

Professor Jeanne Fromer
Questions for the Record from Chairman Johnson

1. Are you able to estimate how many trademark applications have been filed with fake or likely fake specimens?

We have estimated the number of fraudulent specimens in use-based trademark applications originating in China and filed at the USPTO in 2017 solely in Class 25 (apparel goods). Based on our study, which is discussed below, we conclude that 66.9% of these applications were probably fraudulent.

To estimate the prevalence of fraudulent specimens, we randomly sampled 365 applications from the 6,752 use-based applications that originated in China and were filed at the USPTO in 2017 solely in Class 25. (This sample allows us to estimate the proportion of fraudulent specimens for the entire population of Chinese use-based applications filed in 2017 solely in Class 25 with a confidence interval of 95% and a margin of error of 5%.) We reviewed all submitted specimens for each application in our sample and coded them for multiple factors that we think indicate to varying degrees the probability that the application's specimen is fraudulent. These factors consist of whether a specimen image:

- a. Showed discontinuities that indicated digital alteration;
- b. Appeared in a Google reverse image search as matching an image of a product with a different mark of a different company, or the specimen image matched a specimen image previously submitted to the PTO in connection with a different mark of a different company;
- c. Depicted a mark consisting of a nonsense word that is unpronounceable in English and that the applicant indicated has no meaning in any other language;
- d. Depicted a tag with irregularities, such as exceptionally poor print quality, the tag being placed on top of another tag, or tags across multiple specimen images having different appearances;
- e. Depicted pricing in a foreign rather than U.S. currency or commerce with delivery to a foreign rather than a U.S. address;
- f. Depicted a product that carried the mark of another company (such as CHANEL), indicating that the applicant was affixing its applied-for mark to a different company's product;
- g. Misspelled the mark;
- h. Depicted a branding card not attached to the good;
- i. Depicted a screenshot of an ecommerce website (such as on Amazon) to show use in commerce;
- j. Depicted a hanging tag to display the mark;
- k. Depicted a sticker to display the mark; and
- l. Depicted a collar label to display the mark.

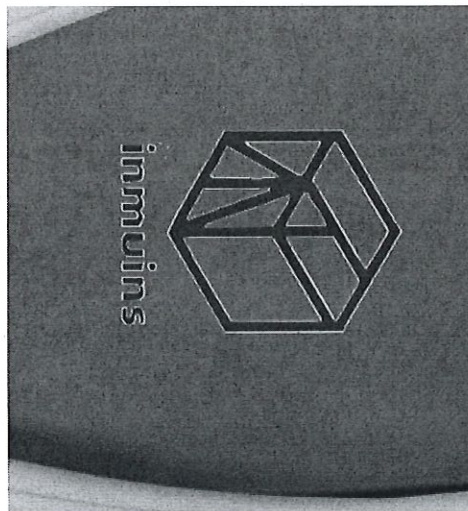
Based on our sample, we think it is reasonable to conclude that a very high proportion of Chinese use-based applications filed in 2017 solely in Class 25 were

fraudulent. The PTO itself refused 13.4% (or 49) of the 365 applications included in our sample on the basis that the submitted specimen image was digitally altered or otherwise improperly manipulated. However, this statistic significantly understates the degree of the problem. Taking into account a subset of the factors listed above that are especially indicative of fraud, we estimate that 66.9% of Chinese use-based applications filed in 2017 solely in Class 25 included fraudulent specimens. Specifically, 66.9% (or 244) of the applications in our sample included a specimen with a discontinuous image, a matching reverse image search image, a price displayed in foreign currency or delivery to a foreign address, the mark of another company, a nonsense word for a mark, tag irregularities, a misspelled mark, and/or a branding card not attached to the good. Many of these 244 applications raised multiple such red flags.

