



## DEPARTMENT OF COMMERCE

### Patent and Trademark Office

#### 37 CFR Parts 2 and 7

[Docket No. PTO-T-2024-0043]

### Changes in Post-Registration Audit Selection for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases

**AGENCY:** United States Patent and Trademark Office, U.S. Department of Commerce.

**ACTION:** Policy update.

**SUMMARY:** To promote the accuracy and integrity of the trademark register, the United States Patent and Trademark Office (USPTO or Office) is amending its practice concerning the selection of registrations for audit during the post-registration maintenance process. When the USPTO implemented its audit program in 2017, it announced that it would conduct random audits of certain affidavits or declarations filed each year. To promote the accuracy and integrity of the trademark register, the USPTO is adding additional directed audits to its practice.

**DATES:** *Effective date:* This policy change is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

*Comments due:* Written comments must be received on or before [INSERT DATE 30 DAYS AFTER THE DATE OF PUBLICATION IN THE FEDERAL REGISTER] to ensure consideration.

**ADDRESSES:** Written comments must be submitted through the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov). To submit comments via the portal, commenters should go to [www.regulations.gov/docket/PTO-T-2024-0043](http://www.regulations.gov/docket/PTO-T-2024-0043) or enter docket number PTO-T-2024-0043 on the [www.regulations.gov](http://www.regulations.gov) homepage and select the “Search” button. The site will provide search results listing all documents associated with this docket.

Commenters can find a reference to this document and select the “Comment” button, complete the required fields, and enter or attach their comments. Attachments to electronic comments will be accepted in Adobe portable document format (PDF) or Microsoft Word format. Because comments will be made available for public inspection, information that the submitter does not desire to make public, such as an address or phone number, should not be included in the comments.

Visit the Federal eRulemaking Portal for additional instructions on providing comments via the portal. If electronic submission of comments is not possible, please contact the USPTO using the contact information below in the **FOR FURTHER INFORMATION CONTACT** section of this document for special instructions.

**FOR FURTHER INFORMATION CONTACT:** Montia Pressey, Office of the Deputy Commissioner for Trademark Examination Policy, at 571-272-8944 or [TMPolicy@uspto.gov](mailto:TMPolicy@uspto.gov).

**SUPPLEMENTARY INFORMATION:**

On January 19, 2017, the USPTO published in the Federal Register a final rule making permanent the program under which it conducts audits of the affidavits or declarations of continued use or excusable nonuse filed pursuant to section 8 of the Trademark Act (the Act) (15 U.S.C. 1058), and affidavits or declarations of use in commerce or excusable nonuse filed pursuant to section 71 of the Act (15 U.S.C. 1141k) (collectively, affidavits or declarations). See Changes in Requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases (82 FR 6259). The final rule provided the USPTO with the authority to request additional information in connection with the submission of an affidavit or declaration under sections 8 or 71 to assess and promote the accuracy and integrity of the trademark register.

As explained in the final rule, the post-registration audit program benefits the public because it facilitates the USPTO's ability to assess and promote the integrity of the trademark register by encouraging accuracy in the identification of goods or services for which use in commerce or continued use is claimed. The accuracy of the trademark register serves an important purpose for the public, as it is a reflection of marks that are actually in use in commerce in the United States for the goods/services identified in the registrations listed in the register. The public relies on the register to determine whether a chosen mark is available for use or registration. If a party's search of the register discloses a potentially confusingly similar mark, that party may incur a variety of resulting costs and burdens, such as those associated with investigating the actual use of the disclosed mark to assess any conflict, proceedings to cancel the registration or oppose the application of the disclosed mark, civil litigation to resolve a dispute over the mark, or changing plans to avoid use of the party's chosen mark. If a registered mark is not in use in commerce in the United States, or is not in use in commerce in connection with all the goods or services identified in the registration, these costs and burdens may be incurred unnecessarily. An accurate and reliable trademark register helps parties avoid such needless costs and burdens.

