

August 14, 2017

Via email to: [TTABFRNotices@uspto.gov](mailto:TTABFRNotices@uspto.gov)

The Hon. Mary Boney Denison  
Commissioner for Trademarks  
U.S. Patent and Trademark Office  
P.O. Box 1451  
Alexandria, VA 22313-1451

**Re: Request for Comments Concerning a  
Streamlined Version of Trademark Cancellation Proceedings  
on Grounds of Abandonment and Nonuse**

Dear Commissioner Denison:

I write in response to the USPTO's request for public comments concerning *Improving the Accuracy of the Trademark Register: Request for Comments on Possible Streamlined Version of Cancellation Proceedings on Grounds of Abandonment and Nonuse*, published at 82 Fed. Reg. 93 (PTO-T-2017-0012, May 16, 2017).

I am a partner at the firm of Legends Law Group, PLLC. My firm comprises two attorneys. I have been in private practice for about 13 years and manage a portfolio of about 2,300 United States trademarks, of which about 1,400 were originally filed under the Madrid Protocol by clients based outside the United States, under Section 66(a).

I appreciate the USPTO's invitation to comment on the establishment of a streamlined version of the existing *inter partes* abandonment and nonuse grounds for cancellation before the USPTO's Trademark Trial and Appeal Board ("TTAB") ("Streamlined Proceedings").

I see a great need for Streamlined Proceedings and offer the comments below.

**I. THE NEED FOR STREAMLINED PROCEEDINGS**

I recognize that the Office has already invested significant effort in analyzing the need for Streamlined Proceedings.

Because the majority of my client base is outside the United States, I have an unusual perspective on this issue:

1. Most of the U.S. trademarks owned by my clients are filed under Section 44(e) or Section 66(a). Thus, my clients are not required to file a Statement of Use before obtaining a trademark registration. They are only required to have a bona fide intent to use the trademark for all goods and services in their application.

2. Most of my clients are unfamiliar with U.S. legal procedures and are extremely cautious of engaging in any dispute proceeding where the *full amount* of legal fees cannot be known before a procedure is undertaken.

The lack of a Use in Commerce requirement for Section 44(e) and Section 66(a) registrations appears to lead many foreign trademark owners to register marks for what may seem like an inordinately long list of goods and services.

In broad terms, the length of the description of goods and recitation of services (the “ID”) determines the scope of legal rights granted by a federal trademark registration.

While many trademark practitioners have a general sense that applications from non-U.S. applicants include lengthy IDs, I have recently been researching the actual differences in the length of IDs in registrations issued under Section 44(e), Section 66(a), (both of which permit registration based on an intent to use) and Section 1(a) (which requires use in commerce before registration).

My as-yet unpublished research shows the following:

For marks registered under Section 1(a):<sup>1</sup>

The average number of words in each class: 37  
The average number of words in each registration: 51  
The median number of words in each class: 18  
The median number of words in each registration: 20  
The average number of classes in each registration: 1.36  
The median number of classes in each registration: 1.0

For marks registered under Section 44(e):<sup>2</sup>

The average number of words in each class: 88  
The average number of words in each class: 175  
The median number of words in each registration: 44  
The median number of words in each registration: 66  
The average number of classes in each registration: 1.99  
The median number of classes in each registration: 1.0

For marks registered under Section 66(a):<sup>3</sup>

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<sup>1</sup> Based on a study of 10,007 U.S. federal registrations for applications filed between January 1, 2014 and December 31, 2015 and registered under Section 1(a).

<sup>2</sup> Based on a study of 9,467 U.S. federal registrations for applications filed between January 1, 2014 and December 31, 2015 and registered under Section 44(e).

<sup>3</sup> Based on a study of 9,910 U.S. federal registrations for applications filed between January 1, 2014 and December 31, 2015 and registered under Section 66(a).

The average number of words in each class: 111  
The average number of words in each registration: 311  
The median number of words in each registration: 59  
The median number of words in each registration: 145  
The average number of classes in each registration: 2.82  
The median number of classes in each registration: 2.0

A significant amount of further research is needed. However, if we compare just two key numbers from this data, we see that the median number of classes in a Section 1(a) registration is 1 and the median number of classes in a Section 66(a) registration is 2. Thus, non-US applicants—who are not required to show use in commerce—are receiving twice the scope of legal protection for their trademarks compared to 1(a) registrants.

To the degree that Section 44(e) and Section 66(a) applications are based on a bona fide intent to use all goods and services within the application, these applications are more likely to be refused under Section 2(d) because of conflicts with other registrations. These applicants would benefit tremendously from a Streamlined Proceeding in which unused earlier registrations could be removed as obstacles to registration of their marks, without the burden (and fear) of a potential \$80,000+ expense.

