



July 19, 2021

David Gooder
Commissioner for Trademarks
U.S. Patent and Trademark Office
P.O. Box 1451
Alexandria, VA 22313-1451

Via www.regulations.gov

Dear Commissioner Gooder,

Intellectual Property Owners Association ("IPO") submits the following comments and suggestions in response to the USPTO's notice of proposed rulemaking entitled "Changes to Implement Provisions of the Trademark Modernization Act of 2020," 86 Fed. Reg. 26862 (May 18, 2021) ("NPRM").

IPO is an international trade association representing a "big tent" of diverse companies, law firms, service providers, and individuals in all industries and fields of technology that own, or are interested in, intellectual property rights. IPO advocates for effective, affordable, and balanced IP rights and offers a wide array of services, including supporting member interests relating to legislative and international issues; analyzing current IP issues; providing information and educational services; and disseminating information to the public on the importance of intellectual property. IPO's mission is to promote high quality and enforceable IP rights and predictable legal systems for all industries and technologies. Our vision is the global acceleration of innovation, creativity, and investment necessary to improve lives.

IPO participated in roundtable discussions with the House Subcommittee on Courts, Intellectual Property and the Internet on October 22, 2019, and January 22, 2020, and provided comments regarding proposed amendments to the Lanham Act that were adopted as the Trademark Modernization Act ("TMA"). During the legislative process, IPO indicated support for (1) codifying third-party submissions of evidence during examination in section 1 of the Trademark Act, which includes a two-month period for the Director to review evidence; and (2) amending section 16 of the Trademark Act to allow for the submission of a petition to expunge a registration based on non-use in commerce for goods and/or services covered by the registration subject to standing requirements and other safeguards to ensure the integrity of the process. IPO opposed amending section 16 to provide for ex parte reexamination related to claims of use and amending section 12(b) of the Trademark Act to provide flexible response periods to reply or amend a trademark application up and until the full maximum six-month statutory response period.

IPO appreciates the opportunity to provide feedback on the USPTO's proposed implementation of the TMA and thanks the USPTO for its efforts to both educate stakeholders about the proposed changes to the Trademark Rules of Practice and receive comments about the potential practical implications of such changes.

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Expungement and Reexamination Proceedings

A. Timing for Requests for Proceedings

Pursuant to proposed section 2.91(b), petitions for expungement and reexamination can only be filed while the registration is in force. A petitioner may request, and the Director may institute or initiate, an expungement proceeding between three and ten years after registration.¹ The TMA provides that until December 27, 2023, an expungement proceeding may be requested or instituted for a registration that is at least 3 years old, *regardless of the 10-year limit*. With respect to petition for reexamination, a petitioner may request, and the Director may institute or initiate, a reexamination proceeding any time during the first five years after registration.²

The TMA gives the Director discretion to limit the number of petitions for expungement or reexamination that can be filed against a registration. The USPTO currently does not propose such a limit, to “foster clearing of the register of unused marks and also to determine whether existing safeguards in the statute and the proposed regulations suffice to protect registrants from potential misuse.”³ However, the USPTO seeks comment on a limit that might be appropriate if statutory and the proposed regulatory safeguards do not protect registrants from misuse.

IPO recognizes the need to prevent bad-faith actors from filing multiple petitions, especially because there is no standing requirement for filing petitions in the TMA and the USPTO has indicated that it will not implement a standing requirement. But implementing limits on the number of petitions for expungement or reexamination filed against a given registration will be difficult. Although estoppel might go a long way toward limiting abuse, ultimately the USPTO must function as a gatekeeper to prevent multiple bad-faith or abusive filings against a registration. Registrants will rely on the USPTO to thoroughly vet the prima facie case and “reasonable” investigation. We encourage the USPTO to address patterns of abusive filings by denying institution of bad-faith petitioners’ future requests.

B. Petition Requirements

Both the TMA and proposed rule 2.91(a) allow *any person* to file a petition for expungement or reexamination. The USPTO does not anticipate requiring the real party in interest to be identified in petitions and seeks comment as to whether and when the Director should require a petitioner to identify the name of the real party in interest on whose behalf the petition is filed. Assuming there are sufficient safeguards to prevent multiple bad-faith attacks on a registration, a requirement to identify the real-party-in-interest in petitions for expungement or reexamination seems unnecessary, especially given that the proceedings are ex parte and will not involve the real party in interest once instituted. We suggest that the USPTO collect information about abusive filings

¹ See Changes to Implement Provisions of the Trademark Modernization Act of 2020, 86 Fed. Reg. 26862, 26864 (proposed May 18, 2021) (to be codified at 37 C.F.R. § 2.91(b)(1)).

