

# Trademarks business performance

David Gooder

Commissioner for Trademarks

UNITED STATES  
PATENT AND TRADEMARK OFFICE



# Today's overall agenda

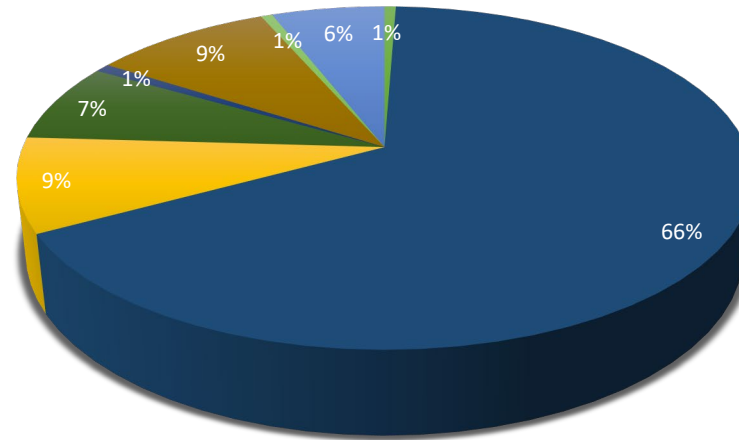
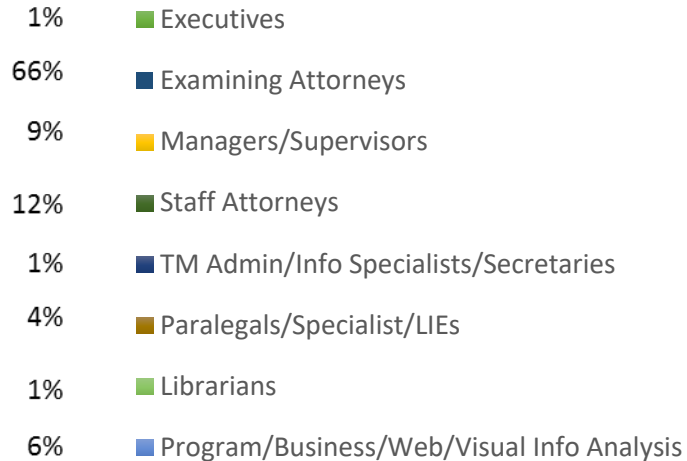
- Trademarks Business Unit update
- IT update (OCIO)
- Legislative update (OGA)
- Policy & International update (OPIA)
- TTAB update
- Public comments

# Trademarks Business Unit agenda

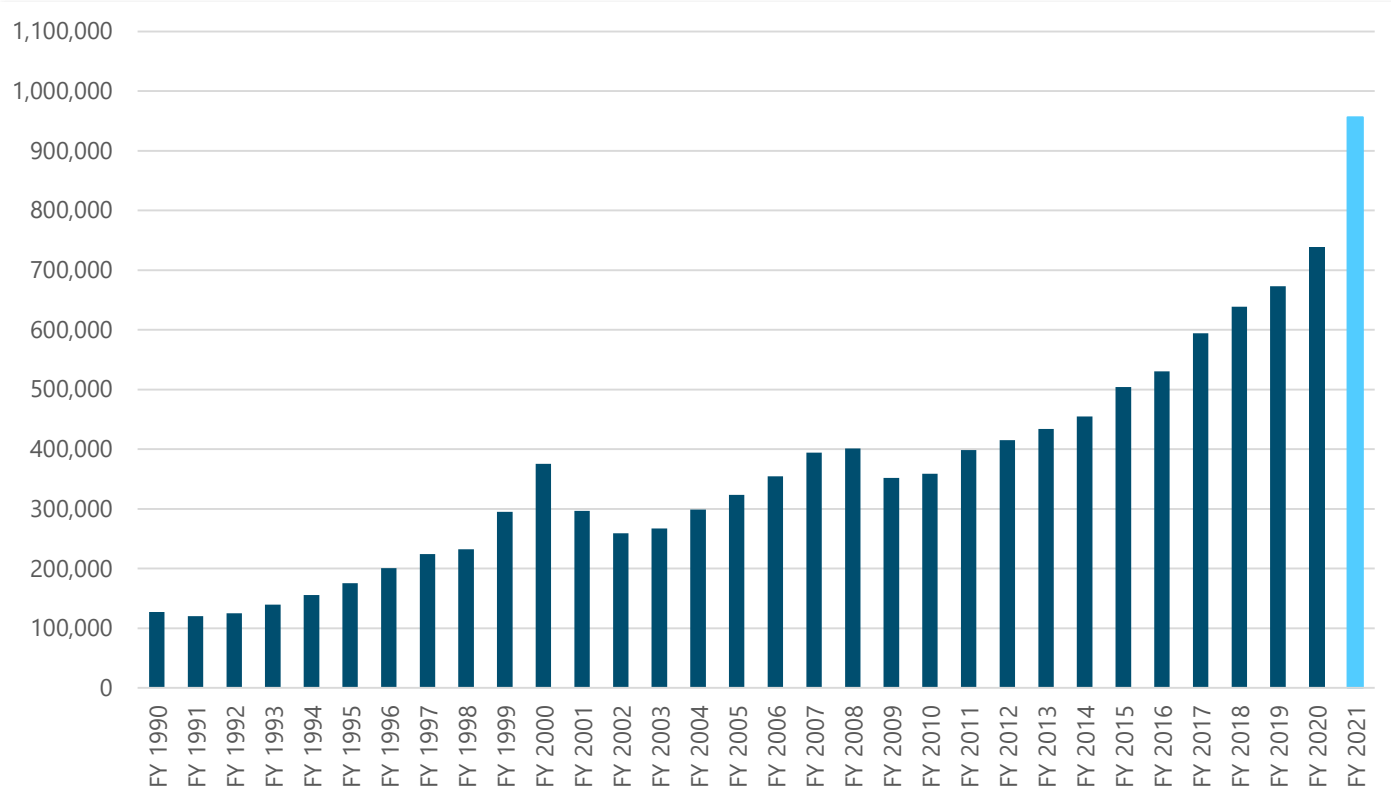
- Trademarks business operations update
- Trademarks financial performance
- Trademarks FY 2021 priorities
  - Combating the surge
  - Trademark Modernization Act implementation update
  - Register protection update
  - IT modernization update

