



Is Your U.S. Trademark Registration Being Audited?

Did you know that a U.S. trademark registration can be audited by the USPTO? Yes, the USPTO conducts random audits of approximately 10% of maintenance and renewal declarations. The audits apply to filings of both regular U.S. trademark registrations and Madrid Protocol International registrations to require additional proof of use of two items of goods or services specifically selected by the USPTO.

The USPTO can issue an Office Action for the purpose of verifying that the registered mark is actually in use in relation to specifically selected goods and/or services identified in the registration beyond those for which an Affidavit of Use (Section 8) was recently filed. The issues raised in the audit are independent of whether the evidence of use submitted in connection with a recently filed Declaration or Affidavit of Use was acceptable.

The U.S. Trademark Office Issued a Final Rule Providing for Trademark Audits

On February 17, 2017 with little fanfare, the U.S. Trademark Office adopted a final Rule with “Changes in Requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases”. Docket No. PTO-T-2016-0002.

The USPTO amended 37 CFR 2.161 (U.S. trademark registrations) and 37 CFR 7.37 (Madrid Protocol International registrations) to provide that the USPTO may require such information, exhibits, affidavits or declarations, and such additional specimens of use as may be reasonably necessary for the USPTO to assess and promote the accuracy and integrity of the register. The current rules mandate the submission of only one specimen per class in connection with a section 8 or section 71 affidavit unless additional information, exhibits, affidavits or declarations, or specimens are necessary for proper examination of the affidavit itself. 37 CFR

2.161(g), (h), 7.37(g), (h). This final rule will allow the USPTO to require additional proof of use of a mark not only to facilitate proper examination of a section 8 or section 71 affidavit, but also to verify the accuracy of claims that a trademark is in use on or in connection with the goods/services identified in the registration

How Does a U.S. Trademark Registration Get Selected for Audit?

Based on the CFR Notice of Proposed Rule-making, the USPTO implemented a program in March 2017 to audit trademark maintenance and renewal filings for the purpose of ensuring that trademark registrations were not being maintained in connection with goods and services for which the marks are no longer in use or for which use never commenced. Under the audit program, the USPTO randomly selects approximately 10% of maintenance and renewal filings and issues Office Actions to require additional proof of use of two items of goods or services specifically selected by the USPTO.

Why did the USPTO implement an audit program?

In the United States, trademark rights are tied to actual use of the trademark in U.S. commerce. The USPTO's audit program was instituted in response to growing concerns that the trademark register is cluttered with registrations that cover goods and services for which the registrant has not ever used or is no longer using the mark and is therefore not entitled to registration for those goods or services. These registrations may serve as obstacles to trademark owners with legitimate interests in registering their trademarks.

Is a response to the audit Office Action mandatory?

Yes. Failure to respond to the Office Action will result in cancellation of the registration in its entirety, even if the originally submitted specimen(s) was/were considered acceptable for other goods and services. For information on the consequences of filing a response admitting to non-use of the selected goods or services or providing specimens of use that are deemed unacceptable, see further below.

How do I respond to the Office Action?

Owners of registrations that have been selected for the audit must submit proof of use for two specifically identified items of goods or services in the trademark registration, listed in the Office Action, along with a declaration that the mark was actually used in U.S. commerce in

connection with those and all remaining goods or services when the relevant maintenance or renewal documents were filed.

In response to the Office Action, the registrant should submit evidence clearly demonstrating that the trademark is used in connection with those two items of goods or services. If the registrant is unable to submit acceptable proof of use for either or both of those two items, the registrant should delete those items and any other goods or services identified in the registration for which the registrant cannot provide sufficient proof of use. Deletion of either of the specifically selected goods or services may result in a second Office Action requiring proof of use for all remaining goods and/or services for which proof of use is not of record.

What constitutes acceptable evidence of use for the audit?

The requirements for the proof of use to be acceptable are more stringent than those needed to support a pending application or to maintain or renew an existing registration in the normal manner.

Acceptable proof of use for goods includes photographs that show the mark on the actual goods or packaging, or photographs of displays associated with the actual goods at their point of sale. While the normal requirements permit submission of a mere tag or label, tags or labels not shown affixed to the goods are unacceptable proof of use in response to an audit. Similarly, packaging that does not show or name the goods inside the package is not acceptable proof of use in this context.

Acceptable proof of use for services includes signs, photographs, brochures, website printouts or advertisements that show the mark used in the actual sale or advertising of the services.

What are the consequences of deleting the selected goods or services from my registration?

An Examining Attorney will issue a second Office Action requiring proof of use for all remaining goods or services.

A request by the registrant to delete either or both of the specifically selected goods is effectively treated as an admission that the mark was not actually in use in U.S. commerce at the time the registrant filed its maintenance and renewal declarations in connection with the remaining goods or services identified in the registration.

What happens if the evidence of use I submit in response is not acceptable?

If the proof of use submitted does not meet the requirements of the audit, the Examining Attorney may issue a second Office Action requiring proof of use for all remaining goods or services. Therefore, registrants should be thorough when reviewing their registrations and making any changes to the identified goods or services. In a worst case all of the goods or services could be deleted, and the registration canceled.

What are my options for challenging the USPTO's decision?

If the USPTO does not accept the evidence of use submitted in response to the audit, there may be options to challenge the refusal. For example, the registrant may be able to submit substantive arguments against the refusal, submit additional evidence, or appeal the decision to the Trademark Trial and Appeal Board or to a U.S. court. Of course, any such actions are likely to involve substantial costs.

What can I do to prevent goods from being deleted from my registrations?

Trademark owners can take steps to minimize the impact of an audit on their portfolios that results in the removal of some or all of the goods or services from the trademark certificate.

1. Trademark owners should be sure to file only trademark applications that identify goods and services for which they make actual use of a label displaying the trademark and affixed to the goods or their containers or have a bona fide intention to use the mark.
2. Trademark owners should have document retention practices to preserve evidence of actual use of their mark in connection with covered goods and services during the life of the registration. Such practices may also be useful to preserve evidence of the bona fide intent to use a trademark for applications filed on the basis of intent to use, or for defense purposes in the event of a challenge to the validity of a registration. Because evidence of use before the USPTO must be current, trademark owners and their outside counsel should be sure to update this evidence periodically.
3. Trademark owners may also wish to consider providing the USPTO with additional specimens of use during the initial filing of maintenance and renewal documents in order to proactively address the issues that would potentially be raised by an audit.

4. Trademark owners should be sure to carefully review the identifications of goods and services in trademark registrations subject to maintenance filings and delete items for which use has either ceased or never commenced. If the Trademark uses SKU codes for its products, it is often useful to search each item of the proposed goods to determine if any item has been deleted from the SKU list and is no longer being sold

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