

**UNITED STATES
PATENT AND TRADEMARK OFFICE**



Post registration audit program

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- If you are watching this as a recording, please direct any follow-up questions to TMFeedback@uspto.gov with the subject line "Post registration audit program."



Post registration audit program

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June 3, 2021

UNITED STATES
PATENT AND TRADEMARK OFFICE



Discussion topics

- Significance of “use in commerce”
- History of audit program
- Audit procedures and results to date
- Responding to an audit
- Preparing for an audit

Discussion topic

Significance of “use in commerce”

Significance of “use in commerce”

- Generally, use of a mark in commerce is required to register a trademark.
 - In applications
 - List only goods and services in use or for which a bona fide intent to use at the time of filing exists
 - In post-registration maintenance declarations
 - Delete any goods and services for which:
 - The mark is not currently in use in commerce
 - No excusable nonuse exists

Significance of “use in commerce”

- Accuracy matters.
- Trademark register should reliably reflect marks used in commerce.
- Inaccurate or improper use claims:
 - Could result in loss of registration
 - Contribute to a cluttered trademark register
 - Diminish register’s utility to businesses and the public

When is a mark used in commerce?

- **Goods**

- Mark is placed on the goods, their containers, or affixed tags or labels or associated displays
- Goods are sold or transported in commerce

- **Services**

- Mark is displayed in the sale or advertising of the services
- Services are rendered in commerce

When is a mark used in commerce?

- Use must be:
 - As a source indicator
 - In the ordinary course of trade
 - Not merely to reserve a right in the mark

Discussion topic

History of audit program

History of audit program

- Launched as a pilot in 2012:
 - To assess the accuracy of use claims in registration maintenance filings
 - 500 trademark registrations with six-year Section 8 or 71 declarations of use were randomly selected
 - Additional “proof of use” required

History of audit program

- 51% (253) of audited registrations did not verify previously claimed use:
 - 35% deleted goods and services
 - 16% failed to respond to office actions and were cancelled

History of audit program

- Pilot results by registration basis

Basis for registration	Percentage of audited registrations deleting queried goods/services	Percentage of audited registrations receiving a Notice of Cancellation	Percentage of audited registrations receiving a Notice of Acceptance (including for a narrowed identification of goods/services)	Percentage of audited registrations unable to verify use claims in original Section 8 or 71 Declarations
Section 1(a)	28%	17%	83%	45%
Section 44(e)	58%	7%	93%	65%
Section 66(a)	57%	14%	86%	71%
Combined Section 1(a) and 44(e)	56%	12.5%	87.5%	69%

History of audit program

- Subsequent steps taken:
 - Public outreach about pilot results:
 - Public roundtable in December 2014
 - Direct outreach to stakeholder groups
 - Solicited written comments from interested parties
 - Final rule developed and implemented following widespread public support for a permanent program

History of audit program

- Effective March 21, 2017, trademark rules were amended.
- Rules permit the USPTO to require the owner to furnish:
 - Information
 - Exhibits
 - Affidavits or declarations



Discussion topic

Audit procedures and results to date

Audit procedures

- Permanent program launched on November 1, 2017:
- A registration may be audited if it meets two requirements:
 1. A Section 8 or 71 declaration of use is filed
 2. The registration includes at least either:
 - one class with four or more goods or servicesor
 - two classes with two or more goods or services

Proof of use for goods

- Evidence showing the mark used in commerce with the audited goods, including:
 - Photographs showing the mark on a tag or label affixed to the goods
 - Photographs showing the mark on an unattached tag or label that also includes:
 - The generic name of the goods
 - Informational matter that traditionally appears on a tag or label for those goods



Proof of use for goods

- Evidence for goods also includes:
 - Webpage printouts or screenshots with the URL and access or print date
 - Photographs of the mark on packaging where the goods are visible through the packaging

Proof of use for services

- Evidence showing the mark used in commerce with the audited services, including:
 - Copies of advertising, such as brochures or flyers
 - Photographs of the mark on retail store or restaurant signage
 - Photographs of the mark on service vehicles
 - Webpage printouts or screenshots with the URL and access or print date

Deletion fee and deficiency surcharge

- Sections 8(b) and 71 of the Trademark Act require that a declaration:
 - Set forth the goods and services recited in the registration on or in connection with which the mark is in use in commerce.

Deletion fee and deficiency surcharge

- Effective January 2, 2021, \$250 per class fee required when:
 - Goods, services, and/or classes deleted after a Section 8 or 71 declaration is filed and before acceptance.
 - Applies to all Section 8 and 71 declarations, not just those under audit.