# Trademarks staffing

- 1014 employees (7% of USPTO), +58 from July 2020
- 674 examining attorneys (66% of Trademarks), +48 from July 2020
- 100% of employees have the option to telework during the pandemic



# Trademark application filing levels



## FY 2020 actual

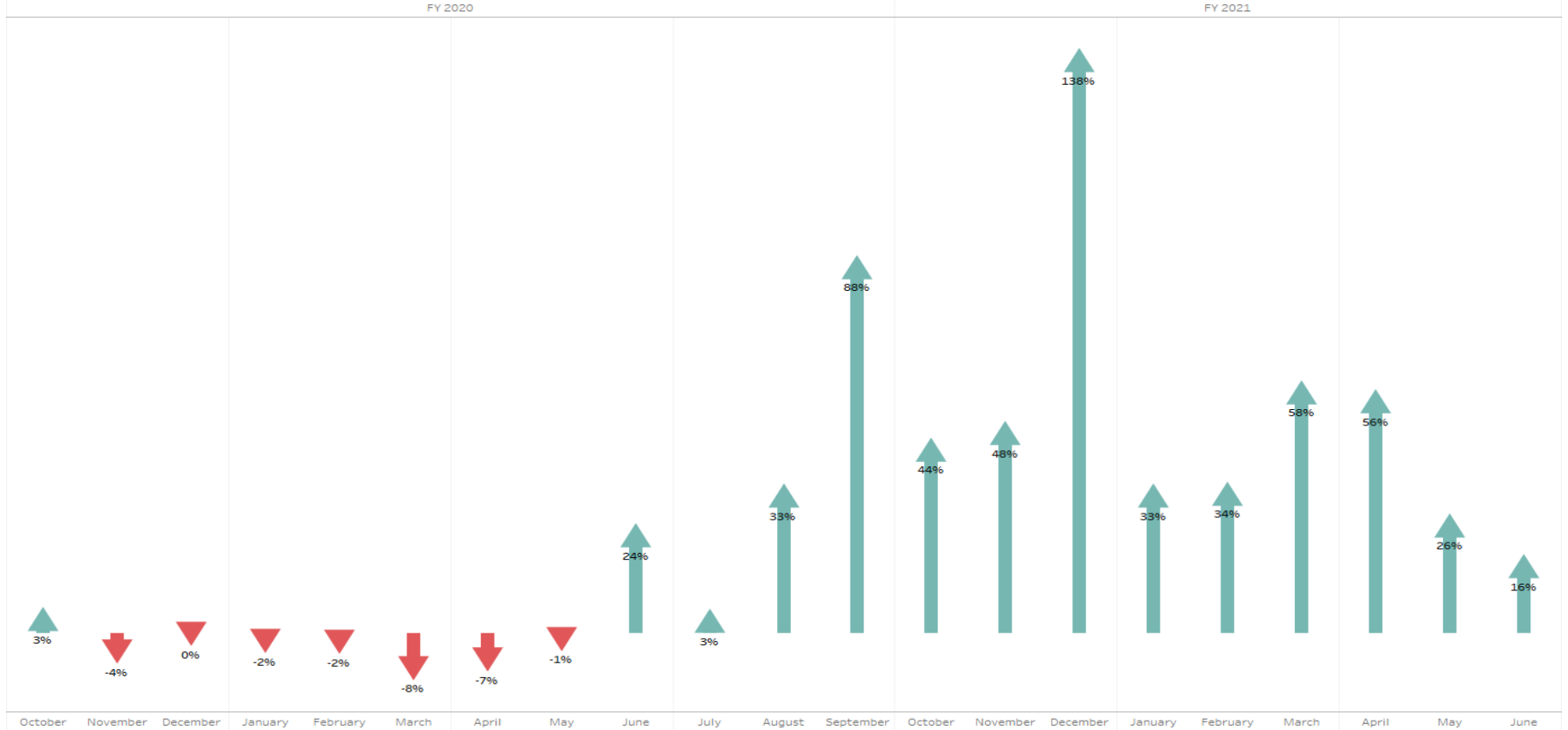
- 738,112 classes  
+9.5%

## FY 2021 (classes)

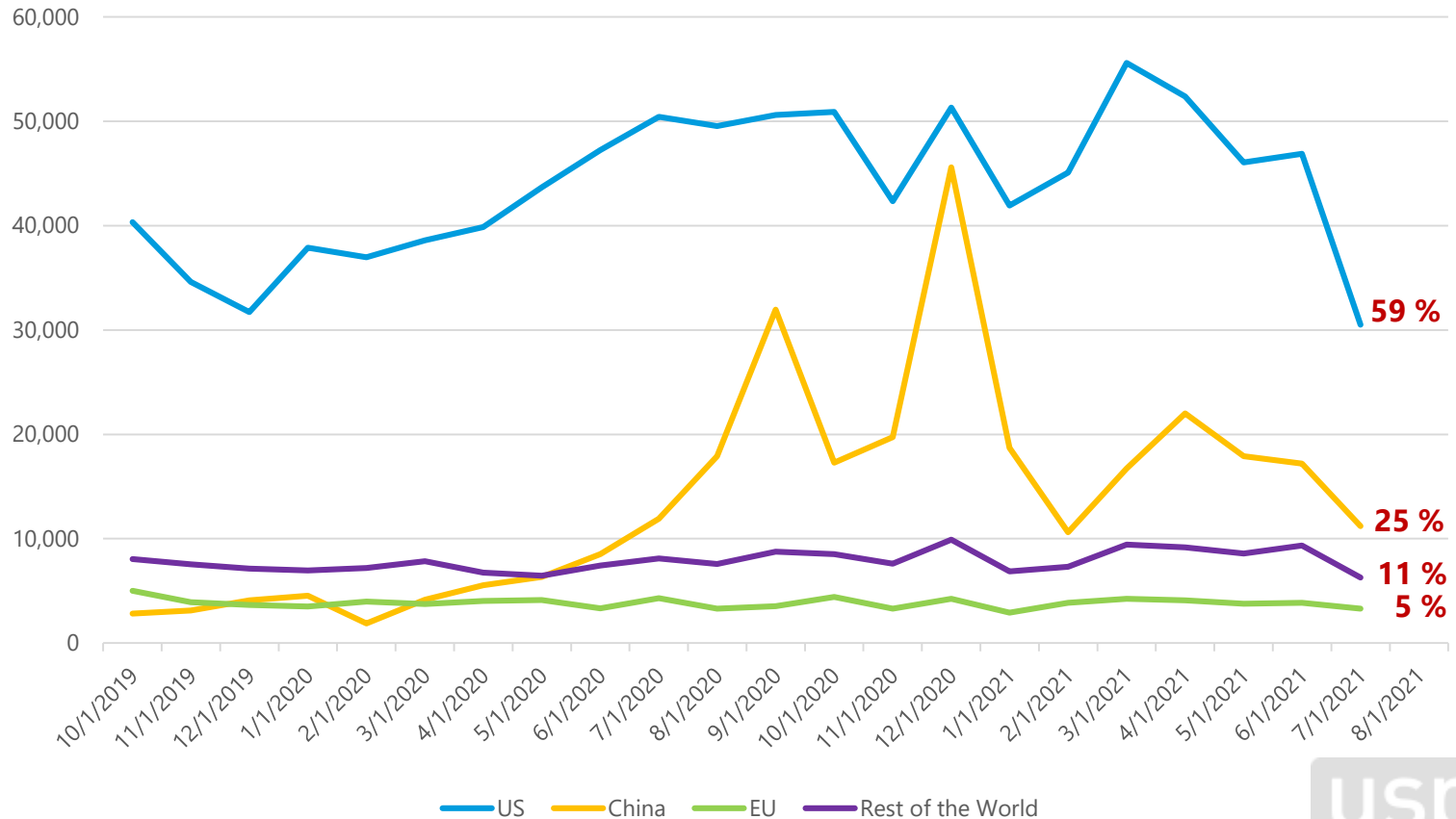
- Currently:  
785,109  
+44%
- Projected:  
~940,000



