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*Transmitted by electronic mail to Jason\_Covey@judiciary-rep.senate.gov*

Chairman Lindsey O. Graham  
United States Senate  
Committee on the Judiciary  
Washington, DC 20510-6275

Re: Subcommittee on Intellectual Property Hearing “Fraudulent Trademarks: How They Undermine the Trademark System and Harm American Consumers and Businesses”

Dear Senator Graham:

In connection with your letter dated December 10, 2019, we set forth below our answers to certain written questions from members of the Subcommittee on Intellectual Property in connection with the Subcommittee’s December 3, 2019, hearing “Fraudulent Trademarks: How They Undermine the Trademark System and Harm American Consumers and Businesses.” We focus on questions with respect to which we have particular expertise and those that members have directed specifically to Professor Beebe.

**Questions from Subcommittee Chairman Thom Tillis for All Witnesses**

**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?**

The cluttering of the Principal Register is a problem for new and expanding businesses because it restricts the supply of available trademarks that such businesses may use for their own products. In our Statement, we presented extensive quantitative evidence drawn from our recent *Harvard Law Review* article *Are We Running Out of*

*Trademarks? An Empirical Study of Trademark Depletion and Congestion*<sup>1</sup> that shows that businesses are facing increasing difficulty finding good, competitively-effective trademarks that have not already been claimed by other businesses. This situation is especially damaging to small businesses and new market entrants that lack the resources to research which potential trademarks are still available for adoption and use in the marketplace.

Trademark law and policy has long assumed that there exists an inexhaustible supply of potential trademarks and that if a particular trademark has already been claimed, a business can simply choose an alternative trademark that is just as good. Our data show that this conventional wisdom is no longer true—if it ever was. The trademark system has already reached chronic levels of “trademark depletion,” particularly in important economic sectors. By trademark depletion, we refer to the process by which a decreasing number of potential trademarks remain unclaimed by any trademark owner. Due to trademark depletion, new trademark applicants are increasingly being forced to resort to second-best, less competitively effective marks. Yet registration refusal rates also continue to rise. The result is an increasingly crowded Principal Register that in turn leads to mounting barriers to entry for those seeking to register new marks.

The flood of fraudulent trademark registrations that has cluttered the Principal Register has significantly worsened the problem of trademark depletion.

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

Because a high proportion of fraudulent applications are being filed by applicants based in China, the USPTO has implemented a requirement that all foreign-domiciled parties appearing before the Office be represented by a U.S.-licensed attorney.<sup>2</sup> This rule became effective on August 3, 2019. Media reports suggest that the rule has reduced the number of fraudulent applications, but as a recent *World Trademark Review* article reports, the “scourge of suspicious specimens continues.”<sup>3</sup> We attach as an appendix to this document a print out of the article, which records numerous examples of fraudulent specimens filed after the effective date of the U.S.-licensed attorney rule. Whether by improperly borrowing the credentials of U.S. attorneys or by finding U.S. attorneys willing to file these specimens, foreign fraudulent filers have been finding ways to circumvent this new rule.

Though not directed specifically at the problem of deliberately fraudulent applications and registrations, the USPTO has also recently implemented the *Post*

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<sup>1</sup> Barton Beebe & Jeanne C. Fromer, *Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion*, 131 HARV. L. REV. 945 (2018).

<sup>2</sup> See USPTO, <https://www.uspto.gov/trademark/laws-regulations/trademark-rule-requires-foreign-applicants-and-registrants-have-us>.

<sup>3</sup> See Tim Lince, *Revealed: Chinese Trademark Applications Drop at USPTO But Scourge of Suspicious Specimens Continues*, WORLD TRADEMARK REV., Sept. 25, 2019.

*Registration Proof of Use Audit Program.*<sup>4</sup> This program randomly audits registrants' declarations of continuing use, which registrants are required to file in the sixth and in every tenth year of the lifetime of the registration, to ensure that the registrants are actually using the registered mark on or in connection with all the goods or services claimed in the registration. For purposes of preventing fraudulent applications and registrations originating in China, a drawback of the audit program is that the USPTO must wait until the sixth or every tenth year of the registration to conduct its audit. In the meantime, the fraudulent registration will remain on the Principal Register and continue to block legitimate businesses from potentially adopting and registering the mark claimed in the fraudulent registration.

## **8. What are the hallmarks or tell-tale signs of fraudulent filers?**

As detailed in our Statement (pages 19-20), there are several tell-tale signs that an application is fraudulent. Many of these are apparent from an application's specimen of use. To qualify for registration, applications must provide a specimen of use typically consisting of a photograph of the applicant's product bearing the applied-for mark. Through the course of studying applications in Class 25 (apparel goods) originating in China, we identified multiple factors that we think indicate to varying degrees the probability that the application is fraudulent. These factors consist of whether a specimen image:

1. Showed discontinuities that indicated digital alteration;
2. Appeared in a Google reverse image search as matching an image of a product with a different mark of a different company,<sup>5</sup> or the specimen image matched a specimen image previously submitted to the PTO in connection with a different mark of a different company;
3. Depicted a mark consisting of a nonsense word that is unpronounceable in English and that the applicant indicated has no meaning in any other language;
4. Depicted a tag with irregularities, such as exceptionally poor print quality, the tag being placed on top of another tag, or tags across multiple specimen images having different appearances;
5. Depicted pricing in a foreign rather than U.S. currency or commerce with delivery to a foreign rather than a U.S. address;

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<sup>4</sup> See USPTO, <https://www.uspto.gov/trademarks-maintaining-trademark-registration/post-registration-audit-program>.

