



Report in Brief

August 11, 2021

Background

The United States Patent and Trademark Office (USPTO) manages more than 2.6 million marks on the trademark register, which carry the exclusive right of their use on specified goods or services. To protect the integrity of its register, USPTO relies on the good faith of its applicants in demonstrating proper use of a trademark in commerce, through an accurate application with valid specimen of use. However, since 2015, USPTO has identified a rapid increase in potentially fraudulent trademark applications, which erode the register's integrity. In addition, since 2012, USPTO audits have found that more than 50 percent of audited trademark maintenance filings contained goods or services not in use in commerce. If approved and maintained, these inaccurate registrations clutter the register and leave fewer trademarks available for future applicants, increasing their search costs and time.

USPTO faces challenges implementing its new initiatives to address these issues while detecting and addressing attempts to circumvent existing controls.

Why We Did This Review

Our audit objective was to determine whether USPTO's trademark registration process is effective in preventing fraudulent or inaccurate registrations. To address this objective, we assessed whether USPTO prevents inaccurate trademark applications from entering and being maintained on the trademark register, as well as whether USPTO is adequately managing fraud risk.

UNITED STATES PATENT AND TRADEMARK OFFICE

USPTO Should Improve Controls over Examination of Trademark Filings to Enhance the Integrity of the Trademark Register

OIG-21-033-A

WHAT WE FOUND

Overall, we found that USPTO's trademark registration process was not effective in preventing fraudulent or inaccurate registrations. Specifically, we found the following:

- I. USPTO lacks controls to effectively enforce the U.S. counsel rule.
- II. USPTO approved trademark filings with digitally altered or mocked-up specimens.
- III. USPTO did not ensure accurate identification of goods and services.
- IV. USPTO lacks a comprehensive fraud risk strategy.

WHAT WE RECOMMEND

We recommend that the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office direct the Commissioner for Trademarks to do the following:

1. Develop controls and/or tools to detect post office boxes, post offices, commercial mail receiving agencies, registered agents, and other unacceptable domicile addresses in trademark applications and other trademark filings.
2. Develop standards and procedures to (1) identify and investigate U.S.-licensed attorneys who are properly listed as the attorney of record on high numbers of fraudulent or inaccurate trademark applications and (2) address the attorneys' behavior by providing guidance, taking disciplinary action, or taking other actions as appropriate.
3. Revise *Examination Guide 3-19*, or other procedures as appropriate, to clarify (a) expectations for the extent of examining attorneys' use of third-party information sources when examining specimens, (b) steps for assessing webpage specimens (to include an overall assessment of a website's authenticity), and (c) guidance for identifying mocked-up labels and tags in specimen photos.
4. Develop controls to ensure consistency and coordination among examining attorneys for the examination of multiple trademark applications from a single applicant.
5. Develop specific guidance for examining attorneys' use of *Trademark Manual of Examining Procedure* Section 904.01(a).
6. Create a risk framework to address fraudulent or inaccurate trademark filings, to include a risk profile, goals, and targets; update the risk framework on a regular basis; and update the Special Task Force charter to align with the risk framework.
7. Develop procedures to aggregate data from managing attorneys' reviews of examining attorneys' work, and use this data to monitor and assess the effectiveness of efforts to improve the accuracy of the trademark register.