August 22, 2016

**Via Email:** *TMFRNotices@uspto.gov*

Commissioner for Trademarks
Attn: Jennifer Chicoski
United States Patent and Trademark Office
P.O. Box 1451
Alexandria, VA 22313-1451

**Re: Changes in Requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases, PTO-T-2016-0002, 81 Fed. Reg. 120, pp. 40589-594 (June 22, 2016).**

Dear Ms. Chicoski:

The Entertainment Software Association (ESA) welcomes the opportunity to respond to the United States Patent and Trademark Office's (USPTO) June 22, 2016 Notice of Proposed Rulemaking with regard to Changes in Requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases.

ESA is the U.S. association exclusively dedicated to serving the business and public affairs needs of companies that publish computer and interactive games for video game consoles, handheld devices, personal computers, and the Internet. It represents nearly all of the major video game publishers and major gaming platform providers in the U.S. In 2015, the U.S. video game industry generated more than $23.5 billion in revenue, added more than $6.2 billion in value to U.S. GDP and directly and indirectly employed more than 146,000 people in 36 states.

Our members typically own trademark portfolios containing hundreds, if not thousands, of applications and registrations, and as a result, the proposed rules will directly impact them. Our comments and recommendations are provided below.

**Comments**

In the Notice of Proposed Rulemaking, the USPTO outlined its intention to require the submission of additional proof of use to verify the accuracy of claims that a trademark is in use in connection with one or more of the goods/services identified in a randomly selected registration. The reason given for the proposed rules is to allow the USPTO to assess and promote the integrity of the trademark register. The USPTO believes that the proposed rules will

facilitate clearing the register of unused marks by cancelling, in whole or in part, registrations for marks that are not in use for all or some of the goods/services identified in the registration, thus reducing costs and burdens currently imposed on parties who seek to use or register the same or similar marks. ESA supports the USPTO's stated goals and believes the proposed rules will provide tangible benefits to its members. One important way the proposed rules will benefit our members is by easing the needless costs and burdens they face when determining whether a preferred mark is available for use or registration.

A fundamental principle of U.S. trademark law is that trademark rights arise from the *bona fide* use of a mark in commerce, rather than from the mere existence of a registration on the registry. This principle informs the expectations of video game companies when they consider how to brand new products and when they consider how best to avoid conflicts with existing registered marks. Having an accurate register is essential for trademark owners in the video game industry to be able to conduct accurate trademark clearance searches and register their marks. Our members conduct, at minimum, hundreds of trademark clearance searches every year. And, while they generally do not seek to register a mark for a vast array of goods and services, they have expressed concerns that the current state of the registry often impedes their ability to use or seek to register marks for specific goods or services, due to the existence of registrations that contain long lists of goods and services that do not appear to be in use, yet are still live on the register. For example, if a company's core business is clearly unrelated to video games, but its registration covers video game software plus numerous additional items, (including those that appear in the Class 9[1] class heading, such as "cash registers" and "magnetic data carriers,") having the USPTO audit this type of registration to request additional proof of use of such auxiliary items will provide a clear benefit to other trademark owners and trademark applicants. Either the registrant will be able to provide evidence of use to support the continued registration of those items or those items will be deleted from the registration, which puts the trademark back into circulation for potential use by other parties for those items, where there are meaningful differences between the retained and cancelled goods or services.

Without enactment of the proposed rules, trademark owners will continue to be unduly burdened by bloated registrations existing on the register. This burden generally takes the form of the additional time, effort, and expense required to overcome an overbroad registration that may include unused goods or services (e.g., conducting a trade investigation, negotiating with a

[1] The USPTO uses a classification system that divides all goods and services into 45 classes, 34 for products and 11 for services. Video game software, for example, is in Class 9, along with other goods that fall within the following class heading: "scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; compact discs, DVDs and other digital recording media; mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment, computers; computer software; fire-extinguishing apparatus."

cited registrant to obtain a letter of consent, filing a cancellation action, etc.). In many cases, trademark owners must consult with outside trademark counsel and, when combined with vendor fees, these additional steps to obtain a registration, can cost thousands of dollars. This problem is magnified for trademark owners who perform a large number of trademark searches. In the most extreme instance, applicants are unfairly denied the ability to use or register a mark that should be available to the public for use. To combat this problem, the proposed rules will facilitate the removal from the register, in whole or in part, of registrations for marks that are not in use with all of the covered goods and services, ensuring that marks on the register are supported by a *bona fide* use in commerce. Overall, clearing the register of unused marks will help to promote a more efficient allocation of rights and resources among trademark owners.

