nature of a form letter calling for cancellation of the "HAVANA CLUB" registration. The USPTO had received similar letters from a variety of Congressional sources on a bipartisan and bicameral basis (see attached), so there was nothing novel in Governor Bush's correspondence. Governor Bush's "thank you" letter of July 16, 2002 (also attached), does not relate to any action taken by me or by Under Secretary. Rogan.

To supplement my answer, I am providing the Committee with all correspondence sent to former Under Secretary Rogan or myself by Governor Bush, as well as the USPTO's responses, if any, to that correspondence. Further, to demonstrate that the USPTO's responses have been consistent, no matter the source of the inquiry, I am providing the inquiries regarding the "HAVANA CLUB" case from Representative Henry Bonilla, Representative Tom DeLay, and Senator Ernest Hollings and USPTO responses to those inquiries. I am also enclosing the courtesy copies we received from the Department of the Treasury of inquiries from Senators Kennedy and Torricelli to Treasury's Deputy Secretary Stuart Eizenstat regarding the "HAVANA CLUB" mark. We do not have copies of Treasury's responses.

PTO Fee Modernization Act

Two weeks ago, this Committee reported out the PTO Fee Modernization Act. That Act increases the fees that your agency charges, and guarantees that those fees will either go to the PTO, or back to those who paid them. They will not be diverted to other federal programs. The Act also calls on the PTO to initiate a pilot program to test the efficacy of hiring private contractors to do some of the searches that are necessary for patent application review.

A number of concerns have been raised about this bill:

1) First, as patent pendency times climb higher, it seems that a great deal of the increased fee revenue accruing from this Act should go to hiring and training patent examiners. Please indicate what percentage of the PTO annual budget you believe should be devoted to new hires and training. Where else would additional fees go?

2) The pilot program to test outsourcing of certain PTO jobs will apparently be evaluated by the Patent Public Advisory Committee. Would it not be better if an independent audit were also done by the Government Accounting Office?

PTO Fee Modernization Act Answers

1. The USPTO has proposed hiring a total of 900 patent examiners in FY 2005, with about 250 attritions taking place in the same year, thereby attaining a net increase of 650 examiners. The funding requested for new patent examiner hires (i.e., the 650) in the President's FY 2005 budget is $35.1 million for compensation, benefits and overtime, and an additional $13.7 million for supplies, furniture, equipment, contractor support and training.[1] This amount covers only part of FY 2005, because a significant number of new patent examiner hires are expected to be recent college graduates and our budget assumes an average entry on duty date of May 2005.

   However, the Strategic Plan is a five-year plan, and it is critical to keep in mind how hiring today will affect the budget in future years. In FY 2006, we will be paying full salary and benefits to those 900 new employees (minus attrition replacements) for the entire year, as well hiring and paying for an additional 700 patent examiners (minus attrition replacements). Therefore, in FY 2007 and beyond, we will be paying full salary and benefits to those 1,058 employees for the entire year.

   Purely from a production/pendency perspective, it would be desirable to hire more patent examiners in FY 2005 to increase USPTO's production capacity in the following fiscal year. But, the optimum number of hiring 900 examiners was based on several factors that influenced the planning decisions reflected in the FY 2005 budget request:

   - Hiring and integrating 900 patent examiners is a challenging task. Past experience has shown that the USPTO can successfully recruit, hire, train and integrate up to 900 hires into the Patent Corps.[2]

   - Hiring 900 examiners (or a net increase of 650 examiners) creates the need for additional senior examiners and supervisory examiners (to train and supervise our new hires), and these senior examiners and supervisory examiners are paid higher salaries.

   - Aside from hiring new patent examiners, the USPTO's 21st Century Strategic Plan calls for alternative approaches and strategic initiatives that would also contribute to pendency reduction

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[1] This information does not show the full range of costs over a full year as will occur in an examiner's future years. Therefore, for comparison purposes, the full year cost of compensation, benefits and overtime for these 650 hires would amount to $52.1 million plus an additional amount for associated examiner support costs.

[2] In 1998, the USPTO recruited 731 examiners, an increase of about 33 percent over the previous year's staff. Similarly in 1999, 801 the USPTO brought on board approximately 30 percent more examiners than the previous year's staff. Again, in 2002, the staff increased by 25 percent, when the USPTO incorporated 769 new hires. These statistics were used to determine the optimum number of new hires in 2005, a 25 percent increase over the projected previous year's staff.

- Additional fee collections would be devoted to other strategic initiatives aimed at improving quality, such as a comprehensive enterprise training program, and an operational system to process patent applications electronically. To guarantee the availability of patent and trademark data, funds will also be devoted to data replication.

2. Contract Searching

Aside from hiring new patent examiners, the USPTO's "*21st Century Strategic Plan*" calls for other initiatives, including the contract searching of prior art in patent applications, to address productivity and pendency. The USPTO is committed to the piloting of a contract searching initiative and is aware of the provision specifically set forth in the "United States Patent and Trademark Fee Modernization Act of 2004," (H.R. 1561 as amended). The bill as passed by the House of Representatives and the Senate Judiciary Committee requires thorough evaluation of commercial search firms in a pilot program.

In addition to a report from the Director of the USPTO on the results of the pilot program, the Patent Public Advisory Committee is to submit an independent evaluation of the pilot program to the Director and to Congress. The independent evaluation can be prepared with the assistance of an independent auditor. Once Congress has received these reports, it may be appropriate for the GAO to provide support to Congress as it analyzes the reports.

Broadcasting Treaty

It is my understanding that the World Intellectual Property Organization has been considering a treaty regarding the rights of broadcasters since 1998 and that the next WIPO session on the broadcaster treaty is schedule for the first week in June. What is your position with respect to these negotiations?