<sup>5</sup> Google Reverse Image Search, available at <https://www.google.com/imghp?hl=en>, is a free online search service that allows users to upload images and search the internet for identical or similar images. Google states that "[t]he pictures you upload in your search may be stored by Google for 7 days. They won't be a part of your search history, and we'll only use them during that time to make our products and services better." See Google Search Help, <https://support.google.com/websearch/answer/1325808?co=GENIE.Platform%3DAndroid&hl=en>.

6. Depicted a product that carried the mark of another company (such as CHANEL), indicating that the applicant was affixing its applied-for mark to a different company's product;
7. Misspelled the mark;
8. Depicted a branding card not attached to the good;
9. Depicted a screenshot of an ecommerce website (such as on Amazon) to show use in commerce;
10. Depicted a hanging tag to display the mark;
11. Depicted a sticker to display the mark; and
12. Depicted a collar label to display the mark.

We recognize that the conduct described in certain of these factors, taken on its own, can be consistent with legitimate use in commerce. For example, the offering for sale of a product on an ecommerce website may demonstrate legitimate use. However, we think the presence of any one of these factors raises a red flag suggesting the need for further inquiry, and the presence of multiple factors strongly suggests fraudulence. As we report in our Statement (page 20), many of the application specimens we studied raised multiple red flags.

In addition to indicia of fraudulence made apparent by an application's specimen of use, other tell-tale signs of fraudulence include whether the applicant has been associated with previous fraudulent applications and whether the application was filed by a lawyer or law firm associated with previous fraudulent applications.

**11. Professor Beebe'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?**

In our Statement, we estimated that 66.9% of the 6,752 Chinese use-based applications filed in 2017 solely in Class 25 (apparel goods) included fraudulent specimens. This translates into 4,517 applications.

According to the PTO's Trademark Case Files Dataset, 42,728 used-based applications originated in China in 2017. If Class 25 applications are representative of the overall population of Chinese-origin applications in that year, then approximately 28,585 such applications were fraudulent. This number represents about 14.0% of total use-based applications filed in 2017.

If these applications proceed to registration, then they will typically remain registered for at least six years. In the sixth year of registration, the registrant must file an affidavit verifying that it is continuing to use the registered mark in commerce.<sup>6</sup> This affidavit must include a specimen of use.<sup>7</sup> If the registrant successfully files a sixth-year

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<sup>6</sup> 15 U.S.C. § 1058(a).

<sup>7</sup> *Id.* § 1058(b)(1)(C).

affidavit of continuing use, then the registration will remain in effect for an additional four years for the full ten-year term of a trademark registration. The registrant must thereafter renew its registration and file an affidavit of continuing use every ten years.

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

We support the proposed legislation and are grateful to have had the opportunity to comment on the proposed legislation through the course of its development. We support in particular the proposed expungement provisions and the proposed ex parte reexamination provisions. While these provisions will not on their own completely solve the problem of fraudulent trademark applications, we think that they will provide significant help in addressing the problem.

#### **Questions from Subcommittee Chairman Thom Tillis for Professor Beebe**

**1. What has your research revealed about the likely number of marks that registered with the hallmarks of the fraudulent trademark applications from China?**

In our Statement (page 18), we estimated that of the 6,752 use-based applications filed in 2017 solely in Class 25 (apparel goods) that originated in China, approximately 4,517 such applications were fraudulent. We further estimated that 59.8% of these fraudulent applications were approved for publication by the PTO and 38.9% proceeded to registration. This translates into approximately 1,757 fraudulent registrations just among applications filed in 2017 solely in Class 25 that originated in China. These data suggest that at least with respect to Chinese applications recently filed solely in Class 25, about 26% result in fraudulent registrations (1,757 is 26.0% of 6,752).

In 2017, the PTO received 42,728 used-based applications originating in China. As stated above, if Class 25 applications are representative of the overall population of Chinese-origin applications in that year, then approximately 28,585 such applications were fraudulent. This number represents about 14.0% of total use-based applications filed in 2017.

**2. Is there anything the PTO can do on its own, under the current statute, to rectify the trademark register with respect to those fraudulent applications that have already registered?**

As we noted in our Statement (pages 35-36), after the PTO has issued a trademark registration, its ability to cancel the registration on its own initiative is currently severely limited, even when the PTO has itself discovered new facts that show that the mark should not have been registered. During the sixth, tenth, and each successive tenth year

following the date of registration, the registrant must file an affidavit verifying that it continues to use the mark in commerce.<sup>8</sup> This affidavit must include specimens of use.<sup>9</sup> The PTO's review of these affidavits and specimens provides the only means by which it can cancel a registration on its own initiative.<sup>10</sup> In essence, if the PTO becomes aware of new facts that show that a mark should not have been registered, it must wait until the registrant is required to file an affidavit of continuing use to act on those facts or rely on third-party challengers, as we explain below.

By contrast, the PTO currently has significant authority to reexamine patents on its own initiative *at any time*. Section 303(a) of the Patent Act provides the Director with the authority “[o]n his own initiative, and any time” to determine whether prior art “discovered by him” raises a “substantial new question of patentability.”<sup>11</sup> For ease of reference, we provide the full statutory subsection below with the relevant language in boldface:

(a) Within three months following the filing of a request for reexamination under the provisions of section 302, the Director will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. **On his own initiative, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 or 302.** The existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the Office or considered by the Office.<sup>12</sup>

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<sup>8</sup> See *id.* § 1058(a).