Deletion fee and deficiency surcharge

- Deleting goods or services after filing indicates that the declaration is deficient.
- Other deficiencies in a declaration include:
 - Insufficient filing fees paid
 - Unacceptable specimens submitted
 - Listing goods or services that differ from those in the registration
 - Wrong party identified as the current owner

Deletion fee and deficiency surcharge

- A one-time \$100 deficiency surcharge may be required when a deficient declaration is corrected.
 - Determined by the date the original declaration was filed and the date of the response correcting the declaration.

Determining when a deficiency surcharge is due

Regular statutory period (5th- 6th year/ 9th- 10th year)	6-month grace period	After grace period
Period 1	Period 2	Period 3

- If a deficiency is corrected within the same filing period as the original Section 8 or 71 declaration, no deficiency surcharge is due.

Determining when a deficiency surcharge is due

Regular statutory period (5 th - 6 th year/ 9 th - 10 th year)	6-month grace period	After grace period
Period 1	Period 2	Period 3

- If a deficiency is corrected in a filing period different from the original Section 8 or 71 declaration, a deficiency surcharge **is** required.

Initial office action

- Requires proof of use for two additional goods and services per class
- For multiclass registration with class(es) containing only one item:
 - Class(es) are only audited if the specimen is not acceptable as proof of use.

Initial office action

- Identifies any issues and deficiencies with the maintenance filing
- Includes the following advisories:
 - Delete audited goods and services if acceptable proof of use is unavailable
 - Delete any other goods and services not in use and for which proof of use is unavailable
 - Deletion fee of \$250 required for each class with a deletion(s)
 - One-time \$100 deficiency surcharge may be required

Initial office action

- Warns that:
 - Failure to provide acceptable proof of use will result in a second office action
 - Failure to timely respond will result in cancellation of the entire registration
 - Filing deadline: Six months from the issue date of the office action or within the relevant statutory filing period, whichever is later

Strategy to complete audit in one response

- Clearly label or describe which audited good(s) and service(s) each item submitted as proof of use supports
- If deleting any goods or services, submit all fee(s) due for each class with a deletion (**\$250 times (x) number of classes with deletions**)

Strategy to complete audit in one response

- Submit the \$100 deficiency surcharge, if due
- If your response includes deletions, also provide clearly labeled proof of use for all remaining goods and services in the audited class(es)

Strategy to complete audit in one response

- Provide tables, charts, or lists of exhibits that clearly describe proof of use in large documents
- Don't resubmit evidence already in USPTO records from past filings, particularly if it displays a USPTO "date stamp"



Evaluating response to initial office action

- A notice of acceptance will issue if:
 - Acceptable proof of use is provided for the audited goods and services.

or

- All goods and services in the audited class(es) without acceptable proof of use are deleted.
- The deletion fee is paid, along with the \$100 deficiency surcharge, if due.

Evaluating response to initial office action

- If response is not acceptable, a **second office action** will issue requiring:
 - Proof of use for all goods and services remaining in the audited class(es) without acceptable proof of useand/or
 - Payment of outstanding fees

Evaluating response to second office action

- A notice of acceptance will issue if:
 - Acceptable proof of use is provided for the audited goods and services.

or

- All goods and services in the audited class(es) without acceptable proof of use are deleted.
- The deletion fee is paid, along with the \$100 deficiency surcharge, if due.

Evaluating response to second office action

- Failure to timely respond will result in cancellation of the entire registration
- Filing deadline: Six months from the issue date of the office action or within the statutory filing period, whichever is later

Deletion fees

- Deletion fees must be paid:
 - Each time owner requests or is required to delete goods, services, or class(es).
 - For each class in which goods and services are deleted.

Deletion fees

- Example:
 - In a response to the initial office action, ABC Company deletes goods from **three** classes.
 - In response to the second office action, ABC Company deletes goods from **two** of the same classes.
 - Total deletion fee required: \$250 times (x) 5 = **\$1,250.**

Evaluating response to second office action

- Failure to comply will result in a third office action.
 - Two response options:
 - File a petition to the Director
 - File a response to the office action deleting goods and services and paying all outstanding fees
 - If time remains in the grace period, a new Section 8/71 declaration can be filed (new filing fees required and audit continues with new declaration).