The statutory requirements in sections 8 and 71 exist to enable the USPTO to clear the register by canceling, in whole or in part, registrations for marks that are not in use in commerce for all or some of the goods or services identified in the registration. The final rule furthered this statutory purpose by allowing the USPTO to assess whether marks are actually in use for some or all of the goods or services covered by a registration, and to require deletion and/or cancellation of those goods or services for which a mark is not in use (and for which excusable nonuse does not apply).

To that end, the final rule provided the USPTO with the authority to require the submission of information, exhibits, affidavits or declarations, and such additional

specimens of use as may be reasonably necessary for the USPTO to ensure that the register accurately reflects marks that are in use in commerce in the United States for all the goods or services identified in the registrations, unless excusable nonuse is claimed in whole or in part. This authority was not limited to random audits. However, because the USPTO previously announced that selection for the audits would be done on a random basis, the agency now provides notice that it amends its practice under 37 CFR 2.161(b) and 7.37(b) to include directed audits.

Since the final rule was adopted in 2017, the USPTO has become aware of circumstances in which the accuracy and integrity of the trademark register would benefit from directed audits in addition to the current practice of random audits. Specifically, the USPTO discovered systemic efforts to subvert the requirements for use in commerce of a mark to support registration.

First, the USPTO became aware of an ongoing issue of applicants submitting specimens that were digitally created or altered or were mockups and thus did not show actual use in commerce, as is required. That awareness led to the publication in July 2019 of Examination Guide 3-19, Examination of Specimens for Use in Commerce: Digitally Created/Altered or Mockup Specimens, which was later incorporated into the Trademark Manual of Examining Procedure.

Second, the enactment of the Trademark Modernization Act in 2020, and its implementation by the USPTO in 2021, resulted in the creation of two new post-registration proceedings that allow the Office to examine whether a registered mark is, or was at the time of registration, in use in commerce for goods or services covered by the registration. See Changes To Implement Provisions of the Trademark Modernization Act of 2020, 86 FR 64300 (November 17, 2021). Certain disturbing trends have been discovered since the implementation of these proceedings, such as the use of specimen farms. These are websites that do not sell products in the ordinary course of trade.

Instead, they provide applicants or registrants with documents to submit to the USPTO that appear to satisfy the requirement to show use of the mark in commerce on the goods recited in the application or registration. No two specimen farm websites are exactly alike, but many have the following: (1) incomplete contact information, blank pages, or missing or incomplete product descriptions; (2) place-holder text on many pages; (3) the same, sometimes incorrect, product information for multiple product listings; and/or (4) products that cannot be purchased in or shipped to the United States. Additional information about specimen farms has been published on the USPTO website at [www.uspto.gov/trademarks/protect/challenge-invalid-specimens](http://www.uspto.gov/trademarks/protect/challenge-invalid-specimens).

The USPTO plans to conduct directed audits of section 8 and 71 affidavits or declarations when the registration file and/or the post-registration maintenance documents exhibit certain attributes that call into question whether a mark is in use in commerce in the ordinary course of trade. Among other things, these audits will focus on registration files in which it appears that a specimen accepted during examination or submitted with a section 8 or 71 affidavit or declaration was digitally altered, consistent with the parameters set forth in Examination Guide 3-19, or comprised printouts from a website determined to be a specimen farm. Under the directed audit program, the initial office action may request proof of use for all or some of the goods or services covered by the registration, in addition to other information deemed relevant to the USPTO to determine whether the mark is in use in commerce in the ordinary course of trade or whether the elements of excusable nonuse apply. The procedures will otherwise follow those for random audits.

After considering any public comments received in response to this notice, the USPTO will publish information about the program on its Post Registration Audit Program webpage at [www.uspto.gov/trademarks/maintain/post-registration-audit-](http://www.uspto.gov/trademarks/maintain/post-registration-audit-)

program. The USPTO will likewise publish future changes to the post-registration audit program on its website.

These changes will better position the audit program to address obvious issues with registration, thus protecting the integrity of the federal trademark registration system and improving the overall accuracy of the trademark register.

**Katherine K. Vidal,**

*Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.*

[FR Doc. 2024-24755 Filed: 10/25/2024 8:45 am; Publication Date: 10/28/2024]