



American Intellectual Property Law Association

February 4, 2022

VIA E-MAIL TO: TMFRNotices@uspto.gov

Andrew Hirshfeld
Performing the Functions and Duties of the Under Secretary of Commerce for
Intellectual Property and Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, Virginia 22314

Re: Comments on Notice of Request for Comment Regarding
Trademarks Administrative Sanctions Process, 87 Fed. Reg. 431 (January
5, 2022) (Docket Number: PTO-T-2021-0055)

Dear Mr. Hirshfeld:

I write on behalf of the American Intellectual Property Law Association (“AIPLA”) to express its appreciation for the efforts by the U.S. Patent and Trademark Office (“USPTO”) in preparing the Notice of Request for Comment (“NRFC”) concerning the Trademarks Administrative Sanctions Process. AIPLA supports the implementation of an administrative sanctions process as proposed by the USPTO but seeks clarification and offers suggestions on a few points in the proposed process.

AIPLA is a national bar association of approximately 8,500 members that include trademark attorneys and trademark owners, as well as other IP professionals engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of trademark, patent, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that allow trademark stakeholders to protect their marks in an efficient, reasonable, and cost-effective manner.

AIPLA appreciates and strongly supports the Trademark Office’s efforts to protect the integrity of the U.S. trademark register. AIPLA generally supports the implementation and use of the administrative sanctions process, described in the NRFC, as one means for the USPTO to protect the trademark register’s integrity. AIPLA believes, however, that further clarification and information would be useful and appropriate to further the USPTO’s goal of transparency in the sanctions process.

AIPLA submits the following comments to request (i) further information about the manner in which investigations will be initiated; (ii) clarification how registrations subject to an investigation or sanction will be identified and handled; and (iii) clarification regarding when a petition under Rule 2.146 may be filed with respect to an application that has been suspended pursuant to the initiation of an investigation under the administrative

Initiating an Investigation Involving an Application or Registration

First, the parameters under which the USPTO may initiate an investigation are vague. AIPLA is concerned about potential abuse of the process by a legitimate trademark owner's competitor or a defendant charged with infringement of a registered mark. The USPTO suggests that any notice or accusation, regardless how it reaches the USPTO, may trigger an investigation. AIPLA understands from the NRFC that the purpose of this process is to address bad actors who submit improper filings as part of an "improper filing scheme." It is unclear, however, what constitutes an "improper filing scheme." Could an improper filing scheme be found on the basis of filing a single document? Is something more required? AIPLA acknowledges the USPTO's need to maintain some flexibility in making such a determination but, absent clearer definition, it would be relatively easy for parties in litigation routinely to allege an improper filing scheme. The NRFC provides no parameters explaining what an "improper filing scheme" entails. AIPLA requests further explanation of what the USPTO would consider an "improper filing scheme." It is important that legitimate, good faith trademark owners and filers not be unfairly ensnared in investigations.

Second, although the NRFC describes in some detail the manner in which a pending application will be handled and identified for the public once an investigation has been initiated, the NRFC provides no such details regarding a registration that becomes the subject of an investigation.

With respect to registrations, the NRFC speaks only to what happens once an order for sanctions is entered. Specifically, the NRFC provides that *applications* subject to an investigation will be suspended and "the USPTO will update the prosecution history to indicate that the application is suspended pending administrative review." A suspension letter will issue and presumably be accessible to the public via TSDR. But how will a registration subject to an investigation in which a final determination has not yet been made be handled? The NRFC provides no information whether or how the investigation will be noted in the record, whether or how the registrant will be notified of the investigation, or what, if any, effect the initiation of an investigation will have upon the subject registration. AIPLA requests the USPTO to provide additional information about the process as it relates specifically to registrations. For example,

- Will the registrant receive notice of the institution of the investigation? If so, how?
- Will the fact that an investigation involving a registration has been initiated be noted in the registration's file history and accessible to the public via TSDR or other means?
- How, if at all, will maintenance filings under Sections 8, 9, and 15 of the Lanham Act be affected by the institution of an investigation? Will the USPTO's review of such filings be suspended pending the outcome of the investigation?