Broadcasting Organizations Treaty - Answer

The proposed WIPO Treaty for the Protection of Broadcasting Organizations is aimed at further strengthening the treaty structure for the protection of intellectual property by providing enhanced protection for "broadcast" signals. While U.S. broadcasters enjoy significant protection under U.S. copyright and communications laws, they have only limited legal protection under the laws of many of our trading partners whose markets are opening to U.S. broadcasters.

Our goal is to negotiate a treaty that strikes an appropriate balance among the interests of creators, performers and disseminators of creative content, while taking account of the state of technology now and in the reasonably foreseeable future. "Broadcast signals" are delivered to the public today by a variety of wired and wireless means. Pirates will misappropriate the value of such program-carrying signals regardless of their technological means of delivery. Given the desire to ensure the effective protection of all program-carrying signals, we suggested providing protection for webcasters and cablecasters in addition to traditional broadcasters.

Throughout the process of developing this treaty, including at the upcoming June meeting of the WIPO Standing Committee on Copyright and Related Rights, USPTO will continue to consult with relevant U.S. stakeholders. We have also discussed the USPTO's efforts with Congressional staffers and would be pleased to provide further information about the development of the treaty.

Gene Patenting

The PTO has had a longstanding policy against granting patents directed to or encompassing human organisms. Recently the Congress approved the so-called Weldon Amendment as part of the 2004 omnibus appropriations bill, which would prohibit the expenditure of funds to issue a patent on claims directed to or encompassing a human organism. Is there any difference between the restriction outlined in this legislation and the current policy of the PTO? When that amendment was under consideration, your immediate predecessor, James Rogan, stated that it would not change the PTO's practices. Do you agree?

The Weldon Amendment - Answer

Yes, I concur with the view expressed by my predecessor, former Under Secretary and Director James Rogan, regarding the scope of the Weldon Amendment. The USPTO continues to view the Weldon amendment as fully consistent with the USPTO's previous policies on patentability.

WARD M. KENNEDY

United States Senate

WASHINGTON, DC 20510-2101

October 25, 1999

Deputy Secretary Stuart Eizenstat
U.S. Treasury Department
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Re: HAVANA CLUB TRADEMARK REGISTRATION

Dear Stu:

I understand that the Office of Foreign Assets Control of the Treasury Department currently has pending before it an application to license the sale and assignment of the HAVANA CLUB trademark registration which a Cuban state enterprise, Cubaexport, once held at the U.S. Patent and Trademark Office. I am writing to you to request your assistance in denying this requested license.

The HAVANA CLUB trademark registration originally belonged to a family in Cuba. All of the family's assets, including the Cuban trademark, were confiscated without any compensation in 1961. It is this confiscated trademark which is at the core of the license requested.

The United States has had a longstanding and principled policy of not recognizing or giving extraterritorial effect to governmental, uncompensated confiscations. This policy has been applied consistently, whether to confiscations in 1917 Russia, the post-World War II Eastern bloc or 1960 Cuba. We are not alone in this policy. Most of our Western European allies have the same long-standing policy.

For this reason, The Office of Foreign Assets Control should deny the requested license. Granting the license requested is tantamount to rejecting our principles and policy. Denying the requested license honors our policy and sends the right message by the United States. I urge you to do all you can to see that the requested license is not approved.

28-99 11:52A

With respect and appreciation,

Sincerely,

Edward M. Kennedy

10/21/99 13:46 TEL 202 622 2882 GENERAL COUNSEL → OFAC 003/0

1999-SE-011372 (COPY)

SENATOR TORRICELLI 002

ROBERT G. TORRICELLI
NEW JERSEY

COMMITTEES:
GOVERNMENT AFFAIRS
JUDICIARY
IRS AND ADMINISTRATION
FOREIGN RELATIONS

United States Senate
113 DIRKSEN SENATE OFFICE BUILDING
WASHINGTON, DC 20510-3003
(202) 224-3224

ONE RIVERFRONT PLAZA
2ND FLOOR
NEWARK, NEW JERSEY 07102
(973) 639-8700

420 BENCHMAR BLVD.
KORMAN INTERSTATE BUSINESS PARK
SUITE 4-1
BELLMAWR, NEW JERSEY 08031
(856) 933-1245

October 18, 1999

The Honorable Stuart Eizenstat
Deputy Secretary
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Eizenstat:

It has come to my attention that the Office of Foreign Assets Control (OFAC) of the Treasury Department currently has pending before it an application to license the sale and assignment of the HAVANA CLUB trademark registration which a Cuban state enterprise, Cubaexport, once held at the U.S. Patent and Trademark Office. I am writing to you to request your assistance in denying this requested license.

As you may be aware, the HAVANA CLUB trademark registration belonged to a family in Cuba that had all its assets, including the Cuban trademark, confiscated without any compensation. It is this confiscated trademark which is at the core of the license requested.

Our country has had a longstanding and principled policy of not recognizing or giving extraterritorial effect to governmental, uncompensated confiscations. This policy has been applied consistently, whether to confiscations in 1917 Russia, the post-World War II Eastern bloc or 1960 Cuba. We are not alone in this policy, most of our Western European allies have the same long-standing policy.

For this reason, OFAC should deny the requested license. Granting the license requested is tantamount to rejecting our principles and policy. Denying the requested license honors our policy and sends the right message by the United States.

Thank you for your prompt attention to this matter.

Sincerely,

Robert G. Torricelli
United States Senator

PRINTED ON RECYCLED PAPER

HENRY BONILLA
23D DISTRICT, TEXAS

1458 RAYBURN OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4511

Congress of the United States
House of Representatives
Washington, DC 20515–4323

COMMITTEE ON APPROPRIATIONS
CHAIRMAN—SUBCOMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON DEFENSE
SUBCOMMITTEE ON FOREIGN OPERATIONS

November 9, 2001

The Honorable Donald L. Evans
Secretary of Commerce
U.S. Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, DC 20230

Dear Secretary Evans:

I am writing to bring to your attention an important issue at the U.S. Patent and Trademark Office that has been pending for some time and mandates resolution through the cancellation of U.S. Registration No. 1,031,651 of the Havana Club mark.