<sup>9</sup> See *id.* § 1058(b)(1)(C).

<sup>10</sup> See *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1029-30 (C.C.P.A. 1982) (“[N]o *ex parte* vehicle for removing ‘dead’ registrations from the register is provided in the statute except for the provisions of [15 U.S.C. § 1058] requiring an affidavit or declaration of use to be filed during [specified periods]. There is no procedure for the Commissioner of Patents and Trademarks to initiate action against defunct marks which appear in registrations.”). The PTO has relied on 15 U.S.C. § 1058 to cancel registrations, in whole or in part, based on audits to determine if the registrant’s use actually meets the statutory requirement of use with respect to all or even any of the goods or services specified in the registration. See *Changes in Requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases*, 82 FED. REG. 6,259, 6,262 (Jan. 19, 2017) (codified at 37 C.F.R. §§ 2.161, 7.37).

<sup>11</sup> 35 U.S.C. § 303(a).

<sup>12</sup> *Id.* See also MANUAL OF PATENT EXAMINING PROCEDURE § 2239 (discussing the process for reexamination ordered at the Director’s initiative, including when “an Office employee becomes aware of an unusual fact situation in a patent which he or she considers to clearly warrant reexamination”); 37 C.F.R. § 1.520 (“The Director, at any time during the period of enforceability of a patent, may determine whether or not a substantial new question of patentability is raised by patents or printed publications which have been discovered by the Director or which have been brought to the Director’s attention, even though no request for reexamination has been filed in accordance with § 1.510 [relating to *ex parte* requests for reexamination] or § 1.913 [relating to requests for *inter partes* reexamination].”).

**a. What is the existing mechanism to cancel one of those registrations?**

A cancellation proceeding before the Trademark Trial and Appeal Board under Lanham Act § 14, 15 U.S.C. § 1064, is the primary existing mechanism to cancel a fraudulent registration (in addition to the PTO's power, discussed above, to reject an affidavit of continuing use in the sixth year of the registration or when the registrant seeks to renew its registration during the tenth year of any ten-year term of registration). Lanham Act § 14(3), 15 U.S.C. § 1064(3), provides that a cancellation proceeding may be brought against a registration “[a]t any time” on the basis that the registration “was obtained fraudulently.”

**b. Who is likely to bring a cancellation action before the TTAB?**

As a general matter, cancellation proceedings are prohibitively expensive. In our Statement (page 34), we cite an American Intellectual Property Law Association report that estimates the median cost of a typical cancellation proceeding to be approximately \$95,000.<sup>13</sup> The result is that typically only very well-resourced competitors to the registrant will bring cancellation proceedings. Additionally, very well-resourced third parties who wish to register a mark that is identical or confusingly similar to the registrant's mark may elect to initiate cancellation proceedings. However, even the largest such third parties may decide that it is less expensive simply to choose a different mark rather than engage in cancellation proceedings.

**c. Would a party have to have a direct interest in an application in order to file a cancellation petition?**

Lanham Act § 14 states that “any person who believes that he is or will be damaged” by the registration of a mark may bring a petition to cancel the registration. This standing requirement is interpreted liberally and “fairly easy to satisfy in the vast majority of cases.”<sup>14</sup> “Traditionally, all petitioner need plead are facts supporting a reasonable belief that there is a likelihood of damage caused by the continuing registration of the mark.”<sup>15</sup>

In practice, the costs of a cancellation proceeding pose a greater barrier to the initiation of such a proceeding than the standing requirement.

**3. Do you anticipate a “breaking point” with the register when innovation, particularly from small businesses, stagnates due to lack of trademark availability?**

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<sup>13</sup> AIPLA, REPORT OF THE ECONOMIC SURVEY 2015, at 39 (2015), <http://files.ctctcdn.com/e79ee274201/b6ced6c3-d1ee-4ee7-9873-352dbe08d8fd.pdf>.

<sup>14</sup> J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 20:46 (5th ed. 2019).

<sup>15</sup> *Id.*

We do not anticipate any clear “breaking point” at which businesses will no longer be able to find competitively-effective trademarks that have not already been claimed by other business. Instead, as we explain in our *Harvard Law Review* article:

an insidious quality of [trademark] depletion is that it proceeds gradually, and even though its pace has quickened in recent years, it remains a chronic rather than acute condition. We should expect no tipping point or moment of crisis in which there are suddenly no trademarks left at all and competition grinds to a halt. Instead, we should expect what the data report: a continuous process in which individual applicants are still able to find usable marks, but at ever-greater cost in pursuit of ever-less benefit.<sup>16</sup>

We think that the current trends in applicant conduct at the PTO that we report in our Statement (pages 13-16) show that businesses, particularly small businesses (page 16), are increasingly being damaged by the chronic condition of trademark depletion. For example, applicants are increasingly applying to register coined terms (rather than common words or surnames) as trademarks and the average length of applied-for marks is increasing. Yet at the same time we are seeing an increase in the rate at which the PTO is issuing refusals to register applied-for marks on the basis that the applied-for mark is confusingly similar with an already-registered mark.