² See *id.* at 26864 (to be codified at 37 C.F.R. § 2.91(b)(2)).

³ See *id.* (to be codified at 37 C.F.R. pts. 2 and 7). See also <https://www.federalregister.gov/documents/2021/05/18/2021-10116/changes-to-implement-provisions-of-the-trademark-modernization-act-of-2020>.

patterns (such as multiple filings that fail to establish a prima facie case or documentary evidence including fake or digitally altered web pages) and reassess whether to require identifying real parties in interest if other safeguards fail.

If a petition does not satisfy the requirements set forth in proposed Trademark Rule 2.91(a), the USPTO plans to issue a letter providing the petitioner 30 days to perfect the petition by complying with the outstanding requirements, if otherwise appropriate. This 30-day period is too long; expungement and reexamination proceedings are intended to provide a faster, more efficient, and less expensive alternative to a contested inter partes cancellation proceeding before the Trademark Trial and Appeal Board (“TTAB”). And a 30-day period does not appear fairly balanced with the requirement that once a proceeding is initiated, a registrant will only have two months to provide evidence of use for potentially dozens of goods and services across multiple classes.

C. Reasonable Investigation Requirement

Before requesting expungement or reexamination, a petitioner must conduct a reasonable investigation to determine whether the mark at issue is not in use. Whether an investigation is reasonable is a case-by-case determination, but as the USPTO recognizes, “any investigation should focus on the mark disclosed in the registration and the identified goods and/or services, *keeping in mind their scope and applicable trade channels.*”⁴ The number and nature of the sources a petitioner must check will vary depending on the goods/services being challenged, their normal trade channels, and whether the petition is for expungement or reexamination. A petitioner should specifically describe the sources searched, how and when the searches were conducted, and what information and evidence the searches produced. Typically, a single search on an Internet search engine should not constitute a reasonable investigation. And although a private investigation is not required, a petitioner who chooses to conduct private investigations should be permitted to refer to the results of that investigation without disclosing information that would waive any applicable privileges.

Because the TMA does not impose a standing requirement or require that petitioners identify the real party in interest, the USPTO’s role as gatekeeper in preventing institution of meritless or bad faith proceedings is critical. Registrants will rely on the USPTO to thoroughly consider whether petitioners have conducted reasonable investigations and whether they have established the requisite prima facie case before instituting a proceeding.

In some circumstances, an examiner might not have access to context or information about why an investigation was insufficient. For example, for niche or highly specialized goods, an examiner might not know the channels of trade in which, or consumers to whom, the goods are sold, and consequently might not recognize that a list of sources examined by the petitioner was not relevant. Similarly, for providers of business-to-business (B2B) services, a review of the recommended sources may fall short, as B2B services are often marketed through industry specific channels that might not be known to an examiner. This could lead to unevenness in the burdens on petitioners depending on the nature of the goods/services in the registration, making it easier to meet the burden for registrations for goods/services that are not widely or conspicuously

⁴ See *id.* at 26865 (to be codified at 37 C.F.R. § 2.91(c)) (emphasis added).

traded over the Internet or registrations held by businesses that do not engage in typical online activity (e.g., brick and mortar and catalog retailers, providers of B2B services, providers of niche or highly specialized goods/services). That there is no means by which a registrant can point out defects in an investigation compounds this problem.

We suggest that the USPTO assign a dedicated group of examiners to review petitions and evaluate whether a petitioner has conducted a reasonable investigation and established a prima facie case. These “Petition Examiners” can receive specialized training about how to recognize when and how a petitioner’s investigation should vary depending on the nature of the goods/services in the registration and their channels of trade. Petition Examiners could be trained and encouraged to conduct Internet research to better understand the registrant’s business, the nature of the goods/services, and the channels of trade for those goods/services, including but not limited to reviewing the registrant’s website and conducting searches through an Internet search engine to identify relevant information (such as sites where goods/services may be advertised or sold, or sites that may provide background on the registrant’s business). Petition Examiners could take this information into consideration when evaluating whether the petitioner’s investigation was reasonable and whether the petitioner established a prima facie case.