As you may know, in 1960, the Castro regime tried by fiat to take the rights to the Havana Club trademark for rum in the United States from its lawful owner and place title in a state-owned enterprise, Cubaexport. In 1997, the federal court in Manhattan found that Havana Club Holding ("HCH"), a partnership between Castro and Pernod Ricard, a French company, had violated the Cuban Asset Control Regulations by its efforts in 1994 to acquire the stolen Havana Club mark. Accordingly, summary judgment was granted to cancel all rights claimed by HCH in U.S. Registration No. 1,031,651 of the Havana Club mark.

In October 1999, the U.S. Court of Appeals unanimously upheld the trial court judgment, and, later that same year, the U.S. Supreme Court denied HCH's petition. After losing recourse in every level of the court system, going all the way to the Supreme Court, Pernod convinced the French government to institute a World Trade Organization proceeding, which they also lost overwhelmingly.

The time for justice has come. As the courts have ruled, Cubaexport and HCH committed fraud against the U.S. government when Cubaexport tried to sell to HCH the U.S. registration of the Havana Club mark it had stolen in 1960.

IF REPLY TO:

☐ 120 WHITEBACK, SUITE 200
SAN ANTONIO, TX 78230
(210) 697-9055

☐ 1200 MATAMOROS ST., SUITE 1138
LAREDO, TX 78040
(956) 726-4882

☐ 111 E. BROADWAY, SUITE 101
DEL RIO, TX 78840
(830) 774-8847

☐ 4400 N. BIG SPRING, SUITE 211
MIDLAND, TX 79705
(915) 685-8823

http://www.house.gov/bonilla

The United States Patent and Trademark Office must now put this dispute to rest by canceling U.S. Registration No. 1,031,651 of the Havana Club mark, as mandated by the courts over a year ago. I would like you to examine this situation and advise us on the status, as well as the future plans of the U.S. Patent and Trademark Office on the issue.

Thank you for your assistance in this matter.

Sincerely,

Henry Bonilla
Member of Congress

NY01/GOLDW/669690.3

ERNEST F. HOLLINGS
SOUTH CAROLINA

OFFICES:
1835 ASSEMBLY STREET
COLUMBIA, SC 29201
803-765-5731

120 FEDERAL BUILDING
GREENVILLE, SC 29603
864-233-5366

112 CUSTOM HOUSE
200 EAST BAY STREET
CHARLESTON, SC 29401
843-727-4525

02-000245-C

OS EXECUTIVE SECRETARIAT
2002 JAN 15 PM 3:39

United States Senate
125 RUSSELL OFFICE BUILDING
WASHINGTON, DC 20510-4002
202-224-6121
EMAIL: http://hollings.senate.gov

COMMITTEES:
COMMERCE, SCIENCE, AND TRANSPORTATION: CHAIRMAN
APPROPRIATIONS
COMMERCE, JUSTICE, STATE AND THE JUDICIARY: CHAIRMAN
DEFENSE
LABOR, HEALTH AND HUMAN SERVICES, EDUCATION
ENERGY AND WATER DEVELOPMENT
INTERIOR
BUDGET
DEMOCRATIC POLICY COMMITTEE

November 15, 2001

Honorable Donald L. Evans
Secretary
U.S. Department of Commerce
14th & Constitution Ave., NW
Washington, DC 20230

Dear Don:

I am writing to bring to your attention an important issue at the U.S. Patent and Trademark Office ("PTO") which has been pending for some time. It is my opinion that this matter must be resolved through the cancellation of U.S. Registration No. 1,031,651 of the Havana Club mark.

As you may know, in 1960, the Castro regime tried by fiat to take the rights to the Havana Club trademark for rum in the United States. The Cuban government placed title for the product in a state-owned enterprise, Cubaexport. In 1997, the Federal Court found that Havana Club Holding ("HCH"), a partnership between Castro and Pernod Ricard, a French company, had violated the Cuban Asset Control Regulations by its efforts in 1994 to acquire the Havana Club mark. Accordingly, summary judgement was granted to cancel all rights claimed by HCH.

In October 1999, the U.S. Court of Appeals unanimously upheld the trial court judgement, and, later that same year, the U.S. Supreme Court denied HCH's petition. Despite these failures, Pernod convinced the French government to institute a World Trade Organization proceeding, which they also lost overwhelmingly.

Even after decisions by both the U.S. Supreme Court and the WTO, the PTO has refused to cancel U.S. Registration No. 1,031,651 of the Havana Club mark. I am puzzled why the PTO would refuse to comply with a court order and in effect delay justice. I am requesting that you review this matter and advise me of its status.

Sincerely,

Ernest F. Hollings

EFH/ah

TOM DeLAY
22D DISTRICT, TEXAS
MAJORITY WHIP
COMMITTEE ON
APPROPRIATIONS
SUBCOMMITTEES:
TRANSPORTATION
VA/HUD/INDEPENDENT
AGENCIES

2370 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-4322
(202) 225-5951

16701 CORPORATE DRIVE, SUITE 110
STAFFORD, TX 77477
(281) 240-3700
(800) 760-5748

One Hundred and Seventh Congress of the United States
House of Representatives
Washington, DC 20515–4322

EXECUTIVE SECRETARIAT
2001 JAN -8 PM 3:33

November 16, 2001

The Honorable Donald L. Evans
Secretary of Commerce
U.S. Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, DC 20230

Dear Secretary Evans:

I am writing to bring to your attention an important issue at the U.S. Patent and Trademark Office that has been pending for some time and mandates resolution through the cancellation of U.S. Registration No. 1,031,651 of the Havana Club mark.