### **Questions from Senator Mazie Hirono for Professor Beebe**

**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?**

We believe that the problem of fraudulent trademark applications requires new legislation to aid the USPTO in fully addressing the large numbers of fraudulent applications. As discussed above, to its credit, the USPTO has acted proactively to implement various reforms that have helped to stem the tide of fraudulent applications, such as the U.S.-licensed attorney rule and the post registration audit program, but these have proven to be insufficient to control the problem. Media reports indicate that fraudulent applications continue to be filed at the USPTO.<sup>17</sup>

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<sup>16</sup> Beebe & Fromer, *supra* note 1, at 1023-24.

<sup>17</sup> See Lince, *supra* note 3.



**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?**

There are a number of additional internal procedures that the USPTO could implement to combat the problem. The Office could enhance its reverse image search capabilities to enable trademark examining attorneys to research whether newly submitted specimens identically or closely match specimens that other applicants have previously submitted to the Office. Furthermore, at the very least, with respect to applications that raise the various red flags of fraudulence enumerated above, the Office could implement a policy by which trademark examining attorneys consult Google reverse image search or other comparable search engines to determine if an applicant has submitted specimens of use based on images taken from the internet.

The USPTO could also return to a process by which trademark examining attorneys specialize in certain categories of goods or services. Our understanding is that the Office abandoned trademark examining attorney specialization in 2002, long before the problem of fraudulent applications became significant. Our expectation is that specialized examiners would become familiar with specimens of use submitted in the classes of goods or services in which they specialize and may therefore be better positioned to detect fraudulent specimens.

More generally, as we discuss elsewhere in our answers, we strongly support the currently proposed legislation establishing, among other things, expungement and ex parte reexamination proceedings.

**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?**

There is a risk that bad actors could seek to use the expungement or ex parte reexamination proceedings to harass competitors. However, both proceedings will include an "Initial Determination" stage during which the Director shall determine whether the petition for expungement or ex parte reexamination sets forth a prima facie case. Only when the petitioner has made out a prima facie case will the Director institute an expungement or ex parte reexamination proceeding. We think that this initial filter on expungement and ex parte reexamination petitions will significantly limit the potential for abuse of the proceedings.

**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?**

As we discuss above, media reports suggest that the U.S.-licensed attorney rule has reduced the number of fraudulent applications, but a significant number of fraudulent application are still being filed at the USPTO. As for changes in Chinese government incentives programs, there is currently no good evidence that we know of suggesting that any such changes have led to a decrease in fraudulent trademark applications from China. The September 2019 *World Trademark Review* article that we cite above and include as an appendix below indicates that large numbers of fraudulent applications originating in China have continued to flow into the USPTO in recent months.<sup>18</sup>

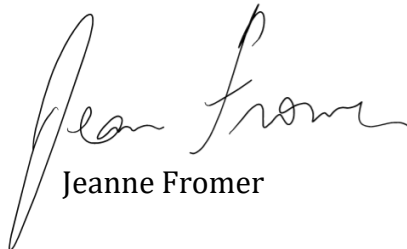
**b. If the changes made by the Patent and Trademark Office and Chinese government are effective—and we see a real decline in the number of applications for fraudulent trademarks—is there a need for a permanent legislative fix to combat the problem or is it something that should sunset after a certain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

We think it would be prudent to implement a permanent legislative fix to address the problem of fraudulent applications and in particular applications containing fraudulent specimens of use. Even if the wave of fraudulent Chinese applicants abates, other applicants have strong incentives to file fraudulent specimens of use in order to gain the priority date established by trademark registration. Unused marks will continue to clutter the Principal Register. This clutter will continue to worsen the problem of trademark depletion that we discuss above and the difficulty small and new businesses face in finding good trademarks that have not yet been claimed by another business.

Respectfully,



Barton Beebe



Jeanne Fromer

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<sup>18</sup> See *id.*



25 Sep  
2019

## Revealed: Chinese trademark applications drop at USPTO but scourge of suspicious specimens continues

- **A California-based law firm represents hundreds of China-based applicants**
- **Investigation finds some applications include suspicious specimens of use**
- **Firms spokesperson says clients are advised against using manipulated specimens**

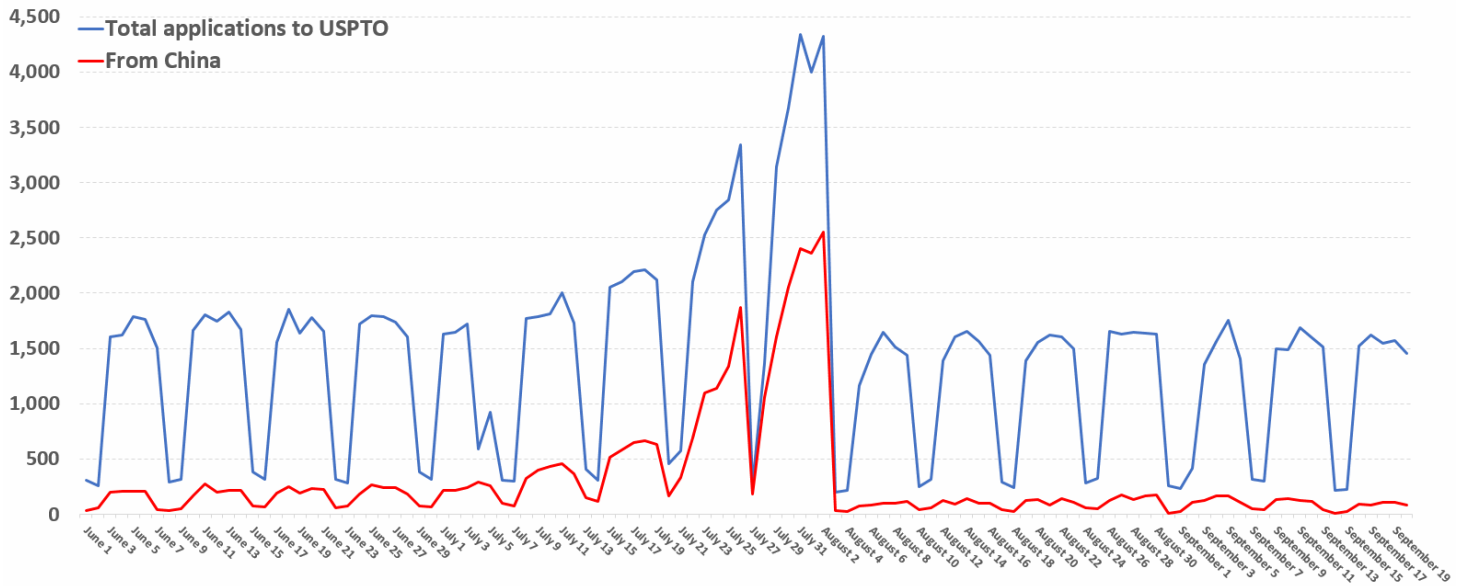
An investigation from *WTR* has found that the issue of fraudulent specimens of use in trademark applications at the USPTO persists, with the challenge facing the office now being to track the latest tactics being used to evade detection.