In what follows, we provide more detail on certain of these factors.

a. Discontinuities in Specimen Images Indicating Digital Alterations

We found that 26.0% (or 95) of the applications in our sample included specimen images showing discontinuities that indicated digital alteration. For example, the specimen shown below for Application Serial No. 87,300,262 for INMUINS and accompanying logo shows discontinuities indicative of alteration, yet the USPTO did not refuse registration on that basis and the application eventually registered as Registration No. 5,275,912.



b. Google Reverse Image Search Results and Matches to Previously Submitted Specimens for Different Marks

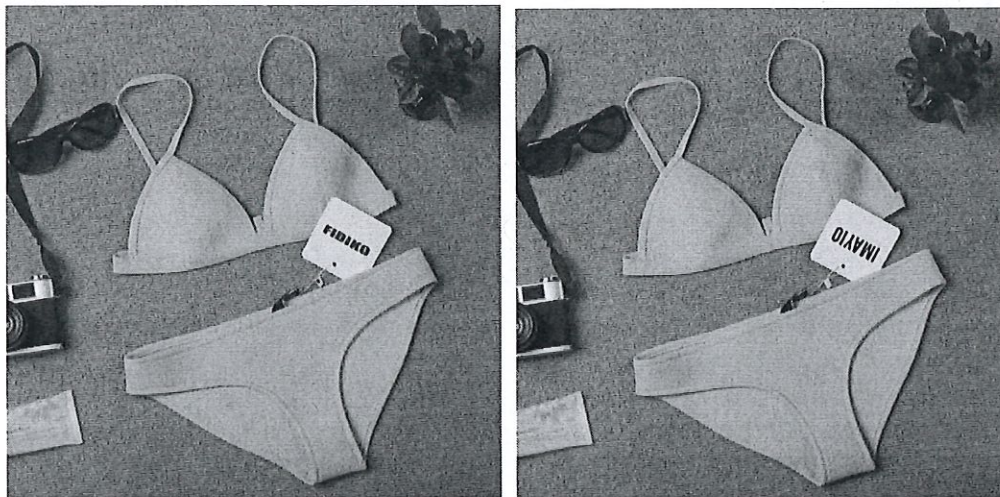
We further found that 12.6% (or 46) of the applications in our sample included specimen images that either matched a Google reverse image search image associated with a different company or mark or matched another specimen previously submitted to the USPTO for another mark. For example, shown below on the left is a specimen image that the applicant submitted in connection with Application Serial No. 87,289,826 for VANCOL. Below on the right is the image produced by a Google reverse image search query of the specimen image. The image on the right is used on numerous websites (for example, <https://sg.carousell.com/p/winter-snow-wool-boots-191724168/>). The application did not receive any specimen-related refusals and registered as Registration No. 5,270,328.



Two other examples may be instructive. The set of images below depicts, on the left, the specimen submitted in connection with Application Serial No. 87,362,577 for BEAL, and on the right, an image yielded by a Google reverse image search of the specimen image. The reverse image search image shows the same image but with Burberry branding appearing at <https://m.88tph.com/suca/12486888.html>. The PTO refused this application on the basis that the specimen was digitally altered but did not detect the reverse image match.

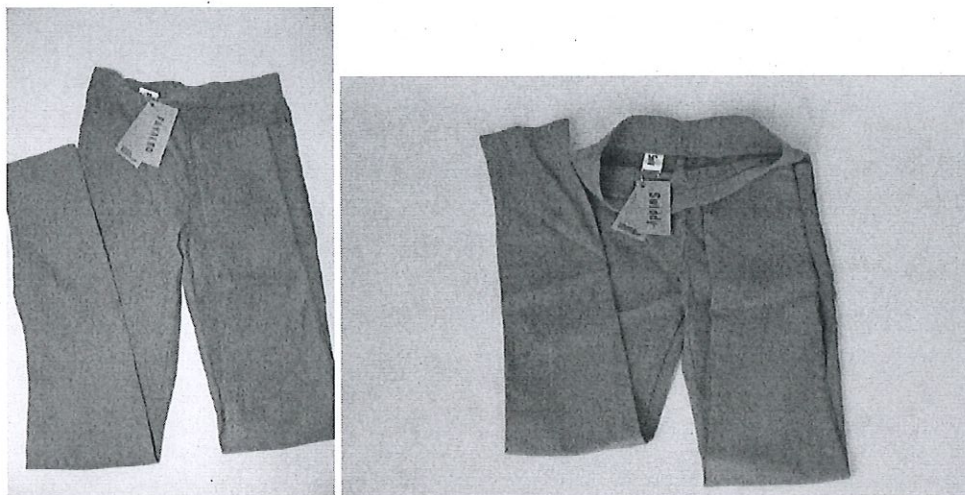


Similarly, Application Serial No. 87,309,926 for FIDIKO included the specimen image shown below on the left. On the right appears the reverse image search match as it appears with other branding at <https://www.solidrop.net/product/neoprene-swimwear-sport-style-bikini-women-bathing-suit-triangle-bikini-set-top-and-bottom.html>. The PTO refused this application on the basis that the specimen was digitally altered, but it did not detect the reverse image match.