As you may know, in 1960, the Castro regime tried by fiat to take the rights to the Havana Club trademark for rum in the United States from its lawful owner and place title in a state-owned enterprise, Cubaexport. In 1997, the federal court in Manhattan found that Havana Club Holding ("HCH"), a partnership between Castro and Pernod Ricard, a French company, had violated the Cuban Asset Control Regulations by its efforts in 1994 to acquire the stolen Havana Club mark. Accordingly, summary judgment was granted to cancel all rights claimed by HCH in U.S. Registration No. 1,031,651 of the Havana Club mark.

In October 1999, the U.S. Court of Appeals unanimously upheld the trial court judgment. Later that same year, the U.S. Supreme Court denied HCH's petition. After losing recourse in every level of the court system, all the way to the Supreme Court, Pernod convinced the French government to institute a World Trade Organization proceeding, which they also lost overwhelmingly.

The time for justice has come. As the courts have ruled, Cubaexport and HCH committed fraud against the U.S. government when Cubaexport tried to sell to HCH the U.S. registration of the Havana Club mark it had stolen in 1960.

The United States Patent and Trademark Office must now put this dispute to rest by canceling U.S. Registration No. 1,031,651 of the Havana Club mark, as mandated by the courts over a year ago. We would like you to examine this situation and advise us on the status, as well as the future plans of the U.S. Patent and Trademark Office on the issue.

Thank you for your assistance in this matter.

Sincerely,

Tom DeLay

Tom DeLay

PRINTED ON RECYCLED PAPER

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

DEC - 3 2001

The Honorable Henry Bonilla
House of Representatives
Washington, DC 20515

Dear Representative Bonilla:

Thank you for your letter requesting the current status of U.S. Registration No. 1,031,651 (HAVANA CLUB and Design), as well as the future plans of the United States Patent and Trademark Office (USPTO) on the issue of cancellation of this registration.

Your letter states that "[t]he United States Patent and Trademark Office must now put this dispute to rest by canceling U.S. Registration No. 1,031,651 of the Havana Club mark, as mandated by the courts over a year ago."

As you will see from the enclosed copy of the partial judgment issued by the United States District Court, Southern District of New York, on October 20, 1997, the Court did not order cancellation of U.S. Registration No. 1,031,651. Therefore, the USPTO is without authority to take the action you have suggested.

With respect to future plans regarding U.S. Registration 1,031,651, we enclose a printout of the "show cause" order issued by the USPTO on October 26, 2001. Since both parties requested an extension of time to respond to the show cause order, we also enclose a printout of the order granting an extension of time to respond.

We note that the World Trade Organization (WTO) proceeding to which you refer is not an appeal from the litigation between Bacardi and Pernod-Ricard with respect to the trademark "HAVANA CLUB." Rather, the WTO proceeding involves Section 211 of the Omnibus Appropriations Act of 1998. This Section limits the ability of Cuban entities or their successors to register or enforce trademarks, trade names, or commercial names that are similar to those used in connection with assets confiscated in Cuba. The WTO Appellate Body hearing on Section 211 was conducted between November 7-9, 2001. The report of the Appellate Body is expected in early 2002.

I look forward to working with you in the future. Please contact me or Brenda Becker, Assistant Secretary for Legislative and Intergovernmental Affairs, at (202) 482-3663, should you have any further questions.

Warm regards,

Donald L. Evans

Enclosures

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

FEB - 7 2002

The Honorable Tom DeLay
House of Representatives
Washington, D.C. 20515

Dear Representative DeLay:

Thank you for your letter requesting the current status of U.S. Registration No. 1,031,651 (HAVANA CLUB and Design), as well as the future plans of the United States Patent and Trademark Office (USPTO) on the issue of cancellation of this registration.

Your letter states that "[t]he United States Patent and Trademark Office must now put this dispute to rest by canceling U.S. Registration No. 1,031,651 of the Havana Club mark, as mandated by the courts over a year ago."

Pursuant to Section 17 of the Trademark Act, 15 U.S.C. § 1067, absent a court order, applications to cancel the registration of a mark are reviewed by the USPTO's Trademark Trial and Appeal Board (Board). Such a cancellation proceeding involving U.S. Registration No. 1,031,651 is pending before the Board, although the proceedings are currently stayed, at the request of the parties. With respect to the federal court holding to which you refer, we enclose a copy of the partial judgment issued by the United States District Court, Southern District of New York, on October 20, 1997. As you will see, the Court did not order cancellation of U.S. Registration No. 1,031,651. Rather, the Court ordered the USPTO to amend its records to reflect ownership of U.S. Registration No. 1,031,651 in Empresa Exportadora de Alimentos y Productos Varios ("Cubaexport"). The USPTO has so amended its records and a copy of the USPTO's communication to the parties, informing them of this fact, is also enclosed. Thus, since the Court did not order cancellation of U.S. Registration No. 1,031,651, and because the cancellation proceeding is currently in a "suspended" status at this time, the USPTO is without authority to take the action you have suggested.

We note that the World Trade Organization (WTO) proceeding to which you refer was not an appeal from the litigation between Bacardi and Pernod-Ricard with respect to the trademark "HAVANA CLUB." Rather, the WTO proceeding involved Section 211 of the Omnibus Appropriations Act of 1998 (Section 211). The report of the Appellate Body was issued on January 2, 2002, and is available from the WTO Web site at www.wto.org.

I look forward to working with you in the future. Please contact me or Brenda Becker, Assistant Secretary for Legislative and Intergovernmental Affairs, at (202) 482-3663, should you have any further questions.

Warm regards,

Donald L. Evans

Enclosures

02-000245-C

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

FEB 12 2002

The Honorable Ernest F. Hollings
United States Senate
Washington, D.C. 20510

Dear Senator Hollings:

Thank you for your correspondence requesting the current status of U.S. Registration No. 1,031,651 (HAVANA CLUB and Design), as well as for the future plans of the United States Patent and Trademark Office (USPTO) on the issue of cancellation of this registration.

Your letter notes that summary judgment was granted in 1997 by a federal court, canceling all rights claimed by Havana Club Holdings ("HCH") in U.S. Registration No. 1,031,651. Your letter queries why "the PTO has refused to cancel U.S. Registration No. 1,031,651 of the Havana Club mark."