Third office actions

- Response deadline: No later than six months from the issue date of the office action
- Entire registration cancelled if no response or petition to the Director is submitted

Results to date

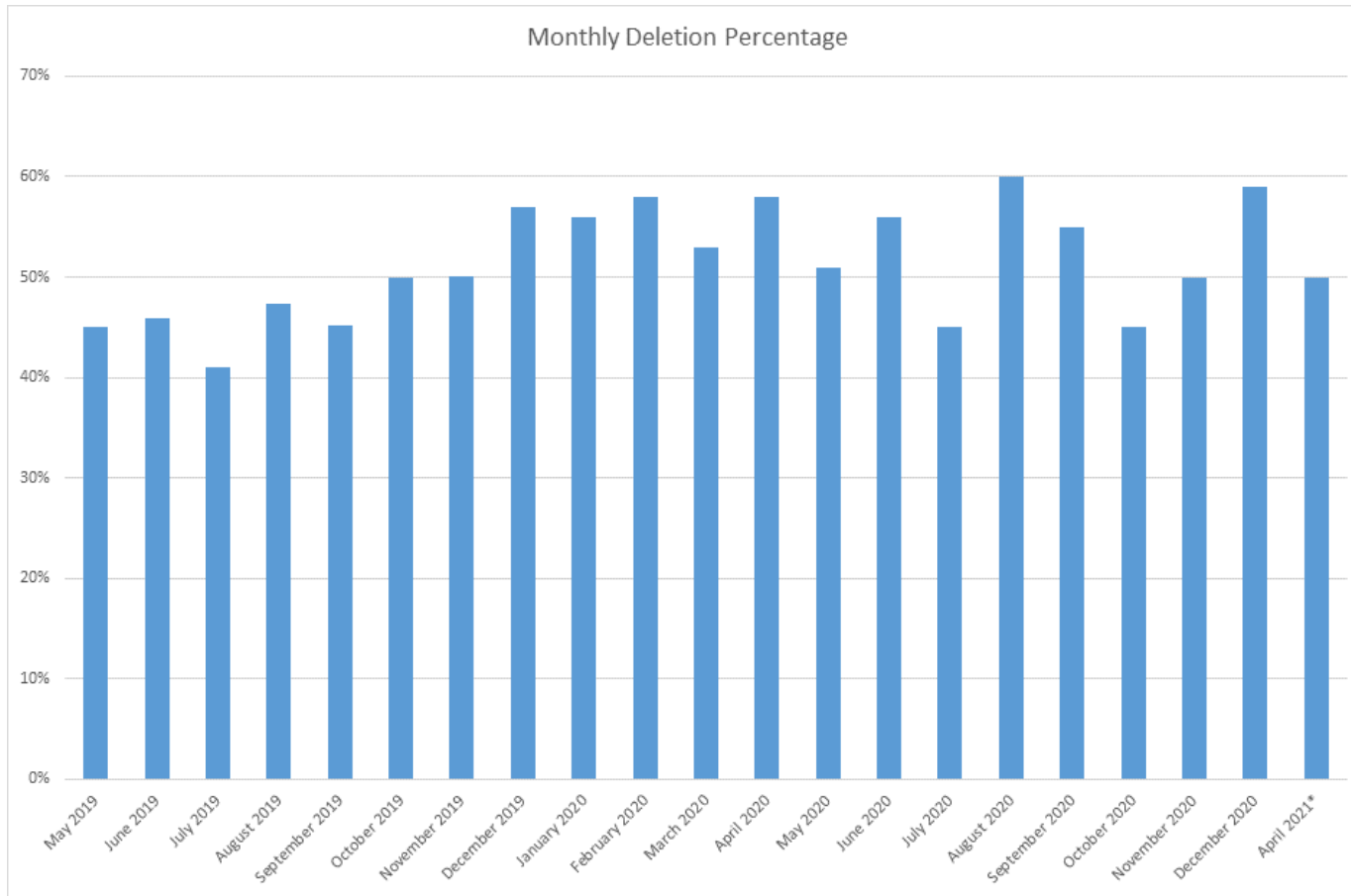
Audit statistics	Nov 2017 – Apr 30, 2021
First actions issued	14,714
Responses received	11,820
Responses deleting goods or services	6,087
% registrations with deletions in response to audit	51%
% registrations with deleted goods or services or cancelled	57%
% respondents represented by U.S. attorney	82%
% unrepresented respondents	18%



Results to date

Basis for registration	Nov 2017 – Apr 30, 2021 registrations % unable to verify previously averred use
Use Section 1(a)	47%
Paris convention Section 44(e)	64%
Madrid Section 66(a)	67%
Combined use and Paris Sections 1(a) and 44(e)	65%

Results to date



Discussion topic

Responding to an audit

Responding to an audit

- Use Trademark Electronic Application System form wizard questions

2. Do you need to do any of the following:

- [Delete goods, services, or an existing class](#)*
- [Modify the identification of goods/services/the nature of the collective membership organization](#) **
- [Submit new or substitute specimen or verify a previously submitted specimen](#)***

*NOTE: To change an existing class number, you must file a [Section 7 Request](#).