Petition Examiners should also clarify in the notice regarding the prima facie case determination (1) what evidence is required to meet the reasonable investigation requirement, (2) whether such evidence is sufficiently provided by the petitioner and/or via the Examiner’s additional research, and (3) whether the evidence of record supports a prima facie case. The Petition Examiner’s notice should be uploaded to the registration record and viewable through TSDR. Consistent with the Lanham Act, Petition Examiners should presume registrations are valid.

Finally, we recommend that the USPTO permit registrants to challenge or, at a minimum, identify defects in an investigation. Because the Director’s decision to initiate a proceeding is final and unreviewable, registrants will otherwise have no opportunity to raise defects via correspondence with the Petition Examiner prior to institution.

D. Director-Initiated Proceedings

Proposed rule 2.92(b) provides that the Director may institute an expungement or reexamination proceeding on the Director’s own initiative if the information and evidence available to the USPTO supports a prima facie case of nonuse. We seek clarification as to how the UPSTO might implement this authority. For example, does the USPTO contemplate further investigating potential nonuse of a registered mark in every instance in which a petition is filed for fewer than all goods and services in a registration? We also request clarification on whether third parties may request consolidation.

E. Establishing a Prima Facie Case

Proposed rule 2.92 also indicates that an expungement or reexamination proceeding will be instituted only in connection with the goods and/or services for which a prima facie case of relevant nonuse has been established. A “prime facie case” requires only that a reasonable predicate concerning nonuse be established; a “prima facie case includes sufficient notice of the

claimed nonuse to allow registrant to respond to and potentially rebut the claim with competent evidence.”⁵

We appreciate that our initial concern about the standards of a prima facie case were addressed in the proposed rule. As an additional safeguard, we suggest that the USPTO in appropriate cases corroborate whether the reasonable predicate concerning nonuse is supported, including by considering what sources were searched and whether they are appropriate for the specific goods and services at issue, considering the nature of the registrant’s business.

Overall, IPO recommends special training and particular care be taken by the Director and Petition Examiners when deciding to institute an expungement or reexamination proceeding that aligns with its innate gatekeeping function. IPO urges the USPTO to revisit these rules as necessary to protect brand owners and deter abusive filings.

F. Notice of Petition and Proceedings

When a petition is filed, the petition will be uploaded into the registration record and viewable through TSDR. The USPTO will send a courtesy email notification to the registrant and/or registrant’s attorney, as appropriate, if a valid email address is of record. Once the Director determines whether to institute based on the petition, notice will be sent to the petitioner and the registrant, along with the means to access the petition and supporting documents. Any determination by the Director to initiate a proceeding is final and non-reviewable.

The proposed rules address a concern expressed by IPO that the petition and supporting evidence must be made available to the registrant and not only to the attorney of record, because of the risk that the USPTO’s records might be inaccurate or out-of-date. In addition to making the petition and evidence available to the registrant, we suggest that there should be an opportunity to set aside a default where correspondence has not been received. In analogous situations involving default at the Board, a party can show good cause and set aside the default. A similar procedure seems appropriate here.

We request clarification regarding whether a petitioner’s sources and evidence filed in support of a reasonable investigation will be viewable via TSDR in addition to the petition itself.

G. Procedures for Expungement and Reexamination Proceedings

The proposed rules provide that after a proceeding has been instituted by notifying a registrant of the petition through an office action, the registrant is required to provide evidence of use, information, exhibits, affidavits, or declarations as may be reasonably be necessary to rebut the prima facie case by establishing that the relevant use in commerce has been made on or in connection with the goods and/or services at issue. The ultimate burden of proving nonuse by a preponderance of the evidence remains with the Office, but it is unclear what this ultimate burden of proof means in practical terms. For example, what is the impact on the burden of proof if a

⁵ See *id.* at 26866.

registrant provides rebuttal evidence or rebuts the proof cited by the USPTO. We also suggest amending “relevant use” to “use of the mark in commerce at the relevant time.”