Pursuant to Section 17 of the Trademark Act, 15 U.S.C. § 1067, absent a court order, applications to cancel the registration of a mark are reviewed by the USPTO's Trademark Trial and Appeal Board (Board). Such a cancellation proceeding involving U.S. Registration No. 1,031,651 is pending before the Board, although the proceedings are currently stayed, at the request of the parties. With respect to the federal court holding to which you refer, we enclose a copy of the partial judgment issued by the United States District Court, Southern District of New York, on October 20, 1997. As you will see, the Court did not order cancellation of U.S. Registration No. 1,031,651. Rather, the Court ordered the USPTO to amend its records to reflect ownership of U.S. Registration No. 1,031,651 in Empresa Exportadora de Alimentos y Productos Varios (Cubaexport). The USPTO has so amended its records and a copy of the USPTO's communication to the parties, informing them of this fact, is also enclosed. Thus, since the Court did not order cancellation of U.S. Registration No. 1,031,651, and because the cancellation proceeding is currently in a "suspended" status at this time, the USPTO is without authority to take the action you have suggested.

We note that the World Trade Organization (WTO) proceeding to which you also refer was not an appeal from the litigation between Bacardi and Pernod-Ricard with respect to the trademark "HAVANA CLUB." Rather, the WTO proceeding involved Section 211 of the Omnibus Appropriations Act of 1998 (Section 211). The report of the Appellate Body was issued on January 2, 2002, and is available from the WTO Web site at www.wto.org.

I look forward to working with you in the future. Please contact me or Brenda Becker, Assistant Secretary for Legislative and Intergovernmental Affairs, at (202) 482-3663, should you have any further questions.

Warm regards,

Donald L. Evans

Enclosures

JEB BUSH
GOVERNOR

STATE OF FLORIDA

Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

www.flgov.com
850-488-7146
850-487-0801 fax

June 13, 2002

The Honorable James E. Rogan
US Patent and Trademark Office
Crystal Park, Building 2, Room 906
2121 Crystal Drive
Arlington, VA 22202

Dear Under Secretary Rogan:

I am writing on behalf of Florida-based Bacardi-Martini, USA, Inc. to ask that the Patent and Trademark Office take quick, decisive action on a pending application to expunge the registration of the trademark Havana Club. The out-dated registration belongs to a company owned by Fidel Castro called CubaExport and should be cancelled immediately.

Bacardi-Martini, USA, Inc. generates close to $1 billion of business a year nationally. The company's domestic headquarters are located in Miami and has a workforce of more than 300 Floridians and more than 600 employees throughout the United States.

As I understand, since 1997 Bacardi-Martini, USA, Inc. has sought, through every legal channel, to cancel the Fidel Castro regime's registration of the Havana Club trademark. In 1960, Fidel Castro confiscated the Havana Club brand from the family who owned the company. Castro transferred the brand name to CubaExport, a Cuban government-controlled company in 1976. In 1993, the company Havana Club Holdings, jointly owned by Castro's Cuban government and the French company Pernod-Ricard, applied for and was granted, legal registration of the brand for use in the United States. However, it was not theirs to register. Furthermore, Bacardi-Martini, USA, Inc. purchased the Havana Club brand and assets in 1997 from the original owners.

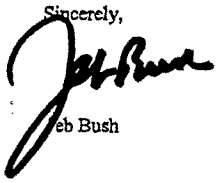
Though Bacardi-Martini, USA, Inc. has spent a great deal of time and money to cancel the delinquent registration owned by the Castro regime, there has been no relief for the company. Instead, they have been faced with a process mired in lengthy bureaucratic procedures, with no end in sight.

Governor's Mentoring Initiative
BE A MENTOR. BE A BIG HELP.
1-800-825-3786

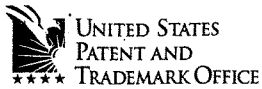
The Honorable James E. Rogan
June 13, 2002
Page Two

A swift resolution to this matter is imperative. Should you have further questions, please do not hesitate to contact my office. You may also feel free to contact my Washington, D.C., Office at 202/624-5885. Thank you for your consideration of this matter.

Sincerely,



eb Bush



Under Secretary of Commerce For Intellectual Property and
Director of the United States Patent and Trademark Office
Washington, DC 20231
www.uspto.gov

JUL - 3 2002

The Honorable Jeb Bush
Governor of Florida
Tallahassee, Florida 32399-0001

Dear ~~Governor Bush~~: Jeb —

Thank you very ~~much~~ for your letter of June 13, 2002, regarding the trademark "HAVANA CLUB". I am grateful for the opportunity to provide you with specific information regarding the status of the "HAVANA CLUB" trademark registration.

U.S. Trademark Registration No. 1,031,651 ("HAVANA CLUB" and design) is the subject of Cancellation Proceeding No. 92-024108 before the United States Patent and Trademark Office's (USPTO) Trademark Trial and Appeal Board (TTAB).

The cancellation proceeding was initiated in 1995 by Galleon S.A., Bacardi-Martini U.S.A., Inc., and Bacardi & Company Ltd. ("Bacardi") against Havana Club Holding, S.A. and Havana Rum & Liquors, S.A., d/b/a/ H.R.L., S.A. ("HCH"). At the request of the parties, the proceeding was suspended on July 1, 1999, pending the outcome of other civil litigation. The proceeding was revived, again at the request of the parties, earlier this year.

On January 15, 2002, pursuant to an October 20, 1997 Court order from the United States District Court for the Southern District of New York, the USPTO's Commissioner for Trademarks ordered USPTO assignment and registration records rectified to reflect ownership of U.S. Trademark Registration No. 1,031,651 in Cubaexport. The assignment changes were recorded in the USPTO's records at: Reel: 002398 Frames: 0855-0863.