- If a registration subject to an investigation is cited in an office action under Section 2(d) against a pending application, may the applicant request a suspension of the examination of that application until the resolution of the investigation into the cited registration, similar to a suspension where the cited registration is subject to a cancellation action or an ex parte challenge?
- If an investigation or sanctions order arises from the filing of a declaration of continued use, declaration of incontestability, or a renewal application, but the filing period for such documents has not expired, can the Registrant file a new declaration or renewal application to cure the defective filing?

Third, the NRFC provides that, upon the entry of a sanction order affecting a registration, the registration will remain active and not be canceled. This creates multiple ambiguities concerning the status and validity of the registration. For example,

- How then can the sanctions order constitute a final adverse decision concerning the validity of the registration for purposes of Section 15 of the Lanham Act?
- What does this status as a final adverse decision mean for registrations for which a Section 15 Declaration of Incontestability has previously been filed and acknowledged by the Office?
- It is unclear what, if any, effect a court should give to a registration subject to an investigation or a sanctions order. If notice of the investigation is a matter of public record, even though no sanctions order has been entered, the mere cloud of the investigation may affect the way in which a court considers the registration. Further, if a sanctions order has been entered and is considered a final adverse decision to the owner's right to the registered mark, yet, the registration is not cancelled, there likely will be discrepancies in how different courts interpret the effect of the sanctions order. Some may consider the registration to be valid, while others may find it invalid and/or give it no weight.
- Would a sanctions order ever be sufficient to establish prima facie evidence of non-use for the purpose of a petition for expungement or reexamination? What TM5 Common Status Descriptor will be used for a sanctioned registration? Will the USPTO use Icon 15 Other where the status is uncertain, unknown, or other than those previously identified? Typically, an active registration is given Icon 8 LIVE/REGISTRATION/Issued and Active while a canceled or invalidated registration is tagged with Icon 12 DEAD/REGISTRATION/Canceled/Invalidated. A registration subject to sanctions lies in a grey area between these two status descriptors. It remains alive, yet the USPTO has questioned its validity. Neither descriptor accurately identifies a sanctioned registration's status.

AIPLA requests that the USPTO provide more details concerning the parameters the Office will employ in determining whether an investigation should be instituted and what the effect an initiation of an investigation or imposition of sanctions will have upon a subject registration.

Petitions Under Rule 2.146

The NRFC discusses petitions to the Director under Rule 2.146 in two separate places of the NRFC. These two instances appear to contradict one another. Section I of the NRFC (Reporting and Investigation of Suspicious Filings) provides that when an application is suspended pursuant to a suspicious filing investigation, the only electronic submissions an applicant can file are: an express abandonment; a withdrawal of the attorney of record; and a petition to the Director under Rule 2.146. However, Section II (Show Cause Order) provides that “Petitions such as those filed under [Rule 2.146] are not appropriate *during the investigation* or response period unless the USPTO made a mistake in including a specific application or registration in the show cause order” (emphasis added). The inclusion of the “during the investigation” language appears to conflict with the prior statement in Section I that filing such a petition is allowed despite the application’s suspension.

Does this language mean that the only petition under Rule 2.146 that can be filed once an investigation has been initiated and an application suspended is a petition asserting that the USPTO has mistakenly included the application in the investigation? Alternatively, are all appropriate petitions available until a Show Cause Order has issued, at which point the only acceptable petition is one asserting a mistake by the USPTO? AIPLA requests clarification as to when a petition to the Director under Rule 2.146 would and would not be allowed once an investigation has been initiated.

AIPLA thanks the Office for considering these views and looks forward to continued discussion. Please let us know if AIPLA may offer any additional input.

Sincerely,



Patrick J. Coyne

President

American Intellectual Property Law Association