The NPRM recognizes that specimens of use may be “no longer available, even if they may have been available at the time the registrant filed an allegation of use” and permits the registrant to submit testimonial evidence “supported by corroborating documentary evidence.” However, the passage of time, employee attrition, document retention policies and the like might mean that no other documentary evidence will be available. In those cases, testimony might be the best and only evidence available of use of the mark. We suggest that this statement be amended to “supported by corroborating documentary evidence if available.”

The NPRM is unclear as to what “corroborating documentary evidence” short of actual specimens of use will be satisfactory, and IPO requests further clarity as to the types of corroborating documentary evidence the Office expects to see. Without clear guidance on this point in the rulemaking, the standard for reviewing documentary evidence showing “use in commerce” will effectively be the same as analyzing specimens of use, which have become more unfavorable to brand owners.

Under proposed rule 2.93(B)(1), the registrant must respond via TEAS to the office action initiating the proceedings within two months of the issue date. A two-month response period is insufficient, especially if there are circumstances that make the collection of testimony and evidence difficult, such as initiation of the proceedings over holiday periods, the registrant is a foreign entity, the registrant is an entity with many employees and offices, or an unlimited number of proceedings can be instituted against a particular registration. We request additional flexibility to provide registrants with adequate time to preserve their rights in their registrations, either by permitting registrants the full six months to respond or by permitting registrants to obtain extensions through payment of a fee or by establishing good cause. We are particularly concerned about the proposed response period given the amount of time given to petitioners to correct deficient petitions and suggest balancing these time frames and/or allowing additional time in appropriate situations for registrants.

The USPTO seeks comments regarding whether to include a provision that permits a registrant additional time, when the registrant has filed a timely and substantially complete response in expungement or reexamination, but consideration of some matter or compliance with a requirement has been omitted. IPO seeks clarity as to what constitutes a “substantially complete response.” This definition will help registrants comply with the new provision. A registrant that has provided a timely and substantially complete response should be allowed additional time (at least 30 days) to resolve any outstanding issues. A brand owner that has acquired its registration in good faith and has made a good faith attempt to demonstrate either use of its mark within the relevant period or excusable non-use should not be penalized by the cancellation of its registration due to an inadvertent failure to comply with a requirement.

The NPRM also permits a registrant in an expungement proceeding of a registration issued under section 44(e) or section 66(a) of the Trademark Act to provide verified statements and evidence to establish special circumstances that excuse nonuse. But oftentimes a registrant’s business plans relating to new or resumed use of a trademark are confidential business information. For example, in the pharmaceutical industry the research for and FDA approval of a new pharmaceutical

product is a slow process. A registrant may have readily available evidence of FDA approval of a brand name, as well as other information related to the anticipated approval of the product, all of which may support a showing of excusable non-use and are business confidential. The final rule should allow a registrant may file such confidential information under seal.

The USPTO is also considering whether to take additional action when a registrant's failure to respond in an expungement or reexamination proceeding leads to cancellation of some of the goods and/or services in the registration. Specifically, the USPTO is considering whether, in these cases, the registration should also be selected for audit if a registration maintenance filing is pending or, if one is not pending, when the next maintenance filing is submitted. We suggest that the Office wait to implement such an audit program until it has an opportunity to evaluate how many registrations would be impacted by this requirement and the resulting burden on the Office. We note that although the original audit program was designed to be random, selecting a registration for audit in this specific situation appears to be more punitive.

Estoppel and Co-Pending Proceedings

Proposed rule 2.92(d) includes provisions for estoppel and bars co-pending proceedings involving the same registration and the “same goods and/or services” at issue. Upon termination of any expungement proceeding, if it has been established that the registered mark was used in commerce on or in connection with any of the goods and/or services at issue prior to the date the petition was filed by a petitioner or initiated by the Director, no further expungement proceedings may be instituted as to those particular goods and/or services; however, subsequent reexamination proceedings as to those goods and/or services would still be available. Upon termination of any reexamination proceeding, if it has been established that the registered mark was used in commerce on or in connection with any of the goods and/or services at issue on or before the relevant date at issue, no further reexamination or expungement proceedings may be instituted as to those particular goods and/or services. The NPRM notes that for purposes of the proposed rule, “same goods and/or services” refers to identical goods and/or services that are the subject of the pending proceeding or the prior determination.

IPO proposes adding a mechanism by which registrants subject to an expungement proceeding can also show use in commerce as to the same goods and/or services at issue on or before the relevant date at issue within the context of a reexamination proceeding, so that future reexamination proceedings may also be estopped.