Finally, shown below are side-by-side images of a near-exact match between an application specimen in our sample and a previously submitted specimen for a different mark. On the left is a specimen image for Application Serial No. 87,223,407 for FAYALEQ, filed on November 2, 2016 and registered on June 20, 2017 as Registration No. 5,227,023. On the right is a specimen image for Application Serial No. 87,350,423 for SWTDDY, filed on February 27, 2017. The PTO issued seven different specimen-related refusals of this

application but eventually registered the mark on April 16, 2019 as Registration No. 5,728,428.¹



c. Marks Consisting of Unpronounceable Nonsense Words

We found that 44.4% (or 162) of the applications in our sample use a mark that consists of a nonsense word that is unpronounceable in English and that the applicant indicated has no meaning in any other language. Some examples of these nonsense marks in our sample are KIEDVLI, KELUOSIBODE, KXCFCYS, ALSYIQI, and KJHSLK.

d. Hang Tags, Stickers, Collar Labels, Ecommerce Websites, and Foreign Pricing

We found that 55.3% (or 202) of the applications in our sample submitted a specimen with a hanging tag showing the mark; 4.7% (or 17) submitted a specimen with a sticker showing the mark; and 32.6% (or 119) submitted a specimen with a collar label showing the mark. Although these three factors can be consistent with legitimate use in commerce, we think the presence of any one of these factors raises a red flag suggesting the need for further inquiry.

Some of these tags had irregularities that we thought raised yet more significant red flags. We found tag irregularities in 3.0% (or 11) of the applications in our sample. These irregularities include the mark appearing crooked on the tag, the print quality of the mark on the tag being exceptionally poor, the tag being placed atop a preexisting tag, tags across multiple specimens for the same mark having different appearances, and a tag being ripped off of the specimen. Shown below is an example of tags of different appearances across the specimens (Application Serial No. 87,544,646 for MAXSOFT, with

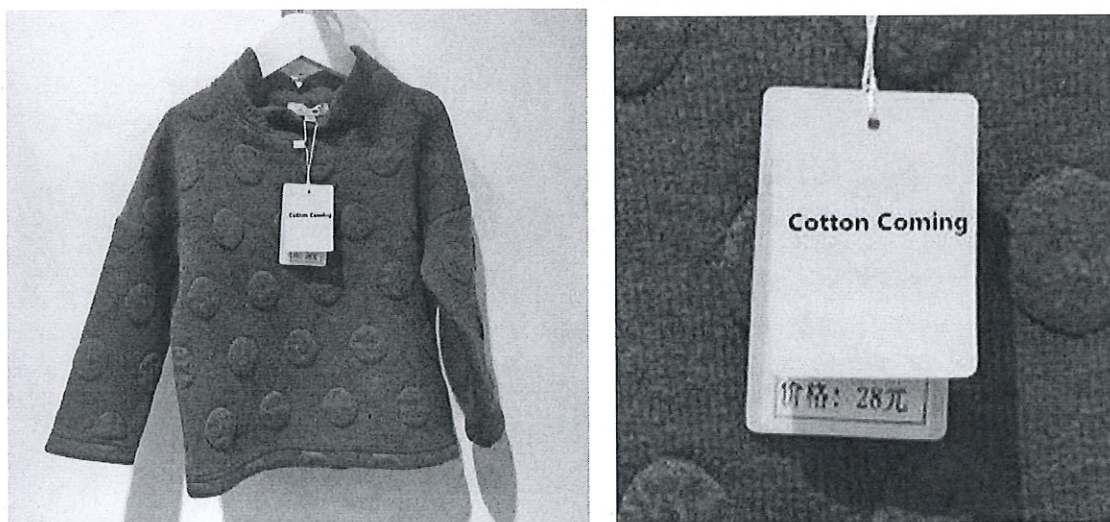
¹ Our research using Google reverse image search benefitted greatly from an unpublished seminar paper by one of our students. See Aidan Ann Murray, *Fraud at the USPTO* (2019) (working paper on file with authors).

