

Before The  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Review of Nonpostal Services

Docket No. MC2008-1(Phase II)

SUPPLEMENTAL SWORN STATEMENT  
OF  
GARY A. THURO

## AUTOBIOGRAPHICAL SKETCH

My name is Gary A. Thuro. Since 2005 I have been the Manager of Licensing as part of the Mailing and Shipping Services organization. My full Autobiographical Sketch appears in my November 17, 2008 Statement in the first phase of this proceeding.

### I. PURPOSE AND SCOPE OF SUPPLEMENTAL TESTIMONY

The purpose of my supplemental statement is to respond to the Commission's Order No. 168, with further information regarding licensing programs for products related to Postal Service operations generally, as well as the specific meter ink cartridge licensed product.

### II. LICENSES FOR MAILING AND SHIPPING PRODUCTS

The Postal Service currently has five licensees that place the postal brand on mailing and shipping supplies. The first such license was granted to LePage's 2000, Inc. on January 14, 2005. As explained below, four of the five licenses are not exclusively for mailing and shipping supplies, in that they also allow the licensee to place the postal brand on other items, such as stationery and paper goods, and gifts and novelties. The Postal Service categorizes its licenses for internal management purposes, and some licenses fit into more than one category. The category "mailing and shipping supplies" consists of products related to core postal activities such as addressing, packing, protecting, weighing, affixing postage on, or otherwise preparing mail.

The five licenses that include mailing and shipping supply products are described below. Each license grants the rights to use the licensed property on types of items (the "Licensed Articles"). The license also specifies what "Licensed Property" the Postal Service is allowing the licensee to use. For the sake of

completeness, I have identified the type of the potential Licensed Articles for each of the five licenses, whether or not they are mailing and shipping supplies.

*LePage's 2000, Inc.*

The LePage's 2000 license involves postal branding of mailing supplies available through non-postal retail outlets. It is similar to the ReadyPost product line available in postal outlets, in that it offers mailing supplies to be used in preparing items for entry into the mailstream. The Licensed Articles include mail preparation items such as boxes, padded envelopes, bubble-wrap, tape, packing materials, packing tape/tape guns, and return mailing labels. The Licensed Articles also include moving supplies such as mattress covers, furniture corner protectors and moving boxes. The Licensed Articles are only offered in non-postal locations. The Licensed Property is the Postal Service Corporate Signature. The initiation for the license was January 14, 2005, and the expiration date is January 15, 2017.

*Clover Technologies Group*

Clover Technologies Group has a license with the Postal Service to brand remanufactured inkjet, laser toner cartridges and postage meter cartridges and supplies, and office and desk accessories. Clover has a contract with Pinpoint LLC which manufactures the postage meter cartridges with the postal brand. Pinpoint's managing member, Randall Hooker, has provide a number of sworn statements in this proceeding.

We have categorized the inkjet and laser toner cartridges items as Video Game and Computer Products, and the postage meter cartridges and supplies are categorized as Mailing and Shipping Supplies. Currently, there are no licensed office and desk accessories in the market place. The Licensed Property is the Postal Service Corporate Signature. The initiation date for the license was November 1, 2007, and the expiration date is March 31, 2011. I am aware of at

least one situation in which a large volume customer has entered into a contract with a dealer whose product offerings will include both Pitney Bowes' and the postal-branded meter cartridges.

#### *Measurement Limited*

The Measurement Limited license is for the provision of postal-branded mechanical and electronic mailing scales, which are intended to be used for determining the proper postage for items entered into the mailstream. The Licensed Articles are scales and are categorized as Mailing and Shipping Supplies. The license articles are sold through both postal and non-postal retail channels. The Licensed Property is the Postal Service Corporate Signature and stamp images. The initiation date for the license was July 15, 2007, and the expiration date is December 31, 2010.

#### *U.S. Stamp and Sign*

The U.S. Stamp and Sign license covers a variety of items associated with the use of the mails. The Licensed Articles for this license are under three Categories. Under the Mailing and Shipping Supplies category, the Licensed Articles are stampers and stamp pads, embossers, and mail preparation items such as bottle moisteners. Under the Gifts/Novelties & Decorative Accessories category, the Licensed Articles are plaques, signs, and frames, having a postal theme. Under the Home Furniture/Garden/Hardware category, the Licensed Articles are address markers/numbers for homeowners to use to identify the address of their residence. The Licensed Articles are sold through both postal and non-postal retail channels. The Licensed Property is the Postal Service Corporate Signature and stamp images. The initiation date for the license was July 15, 2006 and the expiration date is September 30, 2009.

## *Deluxe Enterprise Operations*

The Deluxe Enterprise Operations license covers a variety of items in different categories. Under Mailing and Shipping supplies, the license covers return labels. Under Stationery and Paper Goods, the license covers bank checks and checkbook covers. I am aware that Deluxe has placed the *9/11 Heroes* semipostal stamp image on the checks and checkbook covers. (I note that in the past, Deluxe has sold wallets, coin purses and similar accessories but are not doing so now.) The Licensed Property is the Postal Service Corporate Signature and stamp images. The initiation date for the license was January 1, 2008 and the expiration date is December 31, 2010.

The commercial licensing program leverages the Postal Service's brand, advertises and enhances its image, and, through the revenues generated, helps support the Postal Service's core mission. This is especially true in the case of the Mailing and Shipping Supplies category. These items facilitate the use of the mail by providing postal-branded mail-related items through non-postal outlets. For example, a postal-branded padded envelope bought in a box store such as Walmart is more likely to generate a mail piece rather than be delivered through a competitor. Postal-branded tape guns are likely to be used to assist in the preparation of pieces to be entered into the mail. Similarly, postage meters are used to place indicia on pieces to be entered into the mail, and postal scales are used to weigh mail pieces so that the proper postage can be applied.

The continuation of the licenses for these products is important because, by placing the postal brand on mail-related items outside postal retail outlets, they serve to increase the Postal Service's "footprint." In addition, they provide revenue to support the Postal Service as a whole. Finally, it is important to recognize that a number of licensees have committed resources to providing products pursuant to their license.

I also believe this category meets a strong public need. The public needs easy access to the mails. These licenses cover a variety of items necessary or useful for preparing mail pieces, and it is often convenient for many customers to acquire such products at non-postal locations, while still wanting a connection with the ultimate service provider through a branding connection. Moreover, a postal-branded mailing or shipping item offers customers some measure of reassurance that they meet the Postal Service's standards for durability, legibility, and quality. Obviously, the Postal Service is the only entity that is able to provide this branding, since it is proprietary to the Postal Service.

There is also a public need for the ability to license articles that cannot be categorized as mailing and shipping supplies such as the moving supplies in the LePage's 2000 license, the gifts items and address markers under the U.S. Stamp and Sign license, the *9/11 Heroes*- imaged checks and checkbook covers in the Deluxe Entertainment agreement, and the computer printer replacement ink jet cartridges in the Clover license. As I noted in my first statement, our brand is valuable and the willingness of licensees to pay the Postal Service for the ability to place our brand on their products provides needed revenue to support our core mission of providing affordable postal services.

**Declaration**

I declare, under penalty of perjury, that the foregoing statement is true and accurate to the best of my knowledge, information, and belief.



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Gary A. Thurot