Our research focused on one US-based law firm which has filed over hundreds of trademark applications in recent weeks on behalf of applicants based in China. In itself this is arguably a sign of the commercial success of the firm, which has managed to tap into Chinese demand for US trademarks. However, of those applications, dozens have been submitted with suspicious specimens, including the unauthorised use of products from brands including Apple, Phillips, and JBL. However, a firm spokesperson has told *WTR* that staff "always advise against manipulated or fake specimen of use".

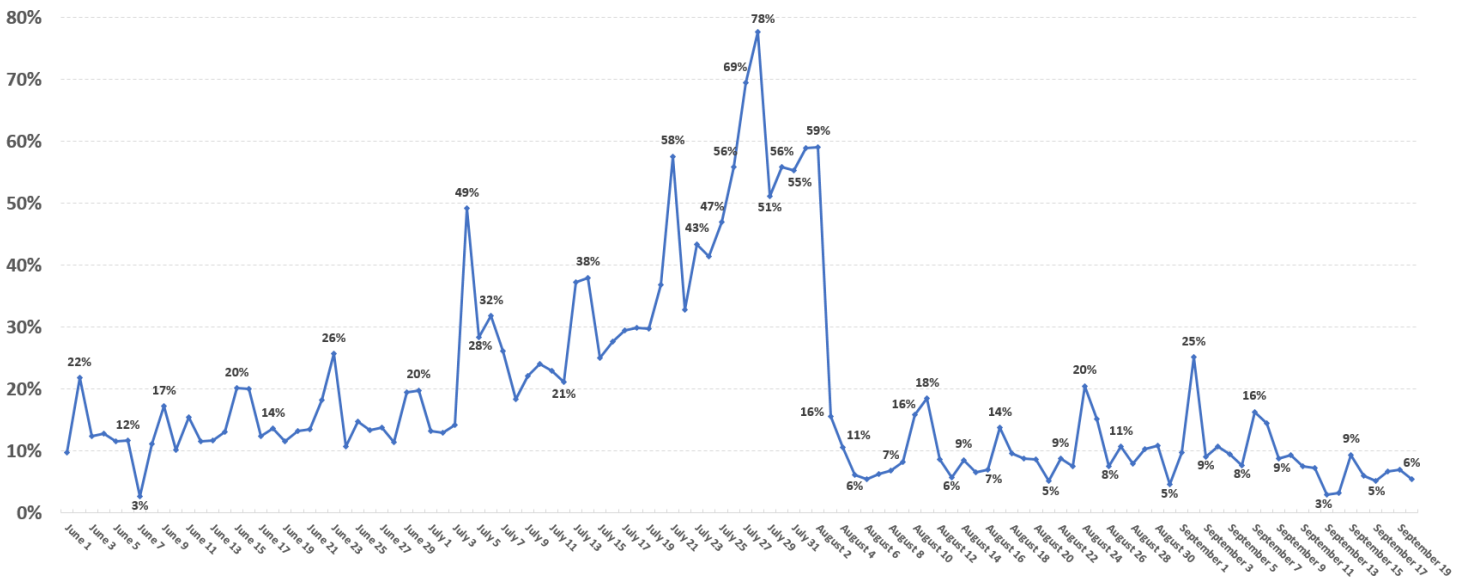
The issue of digitally modified or suspicious specimens has been a long-running issue for the USPTO. *WTR* first revealed the problem of illegitimate trademark specimens [in November 2017](#), followed by an extensive two-part investigation [in June 2019](#) on hundreds of suspicious specimens from applicants based in China. In response, the USPTO has taken decisive action in its attempt to crackdown on such activity. In early 2018, it [launched a pilot programme](#) that allowed users to report improper specimens to a dedicated email inbox. A year later, the USPTO [confirmed](#) it was trialling software to "help determine if a photograph submitted as a specimen of use has been digitally altered". On top of that, it recently announced [a proposed change](#) to representation rules which would require foreign-domiciled trademark applicants to use an attorney who is licensed to practice law in the United States - a move designed to crack down on the unauthorised practice of law by overseas applicants.

