

Law & Practice

UNITED STATES: Senate Judiciary Subcommittee on Intellectual Property Holds Hearing on Fraudulent Trademark Filings

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The United States Senate Judiciary Committee's Subcommittee on Intellectual Property held a hearing entitled "Fraudulent Trademarks: How They Undermine the Trademark System and Harm American Consumers and Businesses" on December 3, 2019. The Subcommittee is considering potential legislative measures to address the unprecedented surge in fraudulent trademark applications, primarily from China.

A panel of experts comprised of trademark practitioners, in-house counsel, and scholars testified on the negative impact of fraudulent trademark filings on American businesses and consumers, and on the integrity of the U.S. trademark register.

The panelists testified that fraudulent trademark filings are contributing to the depletion of available trademarks and cluttering the trademark register. Fraudulent trademark applications and registrations are also blocking legitimate filers from registering their trademarks in the United States, making it more difficult and costly for businesses of all sizes to find available marks and protect their brands.

To quantify the magnitude of this problem, Professor Barton Beebe of the New York University School of Law presented findings from his research indicating that

two-thirds of the applications filed in 2017 solely in Class 25 (apparel) were fraudulent in nature. Nevertheless[,] 60% of these were approved for publication by the USPTO [United States Patent and Trademark Office] in the Official Gazette, and ultimately 39% proceeded to registration.

The panelists noted that the USPTO's recently implemented rule requiring foreign-domiciled applicants and registrants to have a U.S.-licensed attorney has led to a temporary decrease in fraudulent filings from China, but has not eliminated the problem.

Subcommittee Chair Senator Thom Tillis (R-NC) solicited suggestions from the panelists for legislative measures to combat the problem of fraudulent trademarks. The panelists offered various potential reforms aimed at assisting the USPTO in detecting fraudulent applications and specimens of use and removing fraudulent registrations from the U.S. trademark register. Suggested reforms include:

- Annual reporting by the USPTO regarding fraudulent trademark filings;
- Specialization of trademark examining attorneys by classes of goods and services;
- *Ex parte* review of registrations by the USPTO Director;
- Implementation of an expungement process to clear the register of unused marks; and
- Requiring specimens of use to be filed for each good or service identified in an application.

Senator Tillis indicated that the Subcommittee plans to work with its counterpart in the House of Representatives on a bicameral, bipartisan proposal.

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