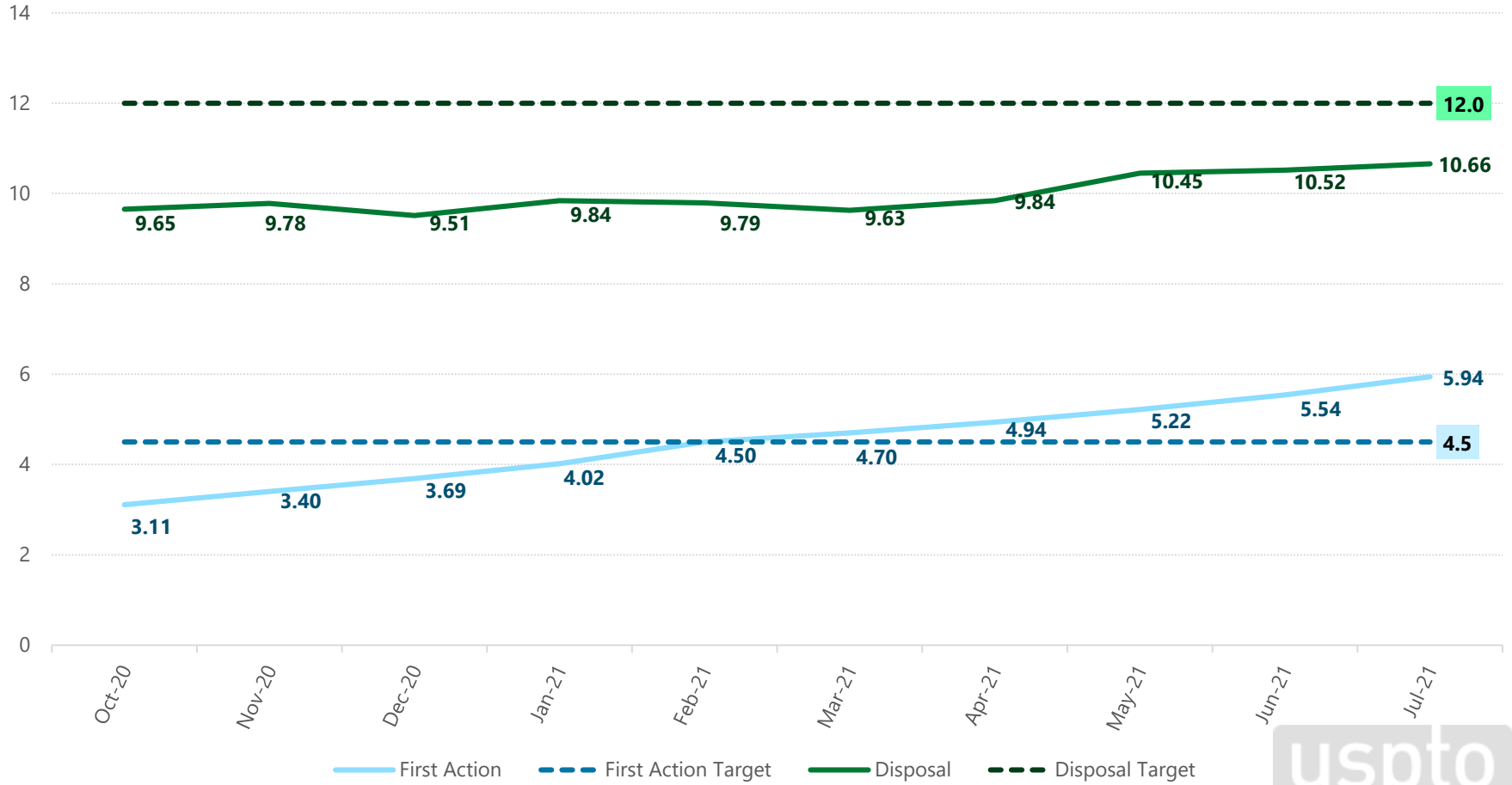
# Monthly growth rates – still growing



# USPTO application filings origins: U.S., China, European Union, and rest of the world



# FY 2021 first action and disposal pendency





# Trademarks performance: quality

FY 2020 Trademarks performance measures	FY 2021 targets	FY 2021 Results*
<b>First action compliance</b> In-process review evaluation of the statutory bases for which the USPTO raises issues and/or refuses marks for registration based on the first office action	<b>95.5%</b>	<b>96.3%</b>
<b>Final action compliance</b> In-process review evaluation of the statutory bases for which the USPTO raises issues and/or refuses marks for registration based on the examining attorney's approval or denial of the application	<b>97.0%</b>	<b>98.7%</b>
<b>Exceptional office action</b> Measure indicating the comprehensive quality of the first office action search, evidence, writing, and decision making	<b>50.0%</b>	<b>53.1%</b>