To the degree that Section 44(e) and Section 66(a) applications are *not* based on a bona fide intent to use all goods and services within the application, these applications should not be permitted to block the registration of other trademarks. In such cases, a Streamlined Proceeding will benefit other trademark owners who can remove or limit marks filed under Section 44(e) and Section 66(a) without the expense that is currently the norm.

Streamlined or fast-track non-use proceedings are already used in many jurisdictions, including Canada, the European Union, Australia, and New Zealand.

It is interesting to note, in light of the policy goals discussed in the section below, that Canada, the European Union, and Australia all permit the filing of a non-use proceeding by any third party. Standing is not a requirement.<sup>4</sup>

## **II. POLICY GOALS**

A fundamental precept of U.S. trademark law is that trademark rights require trademark use. Yet, the Office does not police the trademark register in anything like a comprehensive manner. It is not feasible for it to do so. Rather, the statute provides for regular maintenance submissions, of limited scope, from trademark owners.

The goals of Streamlined Proceedings thus serves a two-fold purpose of permitting plaintiff trademark owners to more efficiently police the trademark register (for the benefit of the

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<sup>4</sup> In Australia, Section 92(1) of the Trade Marks Act 1995 permits any person to apply to have a mark removed from the trademark register; in Canada, Section 45 of the Trademarks Act permits any person to file a notice seeking to have a trademark cancelled for non-use.

public and other trademark owners) by clearing off marks that no longer have a legal right to be on that register, while at the same time permitting those plaintiff trademark owners to remove obstacles to the registration of their own trademarks.

Viewed from the perspective of these plaintiff trademark owners that the Office wishes to enable to participate more efficiently in policing the trademark register, the term “Streamlined” Proceedings could be providing the wrong focus: The time required for a cancellation proceeding under current regulations is not the principal concern of trademark owners who might wish to use Streamlined Proceedings. Rather, cost is the problem.

The most recent economic report issued by the American Intellectual Property Law Association,<sup>5</sup> indicates that the total cost for a trademark opposition or trademark cancellation proceeding at the TTAB is holding steady at about \$80,000. Without wishing to oversimplify the legal complexities, it is difficult for most businesses to justify an expense of \$80,000 (with a risk of much higher costs) in order to require another trademark owner to prove that they are still using their trademark.

*Thus, if the TTAB wishes to enable a policy goal of permitting a much larger number of private parties to assist in policing the quality and validity of the trademark register, the proposed Streamlined Proceedings should be simplified and structured in a manner that would permit an experienced trademark attorney to handle a Streamlined Proceeding on a flat fee basis.*

For trademark owners, the advantage of a procedure that is simple enough to permit a flat-fee legal services quotation is that trademark owners can budget for the outlay of overcoming a refusal in a trademark office action;

For the Office, the advantage of such a procedure is that the trademark register is likely to receive much more assistance from private parties in removing abandoned marks.

For owners who are defendants in Streamlined Proceedings, a simplified procedure would also mean that the costs to respond are smaller and can be predicted with reasonable certainty.

The models used for non-use proceedings in other countries, or the model used by the Uniform Dispute Resolution Procedure for domain names<sup>6</sup> are useful models in this regard: A plaintiff submits a claim of non-use, the defendant trademark owner responds by submitting evidence of use, or fails to do so.

This is clearly an oversimplification of the detailed regulations needed for a Streamlined Proceeding. But it is certainly appropriate to have as a goal simplicity and a clearly defined procedure that is not subject to the myriad twists and turns that create such expense in current TTAB proceedings.

It may even be appropriate to seek statutory changes in order to deal with specific regulatory challenges posed by the policy goals of a Streamlined Proceeding.

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<sup>5</sup> Report of the Economic Survey 2017, Law Practice Management Committee of the American Intellectual Property Law Association, June 2017.

<sup>6</sup> See generally Rules for Uniform Domain Name Dispute Resolution Policy, available at <https://www.icann.org/resources/pages/udrp-rules-2015-03-11-en>.

### **III. IMPLEMENTATION QUESTIONS**

#### **Registrations where use is not required**

When a streamlined proceeding is initiated against a registration issued under Section 44(e) or 66(a), what standard would be used to determine whether the mark remained valid, since use is not a requirement to maintain the registration?

The TTAB<sup>7</sup> and the Federal Circuit<sup>8</sup> have both commented on how bona fide intent to use a mark can be established. The regulations for a Streamlined Proceeding should define as clearly as possible how Section 44(e) and Section 66(a) registrations would be treated, both before and after the 3-year period when the presumption of validity changes.

#### **Minimal standing requirements**

The standing and pleading requirements for a plaintiff in a Streamlined Proceeding should be low.

