Trademark Modernization Act: Final Rule

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Trademark Modernization Act

**Letter of protest**
Codifies existing practice
$50 fee

**Flexible response period**
Shorten response periods to no less than 60 days but extendable to full six months

**Nonuse cancellation**
- Expungement
- Reexamination

**Clear deadwood and move applications through more quickly**
TMA implementation timeline

- **TMA signed into law**
  - December 2020

- **Notice of proposed rulemaking published**
  - May 18, 2021

- **Public comment period closed**
  - July 19, 2021

- **Nonuse cancellation tools implemented**
  - December 2021

- **USPTO public roundtable**
  - March 1, 2021

- **USPTO public roundtables**
  - July 1 and 14, 2021

- **Final rule will issue**
  - November 2021

- **Flexible response periods implemented**
  - TBD, based on final rule
The OIG audit report: implementing recommendations
Office of the Inspector General (OIG) Department of Commerce

- OIG audited USPTO’s trademark fraud risk framework
- Report released August 2021
  - Includes OIG findings and recommendations
  - USPTO response appears as an appendix

https://www.oig.doc.gov/Pages/USPTO-Should-Improve-Controls-over-Examination-of-Trademark-Filings-to-Enhance-the-Integrity-of-the-Trademark-Register.aspx
OIG audit

• Audit objective
  – “to determine whether USPTO’s trademark registration process is effective in preventing fraudulent or inaccurate registrations”

• Method
  – “assessed whether USPTO prevents inaccurate trademark applications from entering and being maintained on the trademark registration, as well as whether the USPTO is adequately managing fraud risk”
1. Lack of effective enforcement of US counsel rule
2. Approved registrations containing digitally altered specimens of use
3. Failure to ensure accurate identifications of goods/services
4. Lack of a fraud risk framework

Audit period: October 2019 - April, 2020
Finding #1: Lack of effective enforcement of US counsel rule

OIG recommendation (a): enforce domicile address requirement

OIG recommendation (b): hold attorneys accountable for high volumes of bad specimens
Address verification

Unacceptable domicile addresses

- PO Boxes,
- c/o addresses,
- commercial mail receiving agencies (CMRA), mail drops, registered agents
- addresses that don’t exist or incomplete addresses
- addresses that are not actually the applicant’s domicile
  - a single address used by multiple, unrelated applicants

USPTO actions

- Implemented/ing automated queries in applications and in the eOG for:
  - PO Boxes & c/o
- Running automated queries of the USPS database against domicile addresses to identify
  - Commercial mail receiving agencies
  - Registered agent addresses
  - Addresses that don’t exist or are incomplete
- Flagging known problematic domicile addresses including repeating addresses
Holding attorneys accountable

Special task force
- Improved reporting and workflow for suspicious filings
  - Centralized internal reporting of suspicious filings
  - Establishing automated workflow to hold action on suspected applications
  - Identifying sanctions transactions in electronic records (transparency)

Referral to OED
- Improved referral process to OED
  - NY attorney
    - Chinese filing firm
  - CA attorney
    - Indian filing firm
  - 22 cases referred to OED in FY21
Finding #2: Approved registrations with digitally altered specimens

OIG recommendation (a): Revise examination guidance

OIG recommendation (b): Consolidate review of multiple trademark applications from a single applicant
Digitally altered specimens

Revised exam guidance
• WG considering possible measures
  – Avoid impacting good faith actors
  – Letter of protest procedure expanded to allow fake specimens

Consolidated review
• Using IT tool, special task force identifies applications with same suspicious data element
  – Establishing automated workflow to hold action on suspected applications
Finding #3:
Failure to ensure accurate identifications of goods/services

OIG recommendation:
Clarify guidance on requiring additional specimens for “disparate goods”
Disparate goods

• Planned guidance on “wide” and “unrelated” to address OIG recommendation
  – Avoid impacting good faith actors
Finding #4:
USPTO lacks a comprehensive fraud risk strategy

OIG recommendation (a):
Create a risk framework & update Special Task Force charter

OIG recommendation (b):
Use managing attorneys’ quality review data to increase accuracy
Risk framework

Enterprise Risk Management (ERM)
• Update the ERM scorecard
• Update Special Task Force charter

Managing attorney data
• Incorporate more granular examining attorney quality review data into TQRS
Sanctions transparency
Administrative sanctions process

STF investigation → Show cause order → Party’s response

Order for sanctions → Imposing sanctions