On March 15, 2002, Bacardi filed a petition to substitute Cubaexport as the defendant in the cancellation proceeding and to obtain summary judgment (for cancellation). On March 19, 2002, Bacardi filed with the U.S. Court of Appeals for the Federal Circuit a petition for review of the Commissioner for Trademarks' January 15, 2002 order. *Galleon, S.A. v. Chasser,* No. 02-1289 (Fed. Cir.). On May 13, 2002, the TTAB suspended action on the cancellation proceeding pending the outcome of the relevant litigation (*Galleon, S.A. v. Chasser,* No. 02-1289) in the U.S. Court of Appeals for the Federal Circuit.

I hope this information clarifies the status of the cancellation proceeding involving the "HAVANA CLUB" case. To an important degree, the parties themselves are determining the pace of final resolution with respect to Cancellation Proceeding No. 92-024108. The Office will act expeditiously when the proceeding reaches the stage where the TTAB has statutory and regulatory authority to render a final decision.

Thank you again for this opportunity to provide an update regarding the status of Cancellation Proceeding No. 92-024108. If you should have any questions about this matter, please call me or Jon Dudas, Deputy Under Secretary for Intellectual Property, at (703) 305-8700.

Sincerely,

JAMES E. ROGAN
Under Secretary and Director

Please pass along my affectionate regards to two old friends: Kathleen Shannon & Charles Canady!

JEB BUSH
GOVERNOR

STATE OF FLORIDA

Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

www.flgov.com
850-488-7146
850-487-0801 fax

July 16, 2002

The Honorable James E. Rogan
Undersecretary and Director
U.S. Patent and Trademark Office
Crystal Park, Building 2, Room 906
2121 Crystal Drive
Arlington, VA 22202

Dear Mr. Rogan:

Thank you for the information you passed along regarding the Bacardi case. Your candor on the issue is appreciated. Along with the continued assistance of Mr. Jon Dudas, your attention to this matter has been very helpful. Please do not hesitate to call upon me, if I can be of service to you in the future.

Sincerely,

Jeb Bush

Governor's Mentoring Initiative
BE A MENTOR. BE A BIG HELP.
1-800-825-3786

QUESTIONS OF SENATOR RICHARD J. DURBIN

TO

JON W. DUDAS
NOMINEE FOR UNDERSECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

1. I understand that the management at the U.S. Patent and Trademark Office (USPTO)'s Trademark Office is planning to implement a new Performance Appraisal Plan (PAP) for its trademark examining attorneys. I also understand that the examining attorneys strongly oppose this new proposal, and believe that the standards in the PAP are harshly unfair, extremely unreasonable, and simply a way to ensure speed-up in the production of the rank and file examiners. I have heard from employees and their union representatives about the extremely low level of morale among the trademark examining attorneys as a result of the management's decisions. These are the same employees who are already providing outstanding quality of work, high levels of production, and receiving high marks from their customers. I am told that management and the union have been meeting to discuss this matter, but that there have not yet been any agreements reached.

   A. If confirmed, do you intend to implement the PAP as the management has currently proposed, or would you be willing to review the proposal and consider alternative approaches that could reach the same goals without the harsh consequences and undue burden on the examining attorneys that could result from the proposal?

   Congress, the Administration and our users have asked the USPTO to be more efficient and business-like.

   To address the combined mandate of Congress, the Administration and the public, the USPTO set forth various operational goals in the "*21st Century Strategic Plan*." To achieve those goals in the Trademark area, earlier this year Trademark management proposed a new PAP that focuses on reducing pendency and improving examination quality. The current PAP applicable to Trademark Examining Attorneys has not been changed since 1997 and does not focus on maintaining steady pendency levels throughout the year.

   As part of the negotiations, Trademark management has reviewed the proposed PAP and made changes to it in response to employee concerns as represented by the Trademark Examining Attorneys' union, NTEU-245. While the USPTO's Trademark management team believes that the standards set out in the proposed new PAP are reasonable and achievable, I recently instructed our

managers to consider alternative approaches, keeping our ultimate Agency goals in mind.

The proposed PAP is currently the subject of continuing negotiations with NTEU-245. The parties have been meeting with a Federal mediator in an attempt to resolve outstanding differences. If the parties cannot reach agreement, an agreement will be imposed under the Federal labor laws by a neutral third party, the Federal Service Impasses Panel.

Having spoken directly with NTEU-245 President Howard Friedman, I know there is no objection on the part of our Trademark Examining Attorneys to ensuring that customers receive timely, high-quality examination of their trademark applications. Therefore, I am confident that together, we will find a mutually beneficial way forward.

B. What are some alternatives to the proposed PAP?

One alternative is to maintain the status quo (i.e., not change the PAP). The drawback to this approach is the Office would not be taking action to address the pendency issues raised by Congress, the Administration and our customers.

Because the USPTO is still in negotiations with NTEU-245, I am confident that meaningful alternatives have been presented and are being considered. Based upon discussions with the NTEU-245 and the Trademark management team, I am confident that both the Office and NTEU-245 are working diligently to craft a mutually acceptable agreement.

C. As Director, will you commit to meeting with rank and file examining attorneys to listen to their concerns about the proposed PAP and work to alleviate the low morale that the employees may be encountering?

On May 5, 2004, I met with NTEU-245 President Howard Friedman, and the other NTEU-245 officers: Cathy Faint, Mitch Front and Dawn Feldman Lehker. As you know, NTEU-245 is the official representative for all of our Trademark Examining Attorneys, whether those employees actually belong to the union or not. I asked Howard if he would be amenable to having a sort of "roundtable" or "panel" discussion, followed by a question-and-answer session.

As of this writing, my Chief of Staff (herself a former NTEU-245 officer and Trademark Examining Attorney) is coordinating with NTEU National, NTEU-245 and Trademark management to arrange a town-hall meeting. We hope to hold the town-hall meeting at a time when Colleen Kelley (President of NTEU National) and our work-at-home employees are available to participate.

