

August 17, 2016

The Honorable Michelle K. Lee
Under Secretary of Commerce for Intellectual Property and
Director of U.S. Patent and Trademark Office
U.S. Patent and Trademark Office
P.O. Box 1451
Alexandria, VA 22313-1451

*Attention: Jennifer Chicoski
Office of the Deputy Commissioner for Trademark Examination Policy
Via email: TMFRNotices@uspto.gov*

Re: Changes in requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases (Continuation of the Random Audit Pilot Program). 81 Fed. Reg. 40589 (June 22, 2016)

Dear Under Secretary Lee:

The American Intellectual Property Law Association (AIPLA) is pleased to present its view in response to the notice of proposed rulemaking on changes in requirements for affidavits or declarations of use, continued use, or excusable nonuse in trademark cases which would permanently institute a previously implemented random audit pilot program. 81 Fed. Reg. 40589 (June 22, 2016).

AIPLA is a national bar association of approximately 14,000 members who are primarily lawyers 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 patent, trademark, copyright, trade secret, and unfair competition, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

AIPLA supports the pilot random audit program established in 77 Fed. Reg. 30197 being made permanent in the manner set forth in 81 Fed. Reg. 40589. The two-year pilot program showed that random audits can be effective in helping to clear the U.S. Trademark Register of so-called "deadwood," in that it resulted in 51% of 500 audited registrations being cancelled or having goods/services cancelled from the registrations.

AIPLA agrees that making this random audit pilot program permanent would promote the accuracy and integrity of the U.S. Trademark Register and help to clear away deadwood. As proposed, 37 C.F.R. §§ 2.161(h) and 7.37(h) would be amended to permit the USPTO to require mark holders to furnish certain information on request. We understand that, similar to the pilot program, the USPTO would conduct random audits of up to 10% of the combined total of Section 8 and Section 71 affidavits filed each year for marks that are registered for more than one good or service per class. If audited, a registrant would be notified via an Office Action and given a six-month opportunity to provide additional proof of use in the nature of information, exhibits, affidavits or declarations, and specimens showing use for some of the additional goods/services listed beyond that shown in the one specimen per class. If the registrant is able to prove use in commerce for each good/service identified in the audit, the section 8 or section 71 affidavit will be accepted. If the registrant cannot show use in commerce of the registered mark in connection with the requested goods/services, those specific goods/services will be cancelled from the audited registration. If the registrant does not reply at all, the audited registration will be cancelled unless the registration is still within the grace period, in which case the registrant has the option to file a completely new Section 8 or Section 71 affidavit, along with a new fee and grace-period surcharge.

AIPLA recognizes that addressing random audits adds an additional cost to registrants in terms of time and legal expense. However, registrants as a whole generally benefit by having a more accurate U.S. Trademark Register and less deadwood. As such, the cost of addressing a random audit is generally offset by the overall public policy benefit of having a more accurate U.S. Trademark Register that better reflects use of the marks in commerce. However, the cost-benefit analysis is not necessarily a "wash" for a particular registrant that is being asked to respond to a random audit Office Action.

In order to alleviate burdens on audited registrants, AIPLA requests that the USPTO consider some form of a concession for successful audited registrants. One concession could be an immediate fee reduction for successful audited registrants. Another concession could be a future fee offset for registrants that successfully address all use issues in the random audit Office Action. This could be accomplished by providing a fee reduction to the successful random audit registrant on its next scheduled section 8/section 71 declaration for that same registered mark. Such a fee reduction could include a "check a box" feature on the appropriate TEAS form, along with the requirement that the registrant is entitled to such a fee reduction (a form of increased solemnity). Other concessions may be appropriate for successful audited registrations where the section 8 or section 71 affidavit is accepted for all of the audited goods/services.

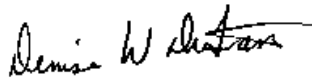
AIPLA Comments on Continuation of the Random Audit Pilot Program

August 17, 2016

Page 3

We thank you for allowing AIPLA the opportunity to provide comments on the random audit program and look forward to the opportunity to continue discussing this program as the parameters of the random audit program are further developed.

Sincerely,

A handwritten signature in black ink, appearing to read "Denise W. DeFranco". The signature is written in a cursive style with a horizontal line extending from the end.

Denise W. DeFranco

President

American Intellectual Property Law Association