NOTE: Only modifications to correct obvious typographical errors or to delete goods/services/classes in the identification of goods/services/the nature of the collective membership organization are permitted without a Section 7 Request. Other changes, including to clarify or limit the goods/services/the nature of the collective membership organization, require a [Section 7 Request](#). Adding to or broadening the scope of the goods/services/nature of the collective membership organization is **not permitted.

***NOTE: This is for the submission of substitute specimens. You should not select this if you are responding to a Proof of Use Audit unless you also need to submit a new or substitute specimen. If you are responding to a Proof of Use Audit, answer "Yes" to #3.

NOTE: Filing this form **after** submission of a pending section 8 or 71 declaration may incur required fees if proposing any change to the registration except for the mere deletion of wording in the identification and/or deletion of classes. Updates to the owner mailing or email addresses, updates to the information of an already appointed attorney, appointment of a new attorney are **not** considered changes to the registration.

Yes No

3. Do you need to respond to a [Proof of Use Audit](#)?

Yes No



Responding to an audit

- Changes to goods and services display as track changes

CLASSIFICATION AND LISTING OF GOODS/SERVICES/COLLECTIVE MEMBERSHIP ORGANIZATION
Use this form to: (1) delete goods and services; (2) delete an entire class; or (3) correct obvious typographical errors; but never to add to or broaden the goods/services/nature of the collective membership organization.
Registration Subject to Cancellation for Fraudulent Statements Statements made in filings to the USPTO must be accurate; inaccuracies could result in the cancellation of a trademark registration. Lack of use on all goods/services for which use is claimed in a post-registration filing with the USPTO could jeopardize the validity of the registration and result in its cancellation.
WARNING: This form is being filed after submission and before acceptance of a Declaration of Use and Excusable Nonuse under Trademark Act Sections 8 or 71. Deletion of any or all goods/services in a class will incur an additional fee of \$250 for each class in which goods/services are deleted.
Enter information for the Class
International Class: 025
CURRENT IDENTIFICATION: The current identification of goods/services/nature of the collective membership organization is displayed below. If modifying the identification to delete goods or services or to correct obvious typographical errors, edit the identification in the "MODIFY IDENTIFICATION" section of this page. Key to Symbols Appearing in the Identification: <ul style="list-style-type: none">• Brackets [.] indicate previously deleted goods/services;• Double parenthesis (..) identify any goods/services previously not claimed in Section 15 affidavit of incontestability; and• Asterisks *..* identify previously added wording in the goods/services.
insulated clothing, namely, jackets, coats, vests, detachable hoods for jackets and coats, frock liners, overalls, and coveralls
MODIFY IDENTIFICATION: Any item deleted from the listing of goods/services/nature of the collective membership organization will be PERMANENTLY DELETED from the registration and may NOT be reinserted. Do NOT add or broaden goods or services or otherwise amend the goods/services/nature of the collective membership organization beyond the scope of the current identification.
insulated clothing, namely, jackets, coats, vests, detachable hoods for jackets and coats , frock liners, overalls, and coveralls



Responding to an audit

- Proof of use fields display modified identification of goods and services

Proof of Use Submissions
INSTRUCTIONS: <ul style="list-style-type: none">• Delete goods/services from those displayed below by returning to the Mark Information page. Answer YES to the question asking whether you want to "delete goods, services, or an existing class."• Select the appropriate radio button in each class section.• Provide proof of use by listing each audited item separately. Add a section for additional goods/services by clicking the "Provide Additional Proof of Use" button.
Current listing of goods/services for Class 025: insulated clothing, namely, jackets, coats, frock liners, overalls, and coveralls
<input checked="" type="radio"/> Proof of Use provided below for this class.
<input type="radio"/> Verification only being provided for previously submitted, unverified proof of use.
<input type="radio"/> No proof of use required for this class.
Proof of Use Information
*Audited Goods/Services: NOTE: List each audited item separately in the text box below. Click the "Provide Additional Proof of Use" button to add additional boxes for additional items.
<input type="text"/>
*Describe the attached evidence for this item:
<input type="text"/>
*Proof of use Evidence: Proof of use must show the mark in use for each audited good/service.
NOTE: For attachment, the JPG/PDF image file(s) showing the proof of use must be on your local drive. The Proof of Use should show the <i>overall context</i> of how the mark is used, e.g., on the packaging for the goods, or in an advertisement for services, with the mark clearly displayed thereon or within. This image file should NOT show <i>only</i> the mark by itself.
To attach your file: *Click on the 'Attach' button to select the file in JPG/PDF format (not exceeding 5 megabytes per attachment for JPG or 30 megabytes for PDF) or .WAV, .WMV, .WMA, .MP3, .MPG, or .AVI format (not exceeding 5 megabytes for sound files or 30 megabytes for motion files).
Click here to Attach Proof of Use <small>0 file(s) attached</small>