3 different styles of collar labels across three specimens). The examiner did not note this inconsistency, and the mark was registered as Registration No. 5,658,920.



We further found that 15.1% (or 55) of the applications in our sample submitted a screenshot of a good for sale on an ecommerce site, such as Amazon, to show use in commerce. Here, too, specimen images in the form of ecommerce websites can be consistent with legitimate use, but also raise concerns that merit further inquiry.

Additionally, 1.4% (or 5) of the applications in our sample submitted a specimen depicting pricing in a foreign currency or commerce with delivery to a foreign rather than a U.S. address. This may indicate use in commerce, but not use in U.S. commerce. An example (Application Serial No. 87,359,150 for COTTON COMING) is below. The tag depicted in the specimen shows a price of 28 yuan. The PTO refused to register this application on the basis that the specimen image was digitally altered. The applicant then abandoned the application.



e. Specimens Depicting Other Companies' Trademarks

We found that 5.2% (or 19) of the applications in our sample included a specimen image that displayed the mark of another company on one of its specimens, indicating that the specimen consisted of a different company's product. An example is shown below. Application Serial No. 87,351,947 for INMOPO included a specimen image showing a product that also carried the mark ZERACA, which is a brand of swimwear (<https://www.zeraca.com/>). The application received no specimen-related refusal and registered on October 17, 2017 as Registration No. 5,309,950.



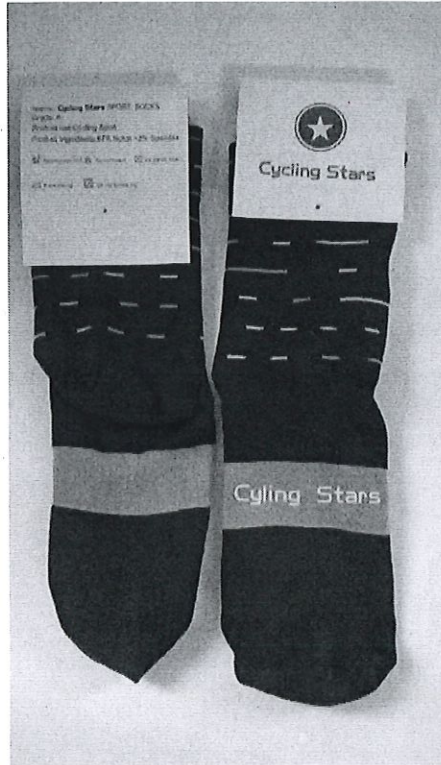
As another example, consider Application Serial No. 87,706,203 for ROOZOE. The application included the specimen shown below, which displayed a hangtag for ROOZOE but also displayed the mark of CHANEL repeatedly along the sleeves, something

noted by the examining attorney in their refusal of registration due to the deficiency of the specimen.



f. Additional Indicia of Fraudulence

We also briefly note other factors that suggested that certain specimens in our sample were fraudulent. In two applications (0.6% of our sample of 365), the specimens displayed a misspelling of the mark. For example, shown below is a specimen image from Application Serial No. 87,534,972 in which the applied-for mark CYCLING STARS was misspelled on the specimen product as "Cyling Stars." The application was registered as Registration No. 5,411,978. Also shown below is the specimen image from another application, which used a fake store as a specimen (Application Serial No. 87,339,443, which registered as Registration No. 5,349,124).



g. General Data on USPTO Refusals on Basis That Application Included a Digitally-Altered Specimen

With respect to all trademark applications (not just those originating in China), our dataset of all trademark office actions issued by the USPTO since 2003 enables us to