Under Federal labor laws, I cannot negotiate the proposed PAP directly with employees. However, I believe I have an appreciation for employees' concerns, derived both from meeting with Howard and the other NTEU-245 officers, as well as from reading the e-mail messages sent to me directly by our Trademark Examining Attorneys. Of course, I also meet regularly with Trademark management to discuss employee concerns on a variety of issues, including the proposed new PAP.

D. The proposed PAP includes a sizeable increase in production level. Do you believe that the trademark examining attorneys would be able to meet the new, increased production standards in a 40-hour week? If not, how would you accommodate the need for examining attorneys to work overtime? Would you provide paid overtime?

As I understand it, the proposed new PAP includes a moderate increase in the production level. This increase is based on historical production data and our Trademark managers assure me that the proposed increase is achievable in a forty-hour workweek. Trademark Examining Attorneys are not expected to work overtime in order to achieve the production standards in the proposed new PAP.

All overtime work by Trademark Examining Attorneys is voluntary and is paid consistent with federal regulations. The Agency has a policy of offering overtime to Trademark Examining Attorneys subject to budgetary constraints. Currently, overtime is available.

E. What effects, do you believe, the increase in production that the new PAP proposal requires will have on the quality of examination and on the level of customer service? If the quality of work and the level of customer service decline under the proposed PAP, how will that impact the needs of trademark applicants?

Trademark management has assured me that the proposed production increase is moderate and achievable, and – in and of itself - should have no negative effect on the quality of examination.

I have a great deal of faith in our Trademark Examining Attorneys. I do not believe that either the quality of their work or the level of their customer service will decline.

Under the *21st Century Strategic Plan*, the Agency's number one goal is enhanced quality for both trademarks and patents. If the quality of work and customer service were to decline, that would be of great concern and I would take corrective action. Based on my understanding of the current PAP and the proposed PAP, Trademark management is proposing standards that would result in higher levels of customer service and other quality efforts.

2. In September 2002, the USPTO laid off over 100 trademark examining attorneys through a Reduction in Force (RIF) in what was considered a controversial and perhaps a rushed decision. At that time, you were the Deputy Director of the USPTO.

   A. What was your role in the decision-making that resulted in the layoffs?

   The ultimate decision to conduct the RIF was made by Under Secretary and Director Rogan - based upon the recommendation of Commissioner Chasser. As Deputy Under Secretary, I was involved in this decision and supported it.

   B. What did you and others in management hope to accomplish with the layoffs, and have those goals been met? Why or why not?

   The Agency conducted the RIF in order to match examiner staffing with workload needs. The RIF was based solely on the lack of available work in the Trademark organization at the time. Filings had steadily declined over a two-year period, and we had no information to indicate that the situation would change. It was a difficult business decision to make, and the Office waited almost a full year, hoping the situation would improve, before making the final decision.

   C. With the benefit of hindsight, do you believe the USPTO let go of too many attorneys? Has the loss of so many attorneys impacted the Trademark Office's performance?

   Based on the state of the economy and projected trademark filings at the time of the RIF, we did not let go of too many attorneys.

   Under the circumstances at the time of the RIF, it would have been irresponsible for us to continue to employ the number of Trademark Examining Attorneys we had because we did not have enough work for them to perform. Even with the benefit of hindsight, I believe the USPTO made the correct decision.

   D. Is there any connection between the substantial increase in the backlog of trademark applications and the management's decision to lay off over 100 examining attorneys in 2002?

   The increase in the backlog is due to increased filings.

   E. Is the RIF in 2002 one of the reasons that the management has now proposed a new PAP?

   The two are completely unrelated.

   I understand that some of our employees do believe the RIF and the proposed new PAP are related. This assumption is incorrect. Even if there had been no

RIF, Trademark management's suggested changes to the PAP are required to align the Trademark Examining Attorney's PAP goals with Agency goals.

3. In your testimony before the House Appropriations Committee, you requested an additional 61 FTEs for fiscal year 2005 in order to minimize trademark application processing time and to enhance quality. Will these 61 FTEs be examining attorneys or does this number include other types of employees, such as support staff? If you plan on hiring examining attorneys, will you be hiring back those who were laid off in 2002, or will these new positions be open to all applicants?

   Of the 61 FTEs requested in the 2005 budget submission for Trademarks, 37 are for new Trademark Examining Attorneys. Former Trademark Examining Attorneys will be given priority consideration when the Office hires. Eight of the FTEs will be devoted to enhancing quality. The remaining 16 FTEs will be devoted to completing, maintaining and promoting our electronic filing and electronic workflow processing systems, and providing administrative support, such as human-resources support, to the Trademark operation.

   As indicated above, all of our Trademark Examining Attorney hires since the RIF have been attorneys who were laid off in 2002. I am delighted that former Trademark Examining Attorneys have been eager to return to the Agency.

SUBMISSIONS FOR THE RECORD

News Release

JUDICIARY COMMITTEE

United States Senate • Senator Orrin Hatch, Chairman

May 6, 2004

Contact: Margarita Tapia, 202/224-5225

Statement of Chairman Orrin G. Hatch
Before the United States Senate Committee on the Judiciary
Hearing on the Nomination of

JONATHAN W. DUDAS, OF VIRGINIA, TO BE UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

We welcome Jon Dudas to the Committee. I am impressed with his qualifications, and I commend the President for nominating such a fine individual to the post of Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office. I also welcome the family, friends and other guests of Mr. Dudas.

I have reviewed the record of Mr. Dudas and I find him to be an excellent choice for this position. Permit me a moment to highlight his distinguished background.

Upon graduation from the University of Chicago Law School in 1993 with honors, Mr. Dudas joined the law firm of Neal, Gerber & Eisenberg LLP. In 1995, he joined the staff of Representative Henry J. Hyde as a Legislative Counsel, and then joined the staff of the United States House Judiciary Committee, Subcommittee on Courts and Intellectual Property as a Counsel.

