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Expect Increased USPTO Scrutiny For TM Declarations Of Use

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This article has been updated to reflect a [U.S. Patent and Trademark Office](#) announcement delaying the effective date of the new rule.

A new trademark rule increases the level of scrutiny the U.S. Patent and Trademark Office gives to affidavits or declarations of continued use or excusable nonuse filed pursuant to Sections 8 and 71 of the Trademark Act (“declarations of use”).

The rule was to become effective on Feb. 17, 2017. However, the effective date has been delayed in accordance with White House Chief of Staff Reince Priebus' memorandum of Jan. 20, 2017, titled “Regulatory Freeze Pending Review,” temporarily postponing for 60 days the effect of regulations that have been published in the Federal Register but have not taken effect. The 60-day delay was deemed necessary for the issuing agency to “review questions of fact, law, or policy” raised by the regulation. The so-called “freeze memo” requires each agency to provide notice to the Office of Information and Regulatory Affairs if a proposed regulation does not raise any substantial question of fact, law, or policy no later than two weeks prior to the postponed effective date.

The effective date is now March 21, although further delay or revision of the new trademark rule is possible.

The new rule will apply to all trademark registrations where the mark is registered for more than one good or service in any one class. Under the new rule, the USPTO can require the submission of additional specimens of use and evidence, after the declaration of use is filed, to verify the mark is in use on covered goods and services (collectively "goods") other than those shown in the original specimen.

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Put simply, if you own a registration for a mark for “apples and oranges” and you file a declaration of use with a trademark specimen showing use of the mark on “apples,” the USPTO can require you to submit a second specimen showing use of the mark on “oranges.”

The new rule is expected to be randomly applied to approximately 10 percent of all declarations of use. Get ready.

To maintain a United States trademark registration, the registrant/trademark owner must periodically file a declaration of use, attesting that the mark shown in the registration is in use in commerce on all the goods and services identified in the registration (leaving aside issues of excusable nonuse). The declaration must be accompanied by at least one trademark specimen showing use of the mark on at least one of the goods in each different class covered by the registration. If a declaration of use is not filed, the registration will be canceled.

One purpose of requiring periodic filings of declarations of use, and one of the stated reasons for the increased scrutiny under the new rule, is to facilitate the cancellation of registrations for marks no longer in use — the so-called “deadwood.”

Under current rules, a registrant filing a declaration of use need only submit one trademark specimen for each class of goods covered by the registration. That won't change.

What will change is that the USPTO will be able to require registrant to provide additional specimens and other evidence, after the declaration is filed, to verify the mark is in use on some of the other goods listed in the registration but not shown in the original specimen.

The relevant provision applicable to Section 8 filings - 37 CFR § 2.161(h) — as amended, provides (new language in italics):

(h) The Office may require the owner to furnish such information, exhibits, affidavits or declarations, and such additional specimens as may be reasonably necessary to the proper examination of the affidavit or declaration under section 8 of the Act *or for the Office to assess and promote the accuracy and integrity of the register.*

A similar amendment was made to the corresponding provision applicable to Madrid Protocol filings under Section 71.

The impetus for the new rule can be traced directly to a recent pilot program where the USPTO asked 500 registrants who had filed declarations of use to submit proof of use on some of the goods listed in the registrations other than the goods shown in the original specimen. The results were discouraging. The USPTO found 51 percent of the registrants failed to supply additional verified proof of use on specific goods for which use had been claimed. Some of these registrations had to be amended by the deletion of listed goods. Approximately 16 percent of the selected registrations were canceled.

Spurred on by this rather dismal showing, the USPTO proposed new rules, solicited public comments and ultimately adopted the rule that goes into effect on March 21. It remains to be seen exactly how this will play out in practice, but based on the comments by the USPTO in the announcement of the rule in the Federal Register on Jan. 19, 2017, it should be something like this:

How Will the USPTO Choose Which Filings to Audit?

