

Committee on the Judiciary
Subcommittee on Intellectual Property
United States Senate

“Fraudulent Trademarks: How they undermine the trademark system
and harm American consumers and businesses”

Responses to Questions for the Record

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Chairman Thom Tillis - Questions for the Record

1. Can you explain to me why the presumption of irreparable harm is important in the trademark context, and can you particularly focus on why monetary damages alone aren't a sufficient remedy in this context?

RESPONSE:

The presumption of irreparable harm for trademark claims is critical because, unlike in the patent and copyright context, the harm that trademark owners suffer when their trademarks are infringed is primarily reputational, which by its very nature cannot be quantified or compensated with mere money.

When a trademark is infringed, consumers are mistakenly led to believe that some kind of relationship exists between the trademark and the infringer's products. Not only is the public deceived, but the trademark owner loses its ability to signify that it is the sole source of the product or service at issue and to ensure the quality of the products sold or services provided under its trademark, ultimately losing control over the public's experiences with the trademark and any goodwill cultivated. Even worse, confused parties may mistakenly attribute defects or unfavorable impressions of the infringer's products to the trademark owner. This reputational damage, once incurred, may be nearly impossible to measure, quantify or erase from the minds of consumers. Although monetary damages are available, they are exceedingly difficult to prove and are often inadequate to make a trademark owner whole for the reputational damage and loss of consumer trust.

For these reasons, it is imperative that a trademark owner be able to seek and obtain both preliminary and permanent injunctions to stop infringement. In both contexts, the trademark

owner must show irreparable harm. Without the presumption, it is very difficult for a trademark owner to show irreparable harm.

2. In the patent context I've long had concerns about legislating a presumption of harm. The worry with patents is that you present a risk of holdup and may actually incentivize "trolling" behavior. Is the same risk present in the trademark context? In other words, can you explain why a presumption of irreparable harm for trademarks *won't* lead to that abusive behavior?

RESPONSE:

Although patent and trademark laws are both forms of intangible or intellectual property rights, the rationales underlying the two are sufficiently distinct that they warrant different treatment. Patent protection is designed to be a trade-off between incentivizing innovation and creativity, on one hand, and public access to the fruits of such labor, on the other. Trademark law does not entail such a direct balance between individual gain and the public interest; rather, it is a form of consumer and competitor protection that is designed to efficiently indicate the source of a product or service and to avoid confusion.

Specifically, the presumption of irreparable harm for trademarks will not lead to abusive behavior because the concept of "trolling" is much different—and much less of a problem—in the trademark context than in the patent context. Unlike patent rights, which are held for a limited time and may or may not be actually exercised by the patent holders, trademark rights are contingent upon *actual use* of the trademarks in United States commerce. Valid trademark rights do not exist if the owner is not using or does truly intend to use the trademark. For example, if a trademark troll attempted to claim infringement against another party, the accused party would be able to quickly defeat the attack by showing that the troll doesn't actually use the trademark and the trademark is therefore invalid. Regardless of whether there is a presumption of irreparable harm, an accuser who does not actually use the trademark will not be able to obtain an injunction. For this reason, trolling is much less common and severe in the trademark context.

To be clear, there are trademark owners that engage in abusive uses of registrations, such as by attempting to use trademark rights to prohibit legitimate parody, criticism and comparative advertising. But these scenarios are not common, and there are already existing mechanisms in place to protect against such abuses (such as the fair use doctrine). These scenarios are not increased or enabled by the presumption of irreparable harm.

3. Do you have any suggestions or recommendations on how Congress can legislate in this area? In other words, what would an effective remedy to these recent court decisions look like?

RESPONSE:

Two major problems have arisen in the trademark context after the Supreme Court of the United States' *eBay v. MercExchange* decision in 2006, which did away with the presumption of irreparable harm in the patent context—(1) it has created an extreme amount of uncertainty for both courts and practitioners as to whether the presumption still applies in the trademark context, resulting in a split among Circuits and inconsistent district court opinions, and (2) without the presumption of irreparable harm, it has become exceedingly difficult for trademark owners to prevent infringers from violating their trademarks and protect consumers because reputational damage is difficult to quantify and prove.

Both problems can be solved by amending the Lanham Act to create a clear, bright-line rule—that a presumption of irreparable harm applies in trademark infringement and dilution cases. We understand that there is a draft legislative proposal that proposes inserting the following after the first sentence of 15 U.S.C. § 1116(a):

A plaintiff seeking any such injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation identified in this subsection in the case of a motion for a permanent injunction or upon a finding of likelihood of success on the merits for a violation identified in this subsection in the case of a motion for a preliminary injunction.