The problem of unused marks is amplified for our members because the majority of applications filed by video game publishers are in Classes 9 and 41. Class 9 is the most crowded class, having the most number of live registrations and having the largest number of approved identifications in the USPTO's Trademark ID Manual.[2] We are concerned that the problem of crowded registers will continue to worsen if the proposed rules are not adopted. This is because there has been a general trend of increased year-over-year new U.S. trademark application filings. According to a recent article, the number of new applications filed in the USPTO's fiscal year 2015 increased nearly 11% from the number filed the previous fiscal year.[3] And there is no reason to believe this upward trend will not continue into 2016. With more applications being filed, there is greater potential for these new applications to be blocked by existing but inactive marks. We believe that the enactment of the proposed rules will curb this undesirable result. Moreover, the proposed rules will have the positive effect of creating more legal certainty for our members, allowing them to allocate more resources towards developing new products rather than to trademark clearance and prosecution expenses. This will likely spur greater investment by our members in developing new products, ultimately benefiting consumers in the form of increased quality and quantity of marketplace offerings.

The proposed rules may also curtail the problem of trademark applications containing overly broad identifications of goods and services at the time of filing. If a trademark applicant knows that it may be subject to an additional audit of its registration, the applicant may be more likely to file an application for only those goods and services with which it has a *bona fide* intent to use the mark and maintain a registration for only those goods and services which it actually uses the mark in order to reduce the likelihood of being selected for an additional audit.

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[2] The Trademark ID Manual currently lists 4,097 entries for Class 9. *See* https://tmidm.uspto.gov/id-master-list-public.html (last visited August 4, 2016). This far exceeds the number of entries in any other Class considering that the Classes with the next closest number of entries are Class 35, with 2,037 entries, and Class 7, with 1,920 entries. *Id.*

[3] Trevor Little, *The Pressure of Rising Demand*, WORLD TRADEMARK REVIEW, Aug./Sept. 2016, at 58.

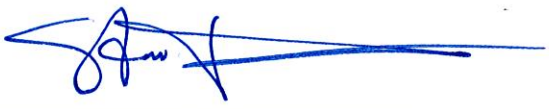
Finally, we concur with the USPTO's conclusion that the costs imposed on trademark owners by executing the proposed rules will likely be minimal because owners will only be randomly selected and will not be routinely or repeatedly subject to audits.

**Conclusion**

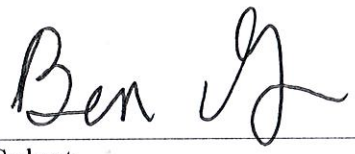
ESA appreciates the USPTO's efforts to maintain the accuracy and integrity of the trademark register. We support the USPTO conducting spot checks of a subset of registrations, as proposed, rather than implementing a mandatory additional requirement for all registered marks. In sum, these recommendations will allow the USPTO to best achieve the stated purpose of the proposed rule. We also believe the proposed rules will help to promote an efficient allocation of resources, curb overbroad filings at the application stage, and provide a mechanism to clear the register of potentially inactive registrations. These benefits will enable our members to more easily clear new brands, leading to the availability of more resources for product development, creating new jobs, and, ultimately, benefiting consumers through the increased quality and quantity of products in the marketplace.

We look forward to participating in any further outreach undertaken by the USPTO. Should the USPTO have any questions or comments concerning ESA's response, please contact Stanley Pierre-Louis or Ben Golant at (202) 223-2400.

Respectfully yours,



Stanley Pierre-Louis
Senior Vice President and General Counsel
ENTERTAINMENT SOFTWARE ASSOCIATION



Ben Golant
Chief Counsel, Intellectual Property Policy
ENTERTAINMENT SOFTWARE ASSOCIATION