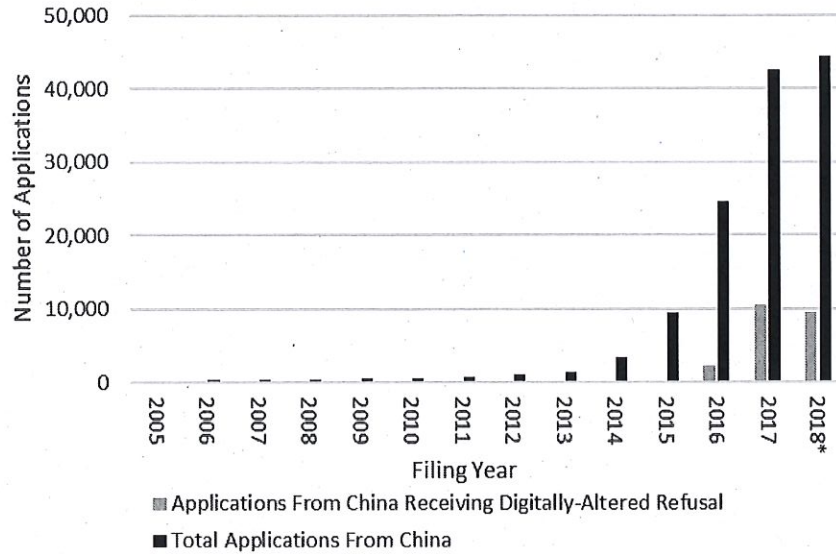
estimate the number of office actions that the USPTO has issued on the basis that the application included a digitally-altered specimen. Our data indicate that the USPTO first issued an office action on this basis in 2012 in connection with Application Serial No. 85,549,660 for the mark ALTER EGO, which originated in the United States. Table 1 below indicates that the USPTO issued digital-alteration refusals to 12,973 (or 0.6%) of the 2,154,990 applications filed for registration on the Principal Register in the years 2012 through 2017.

Table 1
Number of Applications Per Year Receiving
Digital-Alteration Refusals, 2012-2017

Filing Year	Applications Receiving Digital- Alteration	
	Refusal	Total Applications
2012	1	306,861
2013	19	317,265
2014	48	335,982
2015	180	368,388
2016	3,473	389,307
2017	9,252	437,187
Total	12,973	2,154,990

Focusing now on Chinese applications, a very large proportion of applications receiving digital-alteration refusals originate in China. Specifically, 9,229 (or 71.1%) of the 12,973 applications filed from 2012 through 2017 that received digital-alteration refusals were Chinese in origin. Figure 1 below shows the significant increase since 2005 in the number of Chinese applications (in any class) and in the number of digital-alteration refusals issued to those applications. With respect to the entire population of 6,752 Chinese use-based applications filed in 2017 solely in Class 25 from which we sampled, 899 (or 13.3%) of these applications received a digital-alteration refusal.

Figure 1
Number of Use-Based Trademark Registration Applications
from China Filed at USPTO and Number Refused on Basis
That Specimen Was Digitally Altered, by Year, 2005-2018



*Projected number of applications refused on basis that specimen was digitally altered based on applications filed in first three months of 2018

2. Are there particular classes of goods or services for which applications containing fake or likely fake specimens appear to be more prevalent?

Figure 2 below indicates the proportion and number of applications in each class filed at the USPTO (from all countries, not just from China) from 2014 through 2017 that received a digital-alteration refusal. Class 9 (electronics goods) had the highest number of digital-alteration refusals with 3,062, and these constituted 1.3% of all applications filed in that class for that time period. Class 25 (apparel goods) also had a very high number of digital-alteration refusals, with 2,180, and these constituted 1.3% of all applications filed in that class for the time period.

Figure 2
 Proportion and Number of Applications Filed at USPTO
 That Received a Refusal on the Basis That the Specimen
 Was Digitally Altered, by Nice Class, 2014-2017