Responding to an audit

- Pay any required fees: deletion fee (per class) and deficiency surcharge (per filing)

FEE INFORMATION

To pay a fee for any of the items that may be listed below in the "Additional Fees" portion, use the pulldown menu in the "Multiplier" column to "activate" that fee choice. Repeat as necessary. The "Overall Total Amount" will reflect all selected "Additional Fees," along with any "Required Fees," if specifically so designated in the form.

Required Fees				
Fee Information	Per	Multiplier	Fee	Total
Required Fee Total				\$0

Additional Fees				
Fee Information	Per	Multiplier	Fee	Total
Section 8, Grace Period Fee	Number of Classes	0	\$100	\$0
Section 8 and 15, Grace Period Fee	Number of Classes	0	\$100	\$0
Section 15 Fee	Number of Classes	0	\$200	\$0
Section 8 Fee	Number of Classes	0	\$225	\$0
Section 8 and 15 Fee	Number of Classes	0	\$425	\$0
Additional Processing Fee for Each Payment Refused or Charged Back	Number of Payments Refused or Charged Back	0	\$50	\$0
Correcting a Deficiency in a Section 8 Affidavit or Declaration Fee	Filing	0	\$100	\$0
Deleting goods and/or services, and/or classes after submission and prior to acceptance of a section 8 affidavit	Per Class	0	\$250	\$0
Additional Fee Total				\$0
OVERALL TOTAL AMOUNT				\$0



Discussion topic

Preparing for an audit

Preparing for an audit

- To date:
 - More than 14,000 registrations have been audited under the permanent program.
 - Auditing at least 5,000 registrations per year is planned going forward.
- Your chance of an audit is increasing.

Preparing for an audit

- When signing a Section 8 or 71 declaration of use, mark owners or their attorneys are swearing that:
 - The mark is in use with the goods and services in the declaration.
 - The specimens show the mark as currently used in commerce on or in connection with the goods or services.

Preparing for an audit

- **Whoever signs or files is certifying that:**
 - To the best of their knowledge, information, and belief, formed after an inquiry reasonable under the circumstances, the factual contentions have evidentiary support
- **The signer is subject to criminal penalties for knowingly and willfully making false statements or representations.**



Preparing for an audit

- All submissions must:
 - Be based on reasonable inquiry
 - Not be presented for any improper purpose
 - Be warranted by existing law
 - Have evidentiary support
- Sanctions are available for noncompliance.

Preparing for an audit

- What is considered to be a “reasonable inquiry” will vary with the circumstances.
 - For example, is the attorney signing the declaration or is the attorney submitting a client-signed declaration?
- **Some considerations include:**
 - Is the client educated on the meaning of and criteria for determining if mark is in use in commerce?
 - Did the attorney check with the client that appropriate steps to confirm use were taken?

Preparing for an audit

- More considerations:
 - Did the attorney review pertinent documents available to the attorney?
 - Did the attorney have reason to question the accuracy or completeness of any client-provided information?

Preparing for an audit

- Consider creating a checklist.
 - Identify each good and service on a separate line (copy and paste from Trademark Status and Document Retrieval system)

Preparing for an audit

- When use of the mark with each specific good and service is confirmed:
 - Take photographs of the goods.
 - Print supporting webpages (with the URL and date of printing).
 - Keep other supporting documentation for your records.

Preparing for an audit

- When use of the mark with specific good(s) and service(s) cannot be confirmed:
 - File a Section 7 request **before** submitting a Section 8 or 71 declaration to delete them.
 - New “\$0 fee” option available for Section 7 requests only deleting goods, services, and/or classes from a registration.
 - Delete them in the Section 8 or 71 declaration.
 - No deletion fee is required.

Preparing for an audit

- Visit the [post registration audit program webpage](#) for:
 - Additional information about audit procedures
 - Proof of use examples

Questions?