This language would be sufficient to re-establish and clear up the uncertainty regarding the presumption of irreparable harm.

4. Can you explain why trademarks are valuable assets to businesses, particularly focusing on how critical they are to small businesses and startups?

RESPONSE:

Trademarks are critically important to the American economy and competitiveness around the world because they protect both businesses and consumers from unfair competition by indicating the source of goods and services and distinguishing them from those of others. Trademarks go hand-in-hand with a business's reputation. The more a business's reputation grows, the more valuable the trademark will be.

Trademarks also help businesses communicate important information about their products and services to consumers. Once consumers come to recognize a trademark as the source of a business's goods or services, it will immediately bring to mind the products and services offered by the trademark, as well as the consumer's own perception of the product or service. For

example, if a company has carefully fostered a reputation for making tools that last long, then every time consumers see its trademark on a tool, they will expect the tool to share that longevity. This can be particularly important for small businesses, which do not have large advertising budgets and must rely heavily on the distinctiveness of their trademarks to increase their reputation and generate goodwill.

Trademark protection also is important for businesses, including small businesses, because it allows the businesses to confidently invest in their brands and protect their investments. This ultimately incentivizes businesses to invest in improving the quality of their goods and services.

5. Over the last six years we've seen a massive increase in fraudulent trademarks, leading to a cluttering of the register. Why is this cluttering of fraudulent trademarks a problem for new and expanding businesses?

RESPONSE:

Cluttering of the register—whether due to intentional fraud or innocent mistakes—is a problem because it prevents business owners from adopting the most suitable and effective trademarks for their brands.

New and expanding businesses must decide upon trademarks to distinguish their products and services from those of others. A prudent business owner will conduct a trademark search on the United States Patent and Trademark Office (“USPTO”) trademark register to confirm that the new trademarks it selects are available. If the search comes back showing that another party is already using the trademark selected, that trademark will be deemed unavailable for the new or expanding business’s purposes. If the trademark register is cluttered with fraudulent or otherwise invalid registrations, then it is no longer a reliable database to vet new marks. It will cause business owners to abandon trademarks they have selected even though the trademarks, in reality, should be available for use.

Most parties searching the trademark register will have no reason to suspect that particular search results may be fraudulent or otherwise invalid. But even if the business owner did have a reason to suspect the trademarks listed are invalid, it is costly to investigate and challenge invalid registrations. A search report may turn up dozens, if not hundreds, of registrations, with the number only increasing as the register becomes more cluttered. It is not possible for many business owners, particularly new business owners, to investigate all of those registrations. In addition, the process can be extremely time-consuming. The recourse to address an invalid mark is to file a formal cancellation or opposition proceeding before the Trial Trademark and Appeal Board (“TTAB”). Cancellation or opposition proceedings can last upward of two years. Product launches are often subject to strict timing constraints, and business owners do not have the resources or time to spend years fighting over invalid trademark registration. These issues are particularly problematic for new and expanding businesses, which may be even tighter on resources and time.

6. Can you explain in more detail the impact fraudulent filers have on your company when you develop a trademark?

RESPONSE:

Please refer to the Response to Question No. 5 above.

7. What programs has the USPTO developed to address the Chinese filers and are they effective?

RESPONSE:

The USPTO has recently implemented three programs to address the issue of fraudulent foreign filings: (a) requiring all foreign trademark owners to be represented by United States counsel, (b) auditing 10% of all declarations of use filed per year to ensure that the trademarks are being used in connection with all goods and services, and (c) implementing a pilot program to allow third parties to e-mail the USPTO when they suspect doctored specimens.

While all seem promising, because the programs have been implemented only recently, it is too soon to determine their effectiveness. Nevertheless, each of the programs has limitations.

The United States counsel requirement will be particularly effective at reducing the number of honest mistakes made on foreign applications. Whether or not it will be effective at reducing fraud, however, will depend on the extent to which United States counsel will be able to spot fraudulent applications as well as whether the USPTO will cross-check the applications to make sure that the United States attorneys identified on them actually exist and represent the applicant. Further, not all fraudulent trademarks originate from foreign filings, and this rule will not have any effect on such fraudulent filings originating from the United States.