The registrations will be selected randomly.

What Percentage of Filings Will Be Audited?

The USPTO anticipates it will initially conduct audits of up to approximately 10 percent of declarations of use filed. This percentage may increase as time goes by.

What Will Be Required?

Selected registrants will be required to provide additional proof of use including additional trademark specimens or other information, exhibits and affidavits or declarations of use demonstrating use of the mark in commerce on goods other than the goods shown in the original specimen. The USPTO anticipates initially requiring proof of use for two additional goods per class. That may just be the start. The USPTO may thereafter require proof of use for some of the other goods listed in the registration. If things go badly for the registrant, the USPTO undoubtedly will expand the inquiry.

Does It Help to Submit Additional Specimens With the Declaration of Use?

Possibly. Registrants are not required to submit more than one specimen of use per class. However, as the USPTO slyly notes, registrants “are not prevented from voluntarily providing evidence of use in commerce for each good/service listed in the registration.” The USPTO goes on to advise: “If a registrant does so, it would diminish the likelihood that additional proof of use would be required if the registration is selected for audit.”

The USPTO doesn’t opine as to the effect of submitting additional specimens for some, but not all, of the goods identified in the registration. But it might be helpful.

How Will the Process Work?

The USPTO will issue an office action. A response will be due within six months or before the end of the statutory filing period for the declaration of use, whichever is later.

If the registrant does respond, but is ultimately unable to satisfy the USPTO requirements with respect to any specific goods, those goods will be deleted from the registration but the registration will be maintained with the remaining goods.

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By contrast, if no timely response of any kind is filed, the USPTO will cancel the entire registration — unless time remains in any applicable “grace period” — even if the original declaration of use and specimen was otherwise acceptable.

If time does remain in the grace period, a rejected registrant may file a new declaration of use, with a new fee and grace-period surcharge, but it cannot salvage the original declaration.

As a last resort, a registrant may file a petition to the director for redress of some kind, but that is not likely to be a viable option.

Will Madrid Protocol or Other Treaty Registrations Be Targeted?

No. The selection will be random.

One commenter to the proposed rule noted that the new rule did not address what was described as the “abuse” allegedly encouraged by the Madrid Protocol system, where there is no pre-registration use requirement for applications. The USPTO did not take the bait and noted only that while it “appreciates the commenter’s concerns” the Madrid Protocol is an international treaty effective in the United States and any concerns related to the Madrid Protocol are beyond the scope of this rule.

Does the New Rule Apply to Section 15 Filings?

No. The USPTO states the expansion of the audit procedure to declarations of incontestability under Section 15 of the Trademark Act is beyond the scope of this rule.

What Does It Mean?

As a practical matter, the new rule doesn’t require registrants and their attorneys to do anything prior to filing a declaration of use that they shouldn’t already be doing, at a minimum, in the first place; that is to exercise care to ensure the declaration of use does not claim use of the mark on any goods that are not sold in commerce under the mark and to select a proper specimen.

However, with the impending reality there is a 10 percent chance your next declaration of use will be audited, some consideration should be given to taking some certain precautionary measures before filing a declaration of use if you are not already doing so.

First, with the increase in the level of scrutiny, registrants should be reminded by their attorneys that the mark must be used on each and every good identified in the registration and if the mark is not used on some goods they should be deleted from the registration. This may be a fundamental concept to trademark attorneys but not always to their clients.

Second, to the extent possible or practicable, proof of use of the mark on some and possibly all the additional goods and additional specimens should be obtained prior to filing the declaration of use even if only one specimen is ultimately submitted. This is a good way of checking to make sure the mark is in use on other goods and providing an easily accessible record of use as of the date of filing in the event of an office action.

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Finally, consideration should be given to filing more than one specimen of use for different goods with the declaration of use.

There will be increased scrutiny. It should not be particularly onerous and a little preparation in advance could save you possible trouble and embarrassment.

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