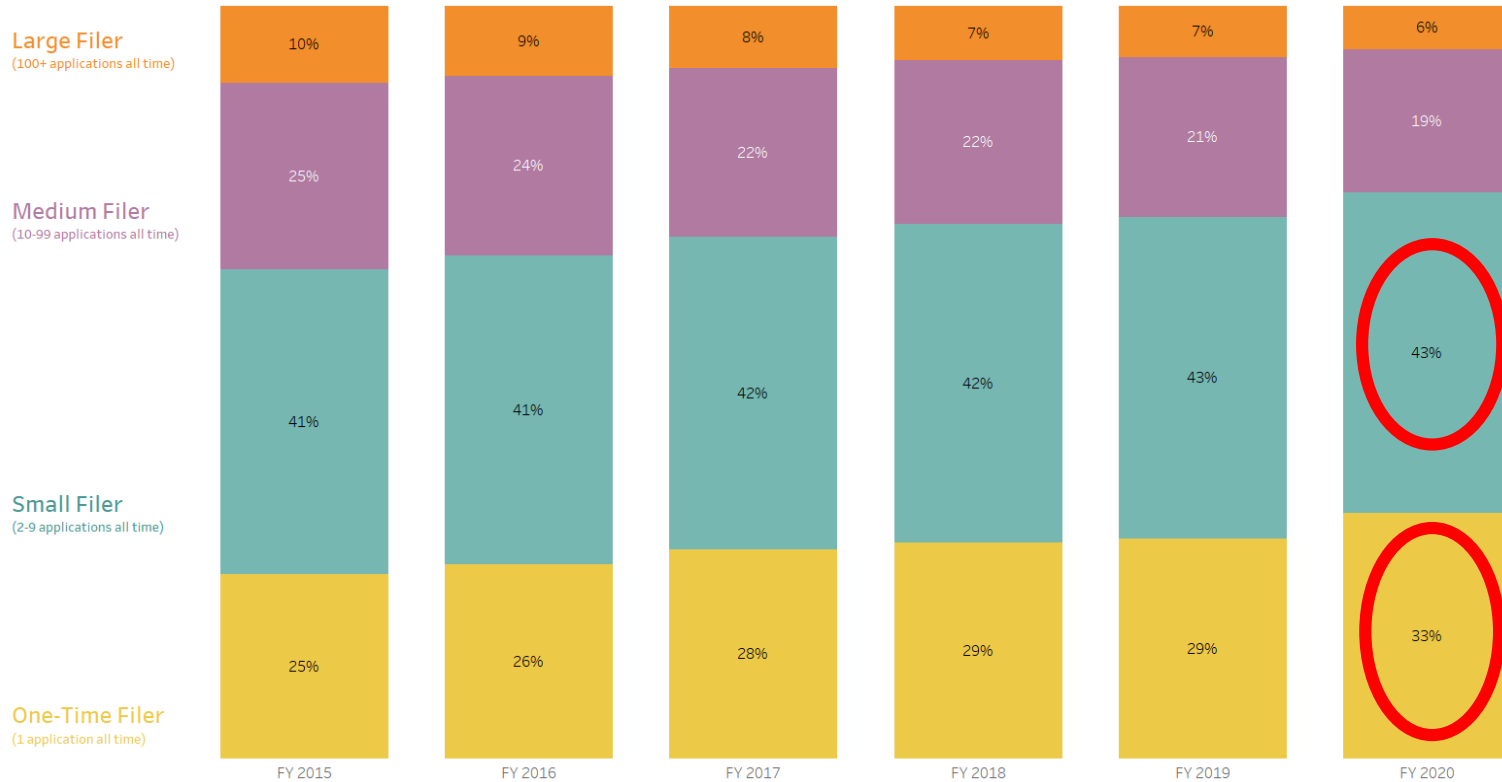
*\*through July 26, 2021*



# What and who are causing the surge

- A look at the numbers

# Overall - 76% of all trademark filings: Filed by applicants with less than 10 applications



# Who is driving the surge

Filers with fewer than 10 applications all-time; Use and ITU; Individuals; USA and China



# What is causing the surge

- Growth of on-line sales
- Government stimulus
  - Direct stimulus checks
  - Subsidies, notably in Guangdong province
- Anticipation of USPTO fee increase in FY21
- Chinese/US law firms/lawyers
  - Marketing filings directly to Chinese SMEs
- Entrepreneurialism
  - 6,714,318 new businesses started since March 2020
  - Time + Money