The audit program is promising. From 2012 to 2014, the USPTO implemented a pilot version of the program that audited 500 registrations and proved quite effective in catching deadwood—51% of the registrations were found to be overbroad by the pilot program and, as a result, cleaned up. To be clear, this program was not specifically targeted at foreign filers or fraudulent trademarks, but at all deadwood, and it is not clear the extent to which this program was effective against fraudulent foreign filers specifically. I expect the current audit program to be equally effective at reducing the amount of deadwood, while at the same time highlighting that more needs to be done. The USPTO, at this point, has committed to audit only 10% of declarations of use filed each year; as such, the program will not be effective in catching or fixing all deadwood.

The third-party specimen notification program relies heavily on third parties to review and spot doctored specimens that are filed with the USPTO. Given the difficulty of spotting such

specimens, it is questionable whether this program will have a significant effect in reducing fraudulent applications.

8. What are the hallmarks or tell-tale signs of fraudulent filers? OR Can you describe, in laymans terms, the hallmarks or consistent attributes of fraudulent filers?

RESPONSE:

In many instances, it can be difficult to distinguish intentional fraudulent filings from honest mistakes. For instance, many instances of deadwood, where registrations purport to cover more goods/services than the mark is actually used with, can be the result of inadvertence, while others could be the result of deliberate fraud. Here are some signs that suggest an application or registration is intentionally fraudulent, although none of these signs is dispositive:

- A single applicant files for a large number (dozens, if not hundreds) of applications, particularly involving completely unrelated goods and services. It is exceedingly rare for a single entity to be launching hundreds of new products all at once.
- A digitally created or altered image is submitted purporting to show the trademark being used in commerce. Use in commerce must be demonstrated by actual use of the mark in connection with an actual product or service, and digitally created images suggest that no such actual product or service exists.
- An image is submitted purporting to show the mark being used on a product or building when it is obvious that the trademark was photoshopped on. Because trademarks must be used in connection with the sale or advertising of the products, merely pasting or photoshopping a label onto a photograph of an item is not sufficient. There are variations of this fraud—in some cases a label or tag is pasted onto a random item and then photographed, in other cases an existing trademark is erased and replaced with the fraudulent trademark.
- The only specimen showing use is a marketplace listing by a third-party reseller, particularly where the listed price is unrealistically high and there are no reviews. The images on these listings are often photoshopped and fake. All these facts suggest that the listing is not real, and that the listing was created solely for the purpose of fraudulently showing a use in commerce.

9. Fraudulent trademarks don't just impact businesses, they also harm consumers. Can any of you talk about the negative impact and harm to consumers caused by fraudulent trademarks?

RESPONSE:

Trademarks allow consumers to make quick, confident and safe purchasing decisions. Consumers rely on trademarks to distinguish between products and companies and remind them of past experiences or impressions—whether favorable or unfavorable.

As we have learned (and I have described above), fraudulent or otherwise invalid trademarks have cluttered the register, resulting in fewer new trademarks being available. Businesses, as a result, may be forced to adopt weaker and less distinctive trademarks—or trademarks that, for marketing or any other reason, are simply just not as suitable or effective as the original trademark selected. Not all trademarks are equally effective—generally speaking, the more distinctive a trademark, the better it is at communicating information to consumers. In contrast, less distinctive trademarks, such as marks that are merely descriptive of what the product is, tend to be less useful because consumers may not even recognize it as a trademark. If consumers cannot rely on trademarks to communicate differences in products to them, then they will be forced to bear more of the burden of researching products before purchase. They also may be confused more easily.

10. I'm concerned about how sophisticated criminal enterprises are using fraudulent trademarks to sell counterfeit products and fund their criminal organizations. Are any of you familiar with this business model and, if so, can you describe for us how this works and why this is harmful for consumers?

RESPONSE:

I am not familiar with this business model. In my firm's experience, criminal enterprises that engage in counterfeiting do not go to the trouble of registering for trademarks, as they derive no benefit from doing so. These enterprises make money by manufacturing and selling cheap knockoffs of famous branded products; they are not associated with developing their own brands.

Counterfeiting occurs when the manufacturer creates an item using a trademark that is virtually identical to a product already branded with that trademark. The counterfeiter does not register the trademark precisely because the mark is already registered by the legitimate brand owner, and the counterfeiter is freeriding off the goodwill associated with the existing mark.

Counterfeiting harms consumers by hurting the actual brand owner's ability to do business. As counterfeiting of a brand becomes more prevalent, the brand's value decreases because it has less control over the supply or the quality of the counterfeit products. The loss in value for businesses can be indirectly felt by consumers in any number of ways—businesses may end up

raising prices, investing less in the community and reducing employee headcount and salaries. Counterfeiting also attracts, and often goes hand-in-hand, with other criminal activity and can be a source of funding for other criminal activity.