From 1997 to 2001, he served as the Staff Director and Deputy General Counsel to the full United States House Committee on the Judiciary. He then joined Speaker J. Dennis Hastert's staff as Counsel for Legal Policy and Senior Floor Assistant in 2001. In 2002, he became the Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office. He has served as the Acting Under Secretary since January 11, 2004.

Mr. Dudas is taking on a big assignment because intellectual property plays a key role, if an often unappreciated role, in the U.S. economy.

The issuance of patents and trademarks reflect the creative genius of America's inventors. Our nation is respected worldwide as the leader in technological innovation and product development. It is essential that the Patent and Trademark Office operate efficiently and fairly. I commend the 7,000+ dedicated civil servants at USPTO for all of their hard work and valuable contributions. That is why this Committee acted unanimously last week to pass legislation, H.R. 1561, to stop the diversion of patent fees.

I know that Mr. Dudas is committed to make the USPTO run even more effectively.

I am confident Jonathan W. Dudas will continue to serve this country and the Department of Commerce with distinction, and I look forward to his speedy confirmation.

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Statement of The Honorable Henry J. Hyde
Before the U.S. Senate Committee on the Judiciary

Confirmation Hearing On the Nomination of Jon Dudas
To be Under Secretary of Commerce
May 6, 2004

Mr. Chairman and Members of the Committee,

It is a pleasure to be here today to support the President's excellent choice for the crucial position of Under Secretary of Commerce, Jon Dudas.

I have known Jon for almost a decade. After he graduated from law school at the University of Chicago, he came to Capitol Hill and worked in my congressional office as a legislative counsel. When I first became Chairman of the House Judiciary Committee, Jon moved over as counsel to the Subcommittee on Courts and Intellectual Property which has jurisdiction over the complex issues of patent law. Shortly thereafter, I named him Staff Director and Deputy General Counsel of the full Judiciary Committee. During those extremely busy and trying

years for the Congress and the Committee, I came to know Jon very well, and I became personally acquainted with his strong leadership, tremendous loyalty, unwavering integrity and the ability to accomplish his assigned mission under tremendous pressure.

When I first got to Congress, I learned an important lesson. If you want something done, you talk to the Member, and then you go to the "staffer who makes the Member look good." During his service on Capitol Hill, Jon was one of the people who made me look good.

In his position on the Judiciary Committee staff, Jon helped me manage the most productive committee in the Congress—more than one out of five bills considered by the House during the 105th and 106th Congresses went through the Judiciary Committee. Our Conference relied upon him to help achieve some of their most important goals during that period.

With mixed feelings, I encouraged Jon to leave the Committee staff when the Speaker asked him to serve as his chief floor manager and legal policy advisor to the House Leadership. Jon played a critical role in advancing legislation to support the war on terror.

Jon left the Hill when our former colleague, Jim Rogan, was appointed to be Under Secretary of Commerce and Director of the United States Patent and Trademark Office. As the Assistant Secretary immediately under Jim Rogan, Jon played an integral part in implementing the President's Management agenda and in developing the 21st Century Strategic Plan—a comprehensive map to move the Patent and Trademark Office from its crisis situation to one of improved quality, quicker issuance of patents and increased efficiency. His ability to relate and work well with others and his good relationships with Members of Congress will be critical in achieving the difficult task of passing the Administration's fee bill that will implement the strategic plan. Just as important, because he has been serving as Under Secretary

Rogan's right hand for the last two years and currently as Acting Under Secretary, Jon will provide continuity at the Patent and Trademark Office.

The issue of this government's position on patents is a critical one in this ever-expanding world of scientific progress. I can think of no one better qualified to lead the Patent and Trademark Office. I urge the Committee to confirm this fine public servant as Under Secretary of Commerce so that he may continue to serve the best interests of the American people.

Thank you again for this opportunity to appear before you today.

U.S. SENATOR PATRICK LEAHY

CONTACT: David Carle, 202-224-3693 VERMONT

Statement of Senator Patrick Leahy
On the Nomination of Jonathan Dudas for Director, Patent and Trademark Office and Assistant Secretary of Commerce for Intellectual Property
May 6, 2004

The Patent and Trademark Office plays an enormously important role in the development of new technologies and the growth of our economy. It must encourage the development of new ideas by helping ensure that innovators will enjoy the fruits of their labor. At the same time, it must also encourage the deployment of those new ideas to the people who can use them. To do this, the Patent and Trademark Office has to modernize its processes, to improve the quality and efficiency of its work. The PTO took an important step toward these needed improvements when it released the Twenty-First Century Strategic Plan.

The PTO must now implement this plan, and the person the Administration has chosen to lead the agency through these very important times is Jonathan Dudas. Mr. Dudas is a graduate of the University of Illinois and the University of Chicago. He is a very impressive young man. He practiced law for eighteen months in Chicago before taking a position with Representative Hyde in 1995. We worked with him during his tenure with the House Judiciary Committee. In 2001, he joined Speaker Hastert's staff, and in 2002, he joined the PTO. For the last three and one half months, he has been the Acting Director of the PTO.

If Mr. Dudas is confirmed, he will oversee the PTO during a critical time. He will not only be charged with implementing the Twenty-First Century Strategic Plan. He will also face other significant challenges. American corporations are under threat of retaliatory sanctions, because of a World Trade Organization opinion that says that we are discriminating against Cuba and Cuban trademarks through a law known as Section 211. There are currently two different bills that purport to solve this problem, one by Senator Baucus, and another by Senator Domenici. I will be interested in hearing what Mr. Dudas says is the right way to fix this problem. Moreover as the Under Secretary of Commerce for Intellectual Property, he will be the Administration's leading voice on intellectual property policy and practice. He will need to coordinate closely with our own Registrar of Copyrights and with the United States Trade Representative, the Department of Justice and many other departments and agencies throughout the Federal Government.

I look forward to hearing from Mr. Dudas and to exploring some of these important issues with him.

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