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USPTO Enacts New Audit Rules Targeting Trademark Renewals

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Effective March 21, 2017, the United States Patent and Trademark Office ("USPTO") will implement a revised rule under which USPTO examining attorneys may request additional evidence of use from registrants beyond what is currently required in a renewal affidavit. Many believe that the rule could result in the narrowing of US registrations obtained by international companies. Still, the rule is a reminder of the importance of having evidence to support use of each type of good or service claimed in a registration.

Key takeaway

A trademark registration may, at the renewal stage, be subject to an audit by the USPTO requiring proof of use for goods and services other than those specifically identified in support of the renewal. Goods and/or services for which the trademark owner cannot prove use may be deleted in order to obtain the renewal, and failure to respond to the request for additional information will result in cancellation of the registration. The new rule does not apply to initial use-based applications under Section 1(a) or Statements of Use for intent-to-use applications under Section 1(b) – only to Declarations of Continued Use under Sections 8 or 71.

Current law

Declarations or affidavits of use filed under Section 8 or 71 of the Trademark Act require registrants to show use in connection with only *one* good or service per International Class contained in the registration. For example, a registration in International Class 25 (the class that covers clothing) that identifies "hats, shorts, and jeans" need only prove use in connection with hats to renew the registration. Although a registrant need not submit a specimen of use for each and every identified good or service, the accompanying declaration or affidavit must nonetheless aver to the USPTO that *all* goods and/or services included and remaining in the registration submitted for renewal are indeed still in use in commerce. Any goods or services not in use at the time of the renewal should be deleted from the registration at renewal. Alternatively, a registrant must file a declaration establishing excusable nonuse as part of the Section 8 or 71 affidavit.

Reason for change

In 2012, the USPTO conducted a pilot program asking 500 participants, selected at random and seeking renewal of a trademark registration pursuant to Section 8 or 71, to submit additional evidence proving use with goods and/or services additional to those identified in the renewal. Over half (51%) of the trademark owners were unable to supply the additional proof of use requested by the USPTO. Over a third (35%) of the overall respondents achieved renewal only after deleting goods and/or services initially claimed as being in use, while the remaining 15% of trademark owners had their registrations canceled for failing to respond to the additional inquiry. Ultimately, the USPTO concluded that a permanent program was necessary in order to "ensure accuracy and integrity of the register."

Practical considerations

Although it is not clear how the USPTO will select renewals for additional vetting, it is possible the new rules will particularly affect trademark owners with registrations obtained through international treaties, such as the Madrid Protocol, which tend to include more broadly filed identifications of goods and services that are consistent with what other countries allow. No matter the origin of a trademark registration, trademark owners should consider how they are using a mark, and how they want to use trademarks in the future *well prior* to the renewal stage. With proper planning and record keeping, trademark registrants may properly renew their registrations, and

avoid the loss of certain goods and services in the event that the registration is audited under the new rules.

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