Additionally, we seek clarification as to whether the USPTO will automatically review petitions and the record of a registration to determine whether estoppel should apply before instituting an expungement or reexamination proceeding, or whether the burden will be on the registrant to show estoppel should apply.

We also suggest permitting registrants subject to an expungement or ex parte reexamination proceeding to petition the Director to prove additional goods and/or services in the same registration may be considered the “same goods and/or services” for the purposes of estoppel under the proposed rule where they are highly similar to the previously challenged goods and/or services but not “identical.” For example, registrants should be able to present to the Director that

“lipstick” is highly similar to “lip gloss” and thus should be considered the “same goods and/or services” for purposes of estoppel.

Finally, the USPTO proposes amending Trademark Rule 2.111(b) to create a new nonuse ground for cancellation allowing a petitioner to allege that a mark has never been used in commerce as a basis of cancellation before the TTAB. We request clarification concerning the extent to which, or whether, termination of an expungement or reexamination proceeding in favor of the registrant may bar future nonuse cancellation actions with respect to the registration.

Flexible Response Periods

Because there is no statutorily required date for implementation, we encourage the USPTO to delay implementing the flexible response periods for office actions and invite additional public comment before implementing this provision in the future. This will allow the USPTO and its stakeholders to fully consider best practices and preemptively work with IT experts to consider any implications to IT systems and implement updates once a rule is finalized. If implementation cannot be postponed past June 27, 2022, our preliminary feedback is that a three-month response period, with the option to extend up to the full six months, is the best option.

The other proposed options do not seem to accomplish the objective of greater efficiency. For example, the “two-phase examination” option would create a bifurcated process that would have an examiner review an application for formalities and then review that same application for substantive issues later. In each case, the applicant would have up to 6 months to respond. This could conceivably put the application on a timeline that increases the response period to a year or more. Having an applicant respond to formalities, only to have to then respond to substantive issues later, would add unpredictability to registration. An applicant should receive one office action listing all issues with a registration and respond to them all at once. A process that is not divided will save the USPTO resources and time. Further, it gives its customers a true sense of how long it will take to obtain registration and saves them from incurring needless additional costs, which is particularly important to small businesses and *pro se* applicants.

The “patent model” would establish a two-month response period but allow an applicant to take extensions for up to six months with an escalating fee schedule. This too could result in longer examination and add unnecessary complexity to the response process. This option seems administratively burdensome for both stakeholders and the USPTO and would likely increase the potential for IT and human mistakes.

Letters of Protest

IPO supports the proposed implementation of the letter of protest procedure, including a two-month period for the Director to review evidence.

Attorney Recognition

IPO generally supports the proposals related to attorney recognition and understands the need to facilitate implementation of the planned identity verification and role-based access control system

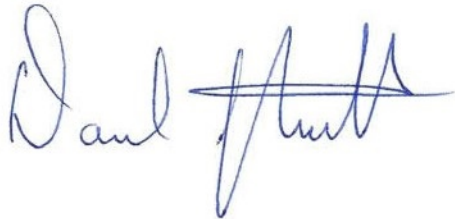
to improve secure access to the USPTO database. We hope the measures will also assist with tracking and combatting misleading solicitations sent to applicants and registrants.

However, we do not support removing docketing information from the database. Retaining docketing information is important for applicants, registrants, and attorneys to efficiently track and manage USPTO communications, filings, and fee payments. The task of re-entering docket information for each application and registration would be very time-consuming, especially for attorneys handling many applications and registrations for multiple parties. Retaining docketing information in the database will allow attorneys, applicants, and registrants to continue efficiently managing of trademark applications and registrations during the period of transition to new attorney recognition procedures and will help facilitate the process of re-recognition for attorneys wishing to be re-recognized.

Conclusion

Overall, IPO urges the USPTO to maintain sufficient safeguards to ensure the integrity of the process and to take a reasonable approach that builds in the flexibility to revisit these rules as necessary to protect brand owners and deter abusive filings. We thank you for considering these comments and welcome any further dialogue or opportunity to provide additional information to assist your efforts in implementing the Trademark Modernization Act.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel J. Staudt". The signature is fluid and cursive, with a prominent loop at the end.

Daniel J. Staudt
President