The rules were not designed to target only Chinese applicants, of course, but just before the new rules came into effect on 4 August, [there was](#) a "massive surge" in trademark applications from China, with experts telling *WTR* that it was an attempt to beat the deadline and avoid using a US licensed attorney in the initial application. Today, as the tables below show, US trademark applications from China are significantly lower than pre-August levels, both in total and percentage levels.

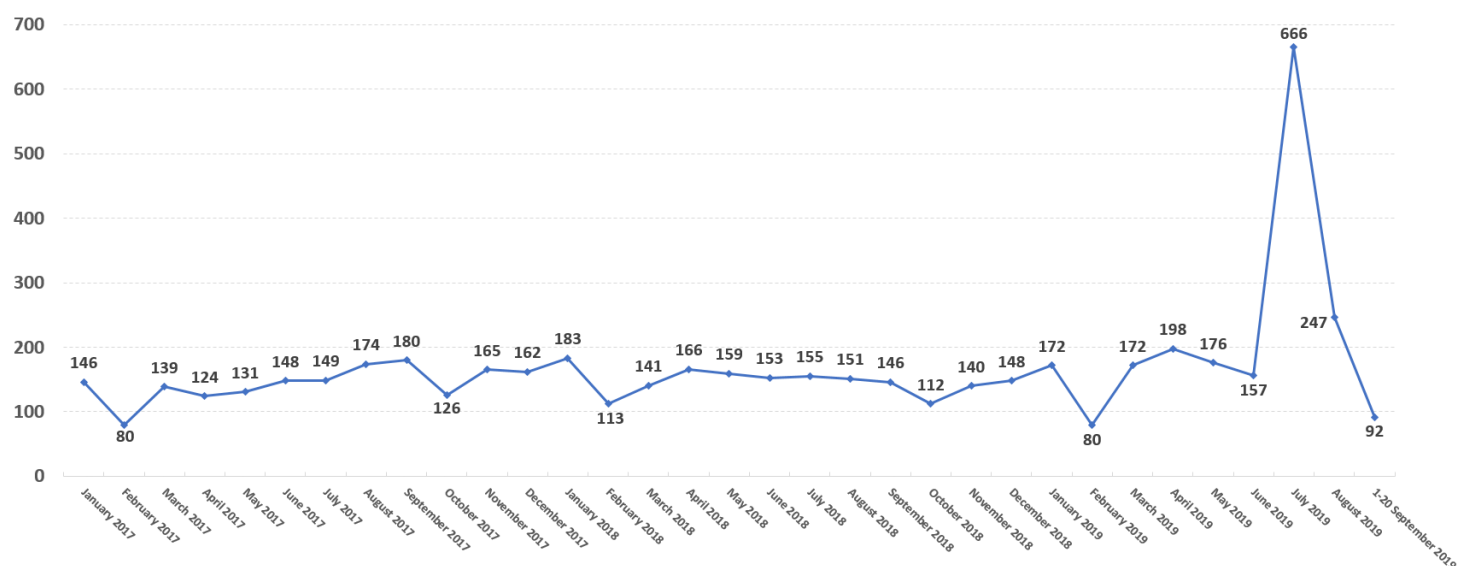
**USPTO daily trademark application count; total and China-based applicants – 1 June to 20 September 2019** ([click for full size](#))



**USPTO daily trademark applications: % from China-based applicants – 1 June to 20 September 2019** ([click to view full size](#))



**USPTO: average daily trademark applications from China-based applicants – January 2017 to 20 September 2019** ([click for full size](#))



With a daily average of 92 US trademark applications originating from China so far this month, compared to a staggering 666 each day in July, the new rules have – on the surface at least – had a visible impact. However, while tackling the issue of the unauthorised practice of law, the issue of potentially fraudulent specimens of use remains, albeit in a smaller number than before.

### A cloud of suspicious specimens

Of the China-based applicants that have filed trademark applications since August 4, one of the leading US-licensed law firms representing them is California-based firm ‘Di Li Law’.

The firm was founded by attorney [Di Li](#), who was born in China but moved to the United States at a young age and was admitted to the State Bar of California in December 2013. The firm itself has [a dedicated Mandarin Chinese language website](#), and [its English language website](#) has a Mandarin language advert and WeChat QR code on the homepage. In fact, [the firm’s trademark registration information sheet](#) is written in both languages.

As a target client base, this approach makes solid commercial sense, and it appears the firm’s proposition for Chinese clients has been strengthened by the rule change. Di Li Law’s Chinese website has [a blog post](#) addressing the USPTO’s recent rule change in which it explains the implications for China-based residents. The post, published on 8 August, concludes: “Li Wei Law Firm has successfully registered hundreds of trademarks for trademark inquiries, applications, renewals and transfers. Founder Li Wei is a licensed lawyer in California and has extensive experience in trademark agency. If you need to register a US trademark or consult a registered trademark, please feel free to contact us. At the same time, domestic lawyers and trademark agents are welcome to discuss trademark application cooperation matters.”

That the rule changes has created a commercial opportunity is made apparent in the data. According to [search platform Trademarkia](#), Di Li Law is the trademark correspondence on approximately 1,050 trademark applications filed since 4 August 2019. Before that date, the firm was the representing party on an estimated 480 applications since the business launched in 2014. In short, the firm has managed to build a significant client base from Chinese applicants.