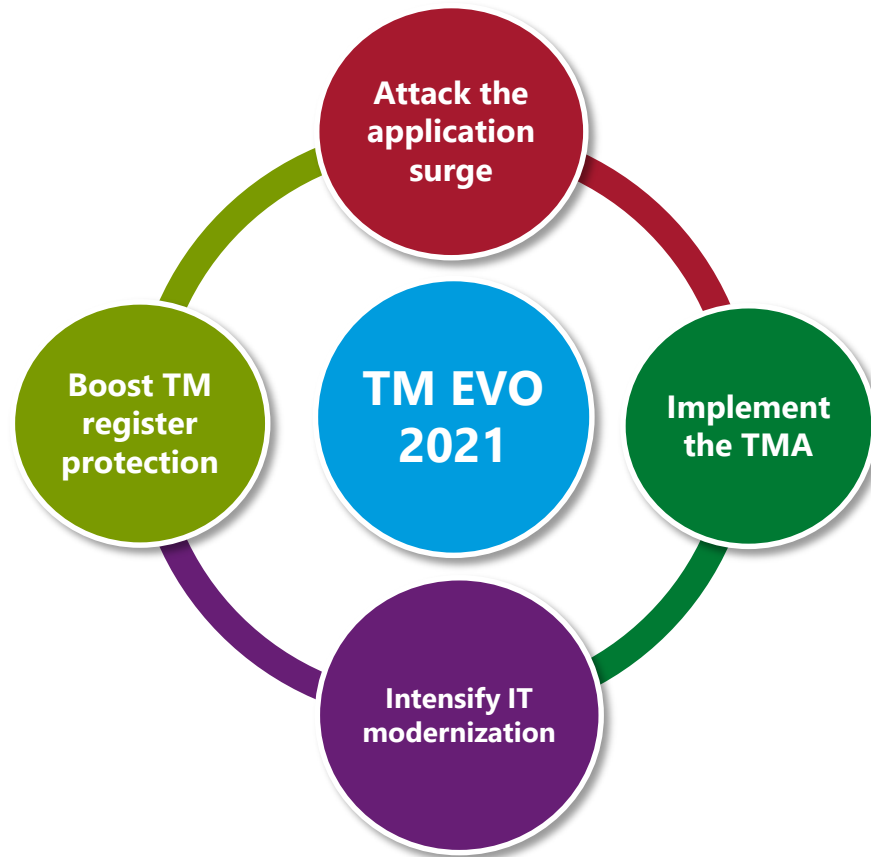
# Additional matters

- Delay in obtaining certified copies

David Gooder  
Commissioner for Trademarks

# Trademarks FY 2021 priorities

# Trademarks FY 2021 priorities





Dan Vavonese

Deputy Commissioner for Trademark Operations

# Application filings surge

# The surge of 2021

- What's the impact
- What are we doing about it

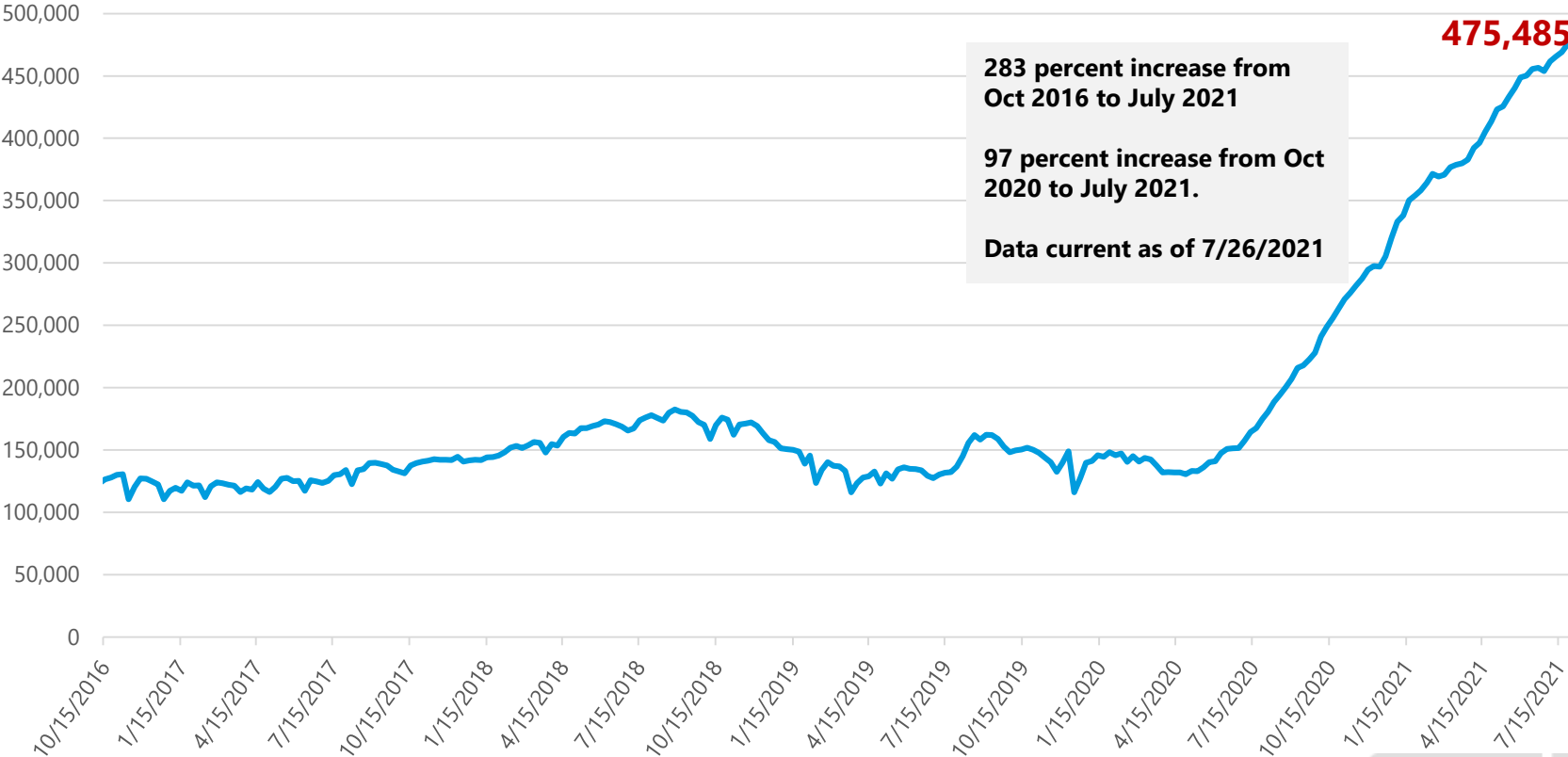


Attack the  
application  
surge



uspto

# Unexamined application inventory (classes)



**283 percent increase from Oct 2016 to July 2021**

**97 percent increase from Oct 2020 to July 2021.**

**Data current as of 7/26/2021**

**475,485**



# Impact of the surge: processing backlogs

- **New applications uploaded into Trademark Status and Document Retrieval and Trademark Electronic Search System**
  - Typically processed within one week
  - Takes longer if manual entry is required; contact [TEAS@uspto.gov](mailto:TEAS@uspto.gov)
- **First action pendency (target between 2.5 and 4.5 months from filing)**
  - Historically, around 3 months from filing to first action
  - Now taking nearly **6 months**
- **Processing of amendments and responses to office actions**
  - Typically processed within 14 days
  - Back on goal, now taking **around 14 days**




# Filings surge: what actions have we taken

- Reorganized workloads among staff
- Hired 47 new examining attorneys
- Upcoming hiring plans
- IT solutions and process improvements
- Notices on our external sites
- Monthly pendency metrics launched – TM Dashboard
  - Provides regular check processing timeframes



# Pendency metrics: up-to-date processing wait times on TM Dashboard

 View Current Trademark processing wait times

Attack the application surge

Current Trademark processing wait times		
As of June 2021	Pendency Target	Current Pendency
<b>Pre-Examination Unit</b>		
TEAS	10 days	81 days
MADRID	10 days	0 days
<b>Examination Support Unit (ESU)</b>		
Amendment entry	14 days	68 days
<b>Intent to use</b>		
Extension requests	15 days	7 days
Statement of use	15 days	8 days
Divisional requests	15 days	15 days
<b>Petitions Office</b>		
Letters of protest	60 days	80 days