Counterfeiters, in addition, do not adhere to regulatory and quality control standards. As such, depending on the product, consumers who purchase counterfeit products may expose themselves to dangerous substances or products that are unable to safely fulfill their intended purpose. For example, consumers who take counterfeit medication not only fail to receive the full therapeutic benefit that the genuine medicine would have provided, but may even be further injured by contaminants in the counterfeit medicine.

11. Professor Bebee's research shows that 70% of applications from China are fraudulent. This is alarming. How many fraudulent applications does this translate to annually? How long do these registrations remain active?

RESPONSE:

In fiscal year 2019, the USPTO received 673,233 trademark applications, of which 76,334 were from China (not including Hong Kong, Macau or Taiwan).¹ 70% of that would be 53,434 (rounded up). I have no concrete information as to how long these specific registrations remain active, but, in general, a registration can last indefinitely so long as the owner provides evidence of using the mark in commerce between the first, 5th and 6th years after registration, the 9th and 10th years after registration, and between every 9th and 10th years thereafter.

12. Why is China doing this more than other countries? Are they trying to steal or IP or purposely hinder our US registry?

RESPONSE:

I cannot say concretely why China is doing this and can only assume it is to negatively impact the American economy and competitiveness, while bolstering the Chinese economy and competitiveness. While China is certainly a problem, the issue of fraudulent trademarks is not limited to applications from China. Many fraudulent applications, as well as deadwood, originate from other countries, even including the United States.

13. As I mentioned in my opening statement, I've been proud to participate in the bipartisan, bicameral working group on fraudulent trademarks led by Chairman Nadler and Ranking Member Collins. We recently circulated a draft of our proposed legislation to

¹ USPTO, FY 2019 Performance and Accountability Report, at 185.

stakeholders. Have any of you reviewed it and, if so, do you have any comments on what we've proposed?

RESPONSE:

I have reviewed a recent version of the Draft Trademark Legislative Proposals and have the following comments:

- *Providing for third-party submission of evidence during examination.* I support the addition of this process. The current proposal, however, should take into account that there is already a procedure for third parties to submit letters of protest during a pending trademark application to inform the USPTO examiner of potential grounds for refusing registration, though there are limitations on what types of issues may be raised—fraud on the PTO, for example, cannot be a basis for a letter of protest. Any new procedure involving the submission of evidence during examination should be streamlined with the letter of protest mechanism so that a single procedure governs. In addition, the legislation allows the Director to determine whether the evidence submitted by the third party will be included in the application record, but does not provide any standards or guidance as to how the Director should make that decision.
- *Providing for Expungement.* I support the addition of such a proceeding. The proposal, however, should add additional safeguards to prevent third parties from abusing this new procedure to prevent legitimate competition. It is also unclear under what circumstances the Director would on its own initiative launch an expungement proceeding. The proceeding, as written, also penalizes United States applications in favor of foreign registrations—it allows United States-based registrations to be expunged any time after registration, whereas registrations that were based upon foreign trademarks (under Sections 44 and 69) can only be expunged after the expiration of three years after date of registration.
- *New ex parte reexamination proceeding.* See comments above on expungement proceedings.
- *Providing for a rebuttable presumption of irreparable harm.* This is a strong provision that should be introduced as written.

14. Are there additional noncontroversial, consensus items we should consider including in this package?

RESPONSE:

I have no additions that have not already been mentioned in my initial written testimony, oral testimony and/or in other responses to questions for the record.

Once again, I thank Chairman Tillis, Ranking Member Coons and the Subcommittee for addressing these important trademark issues and allowing me to share my views and background. I welcome the opportunity to provide further assistance.

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Subcommittee on Intellectual Property
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**Megan K. Bannigan
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January 3, 2020

Questions From Senator Mazie Hirono

1. Much of the discussion on fraudulent trademarks centers around Chinese applications that contain inaccurate—if not outright fraudulent—evidence of use of the mark in commerce. Showing use of a mark in commerce is already a requirement of the trademark system.
 - a. **Does the problem of fraudulent trademarks require new legislation or is the Patent and Trademark Office coming up short in its examination of trademark applications?**

RESPONSE:

The United States Patent and Trademark Office (“USPTO”) has been working hard with the resources it has available to combat the issues of fraudulent trademarks. It has launched a number of new rules, including (a) requiring all foreign trademark owners to be represented by United States counsel, (b) implementing a program to audit 10% of all declarations of use filed per year to ensure use in commerce, and (c) implementing a pilot program for third parties to e-mail the USPTO when they suspect a specimen submitted by an applicant is fraudulent, all of which are aimed at addressing the issues of fraudulent trademarks and decluttering the register.