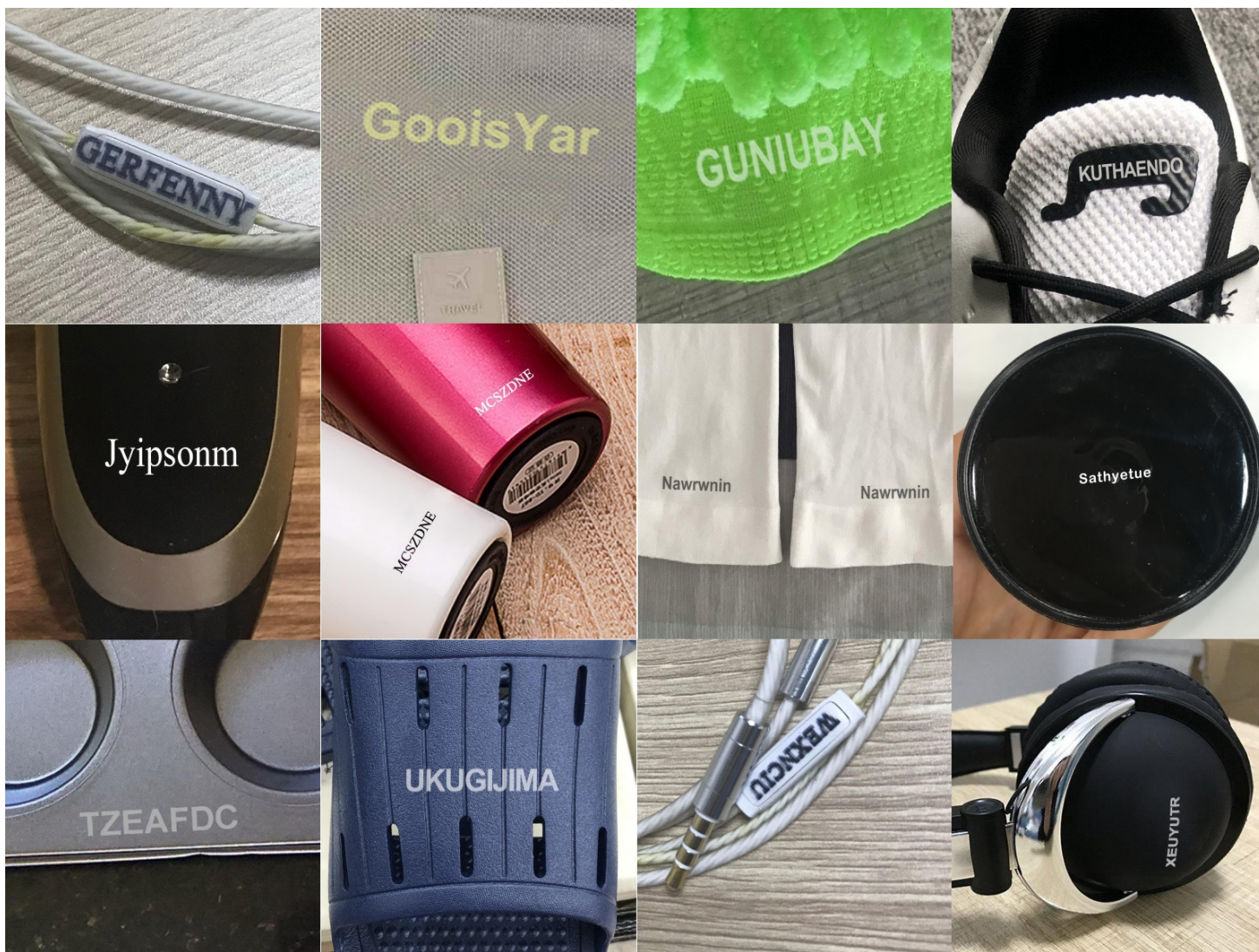
Again, that is a canny strategy and something that many firms would be keen to emulate. However, delving into hundreds of the trademark applications filed in recent weeks with Di Li Law as the representing law firm, there are dozens that appear to have suspicious specimens of use. While some of the tactics used on



these specimens are similar to those found in our previous investigation, we also discovered new strategies that will be of concern to both brand owners and the USPTO.

## #1 Digital image altering

Adding text to digital images is the most common type of suspicious specimen from China-based applicants. The image below ([click for full size](#)) shows some recent examples when text appears to have been digitally added to photos, including specimens found in applications for [GERFENNY](#), [GOOISYAR](#), [GUNIUBAY](#), [JYIPSONM](#), [KATHAENDO](#), [MCSZDNE](#), [NAWRWNIN](#), [SATHYETUE](#), [TZEAFDC](#), [UKUGIJIMA](#), [WEXNCIU](#), and [XEUYUTR](#). It is worth noting, of course, that these could be genuine specimens but the images appear to follow the tactic previously used in filings that cause suspicion.



## #2 More advanced digital altering

Most image altering found on specimens is relatively basic; it is usually just the addition of text (often with the angle, shape or transparency modified) that can be done with even the most basic image editing software. However, we also found an example of an advanced digital alteration that is near-impossible to identify with the human eye. In two trademark applications for the terms [DONGSEN](#) and [GENENG](#), filed by



two separate applicants, there are specimens that are identical except for added front panels that have been digitally altered.

As the image below demonstrates, the alterations are significantly more advanced than is typically found (although both contain typos in the label text). In total, there are four near-matching specimens, which [can be viewed in this comparative image](#).