<b>Post Registration</b>		
Affidavits of Use/Incontestability	30 days	78 days

uspto

Amy Cotton

Deputy Commissioner for Trademark Policy

# **Trademark Modernization Act: comments in response to Notice of Proposed Rulemaking**

# Notice of Proposed Rulemaking comments received

- 30 comments
  - Industry associations (10)
  - Law firms (5)
  - Corporations (3)
  - Law school legal clinic (1)
  - Non-profit (1)
  - Individuals (10)



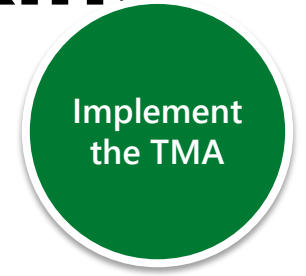
Implement  
the TMA



uspto



# Notice of Proposed Rulemaking



- Letters of protest
- Flexible response periods
- Nonuse cancellation
- Attorney recognition
- Court orders



# Flexible response period options

Implement  
the TMA

Three month  
response

*Single **three** month  
response period,  
extendable once to  
full six months*

Two phase  
examination

*Two month response  
period for formalities,  
extendable to the full  
six months*

*Three month response  
period for substantive  
examination,  
extendable to full six  
months*

Patent model

*Two month response  
period, extendable  
month by month to  
full six months*

uspto

# Flexible response period comments



Implement  
the TMA

- Twenty three comments
  - Support three month response period
  - Support combination of options one and three
  - No change
  - No change but if anything, three month initial response
  - Delay implementation and ask for more public comments



uspto

# Attorney recognition (1 of 2)

Implement  
the TMA

**2.17(g):** recognition for representation continues until revocation or withdrawal

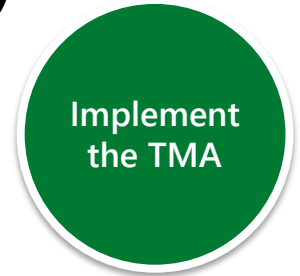
**2.17(b) & 2.19(d):** fraudulent designation of representative will not be effective

**2.19(b):** clarifies when an attorney must withdraw and when permitted to withdraw

**2.61(c):** deletes provision on conflicts of interest, superseded by Rules of Professional Conduct

uspto

# Attorney recognition (2 of 2)



- Twelve comments
  - Some support
  - Some oppose
  - Desire for more information about forthcoming phase of login, role-based access controls, to assess the need for rule changes
  - Concerns about removing docketing information from database