While the direct impact of these new rules cannot yet be fully assessed, given the nature of the rules and the limited issues they address, it is clear that more action is necessary. These steps alone, while significant programs that I suspect will be effective, are not enough to address the full breath of the problem. The USPTO must be given more tools with which to work to fully declutter the register. Both legislative and non-legislative changes, as outlined in response to Question 1(b) below, are appropriate.

- b. I understand the Patent and Trademark Office has issued a rule requiring foreign-domiciled applicants to be represented by U.S. counsel. Are there additional steps the Patent and Trademark Office should be taking to combat the problem?**

RESPONSE:

While there is no one solution that is likely to solve the issue of fraudulent trademarks and deadwood (consisting both of fraudulent trademarks and other invalid marks) altogether, there are a number of potential solutions that may significantly help to combat the issue. These include:

- Legislation changing the standard for proving fraud in Trademark Trial and Appeal Board (“TTAB”) cancellation and opposition proceedings or federal court proceedings to a more relaxed standard. Currently, to cancel or successfully oppose a trademark on the grounds of fraud, a movant must show an intent to deceive, with the penalty being cancellation of the entire registration. That is an extremely high standard; so high it has rarely been effective. An alternative option is to lower the standard to require only actual knowledge of the fraud (knew or should have known), while reducing the penalty to cancellation of only those parts of the registration that were fraudulent (to the extent the registration can be dissected this way). If the standard is lowered, it is critically important that the penalty also be lowered as it would not be fair to cancel entire registrations for innocent mistakes. A higher penalty could still exist if intent to deceive can be shown.
- Legislation implementing a new streamlined USPTO proceeding that would allow third parties to inform the USPTO of fraud as a lower-burden, less expensive option to filing a formal cancellation and opposition proceeding. Although this will not address all fraudulent or otherwise invalid trademarks, it will make it easier and quicker for parties to challenge registrations, rather than having to go through a lengthy and costly opposition or cancellation proceeding.
- Legislation requiring the USPTO to expand the rule requiring foreign applicants and registrants to be represented by United States counsel to all applicants and registrants. While there has been a sharp increase in fraudulent applications originating from overseas, there are also fraudulent applications originating from within the United States. At the very least, requiring United States counsel would reduce the number of applications with inadvertent mistakes (as opposed to deliberate fraud), which might greatly assist in decluttering the non-fraudulent deadwood from the register. Although some may object to such a rule on the grounds that it would require small businesses or individuals to incur legal fees, the benefit of having a properly filed trademark registration application and renewals is high. Further, although this will not help all cases, there are outlets for small businesses and individuals to receive *pro bono* legal assistance for trademark office dealings if they qualify financially.
- Legislation requiring trademark applicants and renewal registrants to submit a specimen of use for all goods and services for which its trademark is registered.

Under the current system, a specimen is required for only one good or service per class (*e.g.*, if an applicant registers its trademark in class 25 for clothing, specifying pants, shirts, dresses and skirts, it must provide a specimen for only one of those categories—it never has to prove actual use in all categories). Requiring specimens for all goods or services would give the USPTO more chances to catch fraudulent applications and registrations or other types of deadwood because the applicant will now have to prove use for all. This process would certainly be more onerous for a trademark registrant or owner, but it would ensure that the trademarks for which a party has registered are actually being used.

- Increased funding for the USPTO could also be very effective to combat these issues. For example, more funding could be used to allow the USPTO to invest in better technology and training to catch fraudulent specimens. As the technology used by fraudulent applicants becomes more sophisticated, it becomes increasingly difficult for the USPTO to identify fake specimens. Additional resources devoted to training and technological solutions (such as AI) would give the USPTO examiners more tools to catch doctored specimens.

As with all suggestions, there are pros and cons of each. All should be fully vetted and tested with stakeholders before introduction as legislation or rules.

2. A number of people have called for the creation of new proceedings in the Patent and Trademark Office to allow for the cheaper, easier cancellation of fraudulent trademarks, including an expungement proceeding and an *ex parte* reexamination proceeding.

Should Congress go down the path of creating these reexamination proceedings, what potential unintended consequences may be associated with these proceedings?