According to [Douglas Wolf](#), who chairs the trademark & copyright group at Wolf Greenfield, the discovery of increasingly advanced image alterations in trademark specimens is worrying. “If companies are utilising more advanced editing techniques, it certainly would be a concern relative to crowding the US register with fraudulent filings,” he tells *WTR*. “Such filings would be difficult to detect by both the USPTO as well as companies inspecting records for purposes like clearance. On the other hand, if such behaviour is detected, the registry probably has the option to call for a complete review of all filings by that applicant.”

### #3 Use of stock photos and other miscellaneous sources

An increasingly common strategy on suspicious trademark specimens is taking images from online sources – including from stock image platforms and online marketplaces – and digitally altering them. We found dozens in recent trademark filings that raise suspicions, including specimens in applications for [KEFFERLO](#) (image taken [from Kuanyi marketplace](#)), [WRHPZW](#) ([sold unbranded on Taobao](#)), [REJODA](#) ([from 1688.com](#)), [OCOIMICY](#) ([from John Kart](#)), [EINPONNY](#) ([from 16pic](#)), and [WARMTUYO](#) ([from Pixnio](#)).

A particularly curious example can be viewed below. The trademark application for [KAZGROTH](#), filed by applicant Li Xu on August 20, includes two images that appear to be taken from Chinese logistics company UC Express (and can be viewed [on the UC Express homepage](#)).

The image shows a screenshot of the Kazgroth website. The main visual is a delivery person in a purple shirt carrying a large green package up a set of stairs. The text on the website includes:

- 免上门取件费 送货上楼 (Free door-to-door pickup fee, delivery to the floor)
- 330限时达 (330 limited time delivery)
- 立即体验 (Experience immediately)

The navigation menu includes: Product Service, Self-service, About us, News Center, Join cooperation, Recruitment, About bidding, and a phone number 95349. A search form on the left is titled 'Waybill inquiry' and 'online mailing' and contains the text: '请输入要查询的单号, 多个单号请用英文逗号或者Enter (回车)键隔开' (Please enter the tracking number to be queried, multiple tracking numbers should be separated by commas or the Enter key).

#### #4 Use of major brand products

Perhaps the most concerning suspicious specimen types are those products marketed by third-party brand owners. Of the trademark applications we analysed, there were numerous that included specimens that replace the logo on products from major brands. Most of those we found take photos of a product and digitally alter it. There were also examples that appear to *physically* modify a product.

Some example specimens that raise suspicion include:

- YUDYSO trademark application [using specimen](#) that appears to be [a Phillips brand product](#);
- KEFFERLO application [using specimen](#) that appears to be [an Apple brand product](#);
- BONOSS application [using specimen](#) that appears to be [a Rolex brand product](#);
- NIMSKZZY application [using specimen](#) that appears to be [a JBL brand product](#);
- REJODA application [using specimen](#) that appears to be [a Paper Mate brand product](#);
- PTKSZGT application [using specimen](#) that appears to be [a Microdry brand product](#);



- SZOZAEK application [using specimen](#) that appears to be [a Black Mask brand product](#);
- And curiously, the CDHLXMY application [using a specimen](#) that features the Coors Light brand logo.

We contacted every brand owner mentioned above, and some did confirm that the specimens appear to be using their products without permission. One representative from a major brand told *WTR*: “We certainly did not give anybody permission to do this, so this looks like a fraudulent type of behaviour.”

According to Wolf, brand owners should take steps should their products be used without permission in trademark applications. “If we represented brands used in a trademark specimen like this, we would strongly urge them to take action,” he explains. “At a minimum, we would start with a letter of protest to immediately bring the claim of fraud to the attention of the trademark office. On top of that, we would also consider other possible actions including unfair competition or even copyright claims, but those would be outside of the USPTO.”

### Looking ahead

Of course, many of the specimens we analysed in applications filed by Di Li Law appear to be wholly legitimate (furthermore, there are also thousands of trademark applications filed in the same time period - 10 August to 15 September 2019 - that we did not look at, so the investigation provides merely a snapshot of filings). For its part, when we reached out to Di Li Law to explore about our findings, founder and attorney Di Li told us: “My office – and me personally – *always* advise against manipulated or fake specimens of use. We also publish blogs (in Chinese) on our website to educate clients and potential trademark owners about the significance of good faith use and real specimen. I'd like to reiterate that my office and me personally *always* advise against manipulated or fake specimen of use.”

Of course, that advice may not always be heeded by clients and, while verifying specimens can be a significant burden, there are risks for representative firms. According to Wolf, any pattern of suspicious specimens linked to a particular applicant or law firm could be investigated by the USPTO. “If there are questionable practices by an attorney or law firm, the trademark office probably has the option to audit filings associated with that attorney or firm,” he said. “Audits can be time-consuming and expensive, particularly with the new rules including penalties. However, if an attorney’s ability to practice at the registry is also at issue, the stakes are substantially higher.”

We reached out to the USPTO before publication and we will update this article if they respond. However, the evolving tactics of those using suspicious specimens – such as advanced digital altering – creates a significant challenge for the office. After all, an examiner can’t realistically spend the time we did looking at a significant number of applications every time they are allocated one for examination.

For now, trademark applications with suspicious specimens of use are still being filed, posing risk for the firm’s representing particular clients and a challenge for the office. For now, law firm practitioners, examining attorneys and brand owners should be alert to the increasingly sophisticated specimen manipulations that are being used.

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