# Nonuse cancellation (1 of 7)



Implement  
the TMA

- Petition requirements and procedures
  - 30 day letter for good faith but incomplete petition
    - Support 30 day letter
    - 30 days to perfect incomplete petition is too long
    - Oppose 30 day letter



uspto

# Nonuse cancellation (2 of 7)

Implement  
the TMA

- Petition requirements and procedures
  - Allow petitioner to supplement deficient petition with more evidence
  - Allow registrant to submit a response to petition prior to institution
  - Should address confidentiality concerns of registrants

uspto

# Nonuse cancellation (3 of 7)

Implement  
the TMA

- Petition requirements and procedures
  - Real party in interest
    - Should require
    - Should not require
    - Wait and see if abused
    - Director should retain discretion to ask for real party in interest prior to institution determination

uspto



# Nonuse cancellation (4 of 7)

Implement  
the TMA

- Petition requirements and procedures
  - Limitation on # petitions filed on a registration
    - Limit number of petitions
      - Limit within a certain time period
    - Don't limit the number of petitions, but "wait and see"
    - Address patterns of abusive filings by denying future requests

uspto

# Nonuse cancellation (5 of 7)

Implement  
the TMA

- Expungement/Reexamination response period
  - Make consistent with other office action response periods
  - Allow extensions of time
  - Three month response period
  - Three month response period, extendable to six
  - Six month response period

uspto

# Nonuse cancellation (6 of 7)



Implement  
the TMA

- Filing fee
  - \$600 is appropriate
  - \$600 is too high
    - Charge registrant \$250 per class deletion fee
    - Refund \$200 for default judgments
  - Lower fee for more recent registrations
  - Lower fee for individuals, small businesses, non-profits



uspto

# Nonuse cancellation (7 of 7)

Implement  
the TMA

- Audit for failure to respond
  - Oppose audit
    - Impose penalty fee if application is refiled
  - Support audit
    - Evaluate whether to institute Director-initiated proceeding on rest of the registration
  - Wait and see

uspto

# Final rule



- Anticipate publication
  - November 2021
    - Rulemaking requires publication 30 days prior to implementation (unless good cause)
  - Implementation for nonuse cancellation is required by December 27, 2021

Amy Cotton

Deputy Commissioner for Trademark Examination Policy

# **Boost Trademarks register protection**

# Schemes



- Special task force investigations
  - Violations of US rules of practice, representation rules, and website terms of use
    - Administrative sanctions
  - Attorney misconduct that impacts US applications
    - Refer to Office of Enrollment and Discipline
  - Criminal behavior that impacts or implicates US applications
    - Refer to law enforcement



# Taking steps



- Identifying schemes
- Investigating affected applications
- Targeting rule violations where there is evidence of intent to circumvent US rules
- Talking to law enforcement and OED
- Improving website content





# Improving website content



- Names of potential scam companies flagged by our customers
- Names of actors and companies that the USPTO is investigating or has sanctioned
- Checklist for how to prevent being scammed and what to do if you believe you are a victim
- [TMScams@uspto.gov](mailto:TMScams@uspto.gov)



# Sanctions and discipline



- Commissioner ordered sanctions
  - Final orders for sanctions
    - Xue Chaoxing
    - Dr. Thong Quang Ngo
  - Show cause order
    - Yusha Zhang & Shenzhen Huanyee Intellectual Property Co., Ltd.
      - [Orders issued by the Commissioner for Trademarks-Document Link](#)
- OED discipline
  - Settlement agreement
    - Yiheng Lou, NY attorney
      - [Lou Final Order D2021-04 Redacted.-Document Link](#)



Greg Dodson

Deputy Commissioner for Trademark Administration

# IT modernization

# Trademark IT update (1 of 3)

- **Electronic registration certificates (eReg Certs) and Blockchain**
  - Development status
    - Adobe HA (high availability) bug fixed July 22, 2021
    - Solidifying communications plan
  - Deployment target
    - February 15, 2022
      - ✓ Timing based on rulemaking and already-scheduled new calendar year deployments
  - Blockchain options to replace ‘hashed’ copies and obviate need for certified copies being reviewed.



# Trademark IT update (2 of 3)

- **Identity proofing status**

- Feedback thus far: Usability testing and beta testing
  - Usability testing conducted by customer experience team – utilized cross-section of known users
  - Beta testing accomplished by development team – used TPAC members
- Next cohort for “expanded beta”
  - Using examination policy-vetted users
    - ✓ Testing to run thru August
    - ✓ Feedback will inform enterprise release
- Plan for deployment: October 2021



# Trademark IT update (3 of 3)

## Product line status



- TRAM retirement acceleration options being developed; six additional development teams added to product line



- Last remaining legacy reporting system has been successfully migrated to the Enterprise Data Warehouse (EDW); all legacy systems assigned have been retired or decommissioned
- One additional AI/ML/RPA development team added in FY22



- Enhanced and re-imagined TM Exam approaching opportunity for launch to volunteer examining attorneys for early adoption and feedback



- Production beta test of ID verification application and integration with TEAS and MyUSPTO
- New pages added to Trademarks landing page on USPTO.gov (ex. "Scam Awareness")



- Established new product development plan on AWS Cloud transition
- Development team established four microservices (workflow router, workflow engine, API, and API gateway) to further improve the cloud infrastructure



- Completed ESTTA *Answer and Counterclaim* and *Petition for Cancellation* forms changes
- Modified backend process to support TMA cancellation based on nonuse