It may be appropriate to consider providing online forms to initiate a Streamlined Proceeding that are similar to those used for consented motions at the TTAB. For example, a plaintiff might be permitted to “check the boxes” to indicate that the plaintiff (a) owns a conflicting trademark; (b) has been refused registration of a mark based on the existence of the contested registration; (c) has performed a reasonable Internet search to seek evidence of use of the mark in the contested registration; (d) has located documentation in which the owner of the contested registrations stated (publicly or privately) that the subject mark was no longer going to be used. Evidence of Internet searching or other documentation could be uploaded as part of the online form.

I recognize that there is a balancing of interests involved in decisions about standing, evidentiary requirements, and so forth. The Office must balance the needs of small plaintiffs who have a valid reason to file a petition under a streamlined proceeding with the risk that owners of large trademark portfolios could be subject to attack by a flurry of proceedings initiated for nuisance value.

I am not concerned about the cost of Streamlined Proceedings. I do not believe that they need to be reduced from current, standard TTAB fees. The current fees are a reasonable cost of doing business for any trademark owner. In any case, the majority of the expense for most Streamlined Proceedings will be the cost of professional legal assistance (whether staff attorneys or outside counsel).

#### **Seek to Eliminate Motion Practice**

My hope, as stated above, would be to have a Streamlined Proceeding that was simple enough to permit flat-fee assistance to trademark owners. A part of achieving that goal would be

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<sup>7</sup> See, e.g., *Lincoln Nat'l Corp. v. Anderson*, 110 U.S.P.Q.2d 1271 (T.T.A.B. 2014); *L'Oreal S.A. v. Marcon*, 102 U.S.P.Q.2d 1434, 1443 (T.T.A.B. 2012)

<sup>8</sup> *Swatch AG v. M.Z. Berger & Co.*, 787 F.3d 1368, 1375 (Fed. Cir. 2015)

to eliminate as much as possible all motion practice from a Streamlined Proceeding.

When motions are permitted, complexity and associated legal costs quickly rise. The proceeding is no longer streamlined. The greater the risk of motion practice, the less likely attorneys will be willing to quote flat fees for Streamlined Proceedings, and the fewer Streamlined Proceedings will be filed, to the detriment of trademark owners and the public.

If the permitted uses of a Streamlined Proceeding, standing requirements, evidentiary requirements, and so forth are clearly defined, it should be possible to foreclose motion practice in nearly all cases.

In a similar vein, the proposal to permit only a single extensions of deadlines in a Streamlined Proceeding is reasonable and sufficient. I say this as one whose clients are spread from Mongolia to Bulgaria to Vietnam. While speed would not be my primary goal in using Streamlined Proceedings, yet they would benefit from providing more certainty in schedule, including, in particular, as to default judgments if a defendant failed to respond.

### *Sua Sponte* Actions of the TTAB

When reviewing a submission from a trademark owner under Section 8 or Section 71, the Office has the right to request additional evidence of use from the trademark owner. This right has recently been implemented more formally after the completion of a pilot program in which a small number of maintenance filings were selected where the owner was required to submit additional evidence.

In a Streamlined Proceeding, would the TTAB have the ability to request further evidence from a trademark owner in order to satisfy itself that the mark was in use, in the manner of a trademark examiner reviewing a Section 8 filing?

The ability to do so would likely improve the accuracy of the results, and thus would help to “clean out” the trademark register of unused marks. Yet it would also delay final decisions and might place too much discretion in the hands of the TTAB, which has not traditionally had this ability.

Regulations for Streamlined Proceedings should indicate whether, or under what conditions (such as suspected fraud), the TTAB will have the authority to require further evidence from trademark owners.

### Preclusive Effect in Subsequent Proceedings

Although a Streamlined Proceeding must be truly limited in scope and in procedural complexity in order to accomplish its goals, there are circumstances in which a more complete review of the decision of the TTAB may be appropriate.

The regulations for Streamlined Proceedings should clearly define how subsequent proceedings will treat the results of a Streamlined Proceeding, including cases where the same issues are re-examined and cases where the results of a Streamlined Proceeding impact other issues.

For example, there may be cases where the evidence in a Streamlined Proceeding

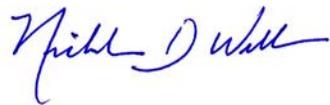
suggests that a mark has been used. Yet the plaintiff has reason to question that evidence as being fraudulent (*e.g.*, altered photos of goods showing a mark). In such circumstances, a subsequent proceeding should not be precluded because of the decision in the Streamlined Proceeding.

### **CONCLUSION**

Streamlined Proceedings are very much needed. The implementation of Streamlined Proceedings may prove difficult because of conflicting concerns about the needs of trademark owners and the policy goal of removing unused marks from the trademark register. Yet the benefits of a carefully implemented regulation will be significant.

I appreciate the opportunity to provide these comments.

Sincerely,

A handwritten signature in blue ink that reads "Nicholas D. Wells". The signature is written in a cursive, flowing style.

Nicholas D. Wells