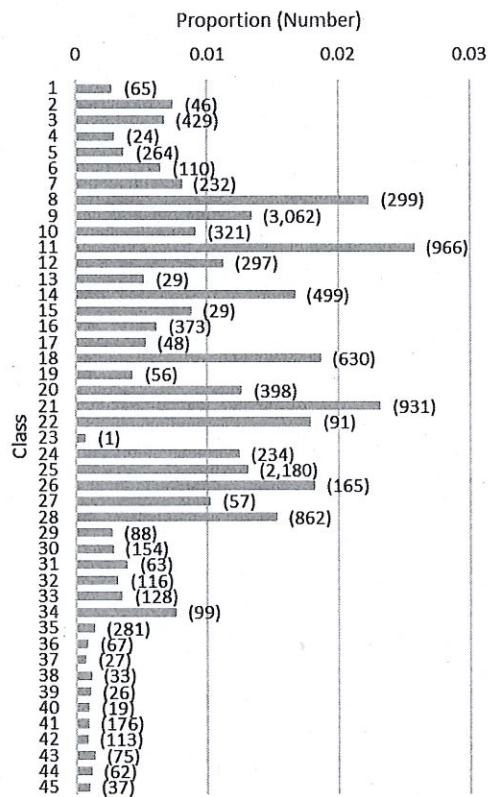
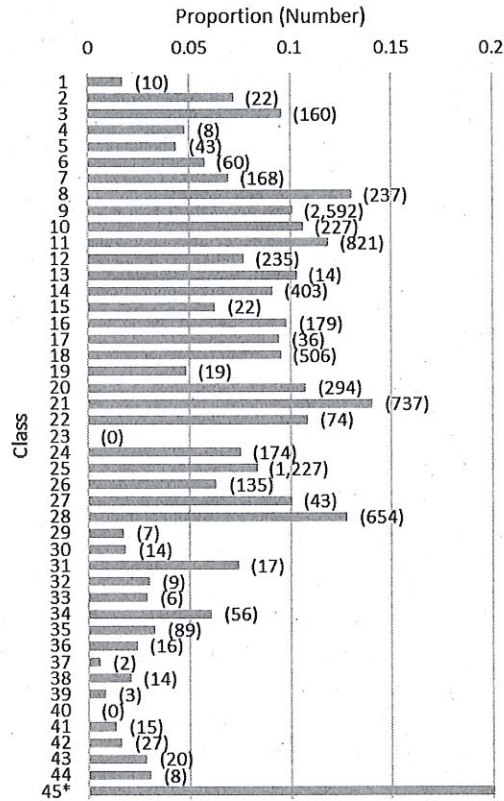


Figure 3 shows comparable data for applications originating in China. (Note that the scale of the x-axis is different from that in the previous figure.) Certain classes show high proportions of applications originating from China receiving digital-alteration refusals. For example, 14.1% of Chinese applications in Class 21 (including household utensils, glassware, and porcelain) received digital-alteration refusals, and 13.0% of applications in Class 8 (including cutlery) received digital-alteration refusals.

Figure 3
Proportion and Number of Applications Filed at USPTO
from China That Received a Refusal on the Basis That the Specimen
Was Digitally Altered, by Nice Class, 2014-2017



*For Class 45, two applications originating in China were filed and both received digital-alteration refusals.

We note that applications may be refused for including fake specimens for reasons other than that the specimen image was digitally altered. For example, an unaltered specimen image may show the applied-for mark being used along with some other company's mark (as in the CHANEL example above), and on that basis the USPTO may refuse registration. However, we think that the data showing in which classes digital-alteration refusals are most prevalent likely indicate more generally where fake specimens are most prevalent.

3. Would the trademark registration system benefit from additional processes to address fake specimens in files for which a trademark registration has already issued?

Under current law, the USPTO has broad authority to refuse to register a trademark if the application contains fake specimens of use.² After a mark's registration, however, the USPTO has almost no authority to reexamine or cancel the mark on its own initiative. The USPTO may do so only at a severely limited number of post-registration touchpoints. To maintain its registration, the registrant must file during the sixth, tenth, and each successive tenth year following the date of registration an affidavit verifying that it continues to use the mark in commerce, and this affidavit must include specimens of use. Upon inspection of the affidavit and specimens, the USPTO may refuse to maintain or renew the registration of the mark.³ The USPTO has relied on this authority to cancel registrations, in whole or in part, based on audits to determine if the registrant's use actually meets the statutory requirement of use with respect to all or even any of the goods or services specified in the registration.⁴ Beyond these limited forms of authority, however, the USPTO has no process to cancel on its own initiative trademark registrations, even those that do not comply with the requirements of registration.⁵