RESPONSE:

Implementation of the reexamination proceedings has a number of benefits in reducing fraud, but it is important to recognize that these proceedings alone will not be sufficient to solve the entire problem of fraudulent trademarks or deadwood. Such proceedings rely in large part on third parties to self-police and inform the USPTO of potentially fraudulent applications or deadwood, which means only issues which third parties have spotted and care about will be addressed. Other fraudulent applications and deadwood that have not been uncovered, or that a third party sees no incentive to challenge, will slip through the cracks. For this reason, I strongly advocate implementing additional procedures or legislation, some of which are outlined above, in addition to an expungement or *ex-parte* review processes.

In addition, other unintended consequences of such reexamination proceedings may include:

- Abuse of the proceedings by third parties. Because the proceedings are intended to be streamlined and inexpensive, third parties could potentially abuse the proceeding by making false accusations against competitors for the purpose of delay or harassment. While such applications should in theory be weeded out early by the

USPTO, they would still waste the time and resources of the USPTO and potentially have an anticompetitive impact.

- Additional cost for the USPTO arising from the proceedings and any subsequent appeal. Depending on the number of such proceedings, USPTO staff may need to invest considerable time to resolve these proceedings. The USPTO staff may also require additional training to deal with these disputes.
 - Inconsistent results. The USPTO at times may reach the “wrong” result—or a different result than the TTAB would have reached had the issue gone to a full opposition or cancellation proceeding. Unlike opposition and cancellation proceedings, where there is extensive discovery to determine whether fraud was actually committed, there would be no discovery under these proceedings, so the factual record would not be as comprehensive.
3. The Patent and Trademark Office has taken steps to address the problem of fraudulent trademarks, including its new rule requiring foreign-domiciled applicants to be represented by U.S. counsel. I have also seen reports that the Chinese government—including the provincial government in Shenzhen—has altered its incentive program in a way that may lead to a decrease in trademark applications from China.
- a. Is there evidence that these changes might slow the tide of fraudulent trademark applications?**

RESPONSE:

Given that it was recently implemented, I am not aware of any empirical evidence showing that the United States counsel requirement has yet had a significant impact. I see no reason why this rule will not be effective in reducing the number of applications involving genuine mistake. Whether it is effective in reducing the number of applications involving deliberate fraud, however, will depend on whether (i) all United States attorneys hired are reasonably capable of recognizing the fraud—*e.g.*, whether the attorney does his or her full due diligence to check use on all claimed goods and services and/or is equipped to recognize fraudulent specimens (while some doctored specimens are quite easy to recognize, others are quite sophisticated); and (ii) the USPTO cross-checks the attorney information with state bar records—I have heard reports that applicants intending to commit fraud have attempted to simply make up the United States attorney information in applications.

- b. If the changes made by the Patent and Trademark Office and Chinese government are effective—and we see a real decline in the number of applications for fraudulent trademarks—is there a need for a permanent legislative fix to combat the problem or is it something that should sunset after a certain period of time sufficient to clean up the trademark registry?**

RESPONSE:

The rule requiring United States counsel to represent foreign applicants makes sense and should be made permanent. Even if the number of fraudulent filings do not decrease, the rule still has value in ensuring that foreign applicants file their applications properly and avoid unnecessary mistakes that may further clutter the register and waste USPTO resources.

But regardless of whether the new rule is effective, there is still a need for additional fixes. The United States counsel rule addresses only fraudulent applications from foreign countries; it does not address fraudulent applications that could originate from the United States itself. Further, the register is cluttered not only with fraudulent registrations, but also with other types of deadwood—*e.g.*, registrations that protect more goods/services than they should, whether as a result of fraud or inadvertent mistake. As the USPTO’s 2012-2014 pilot audit program demonstrated, over 50% of the trademarks on the register may be invalid at least with respect to some claimed goods or services. Additional measures are necessary to address the full breadth of the deadwood problem.

4. Amazon recently launched an IP Accelerator program that connects businesses with a select group of IP law firms that the business can work with to get trademark protection. If the business works with one of these firms, it is able to get earlier access to Amazon’s Brand Registry, and all the benefits it provides.

- a. Is your firm part of Amazon’s IP Accelerator program?**

RESPONSE: No.

- b. What is your understanding of how Amazon selects firms to be part of its IP Accelerator Program?**

RESPONSE:

We have no knowledge of how Amazon selects firms to be service providers under the IP Accelerator Program.

Once again, I thank Chairman Tillis, Ranking Member Coons and the Subcommittee for addressing these important trademark issues and allowing me to share my views and background. I welcome the opportunity to provide further assistance.