Trademark law provides third parties with two opportunities to ensure that a mark is not improperly on the Principal Register: opposition and cancellation. After the USPTO approves an applied-for mark to be published in the *Official Gazette*, the public has thirty days from the date of publication to oppose the registration.⁶ If no opposition is brought or succeeds, use-based applications will automatically proceed to registration.⁷ For all marks that proceed to registration, for a five-year period following the date of registration, a third party may petition to cancel the registration on any basis.⁸

² See 15 U.S.C. § 1051(a)(1) ("The owner of a trademark used in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director, and such number of specimens or facsimiles of the mark as used as may be required by the Director."); *id.* § 1051(a)(4) ("The applicant shall comply with such rules or regulations as may be prescribed by the Director. The Director shall promulgate rules prescribing the requirements for the application and for obtaining a filing date herein.").

³ *Id.* §§ 1058-1059. The registrant of a mark in continuous use for five years following registration may also file a declaration that the registration has become incontestable, provided that certain conditions are met, such as that there has been no final decision adverse to the mark's continuing registration. *Id.* § 1065. This touchpoint does not provide the USPTO with authority to cancel the registration.

⁴ Changes in Requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases, 82 Fed. Reg. 6,259, 6,262 (Jan. 19, 2017) (codified at 37 C.F.R. §§ 2.161, 7.37).

⁵ See *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1029-30 (C.C.P.A. 1982) ("[N]o *ex parte* vehicle for removing 'dead' registrations from the register is provided in the statute except for the provisions of [15 U.S.C. § 1058] requiring an affidavit or declaration of use to be filed during [specified periods]. There is no procedure for the Commissioner of Patents and Trademarks to initiate action against defunct marks which appear in registrations.").

⁶ 15 U.S.C. § 1063(a).

⁷ *Id.* § 1063(b).

⁸ *Id.* § 1064(1).

After five years have passed from the date of registration, a third party may petition to cancel a registration for only a limited number of reasons.⁹ At this juncture, a third party cannot petition to cancel the registration on the ground that the mark is merely descriptive (and consumers have not learned that it is a designation of source) or on the ground that the registered mark is confusingly similar with a previously used mark. As discussed in our previous written testimony, opposition and cancellation are insufficient in crucial ways, principally the high cost, which can be burdensome to smaller businesses, and the limited time in which an opposition can be filed.

Given the current state of the law, we think there are three beneficial opportunities for changes to ensure that applications or registrations with fake specimens are not part of the Principal Register. First, the USPTO should put in place processes that ensure it does a better job of detecting fake specimens before registration. Because there are too few ways for the USPTO to cancel registrations, the best-case scenario is that the USPTO detects marks with fake specimens before registration, when the USPTO's authority is broad. For example, the USPTO might put in place examiners that specialize in applications from regions like China where there is a high degree of probable fraudulence with regard to specimens. With specialization, the examiners might more easily detect signs of fraudulence, such as the same specimen being used repeatedly in different applications or the presence of digital alteration. Similarly, the USPTO might put in place a more refined protocol for examination of specimens to detect fraudulence, including investigation of the various factors we studied to detect probable fraudulence.

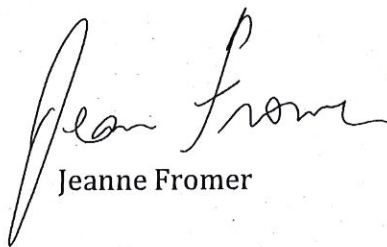
Currently, following registration, the USPTO needs to rely principally on third parties or limited touchpoints with registrants to cancel marks with fake specimens. That limits the USPTO's ability to address fake specimens. Therefore, we also think it would be beneficial to give the USPTO more extensive, but targeted, authority to cancel the registrations of marks with fake specimens on its own initiative. In particular, as new techniques and data for detecting fake specimens become available, it could be helpful to give the USPTO the authority to review all, or even a targeted sample, of registrations for fake specimens.

Third, as we advocated in our previous written testimony, we support the provision of economical ex parte proceedings that are available more comprehensively to allow third parties to seek the removal of improperly registered trademarks from the register.

Respectfully,



Barton Beebe



Jeanne Fromer

⁹ *Id.* § 1064(3).