March 11, 2020

Dear Congressman Johnson, Congressman Collins, Congressman Nadler, Congresswoman Roby, Senator Tillis, and Senator Coons:

We are writing in support of the Trademark Modernization (TM) Act of 2020 introduced today. In particular, we support the creation of ex parte expungement and ex parte reexamination proceedings that will allow the U.S. Patent and Trademark Office (PTO) and third parties more efficiently to clear unused, invalid marks from the trademark register.

As law professors specializing in intellectual property, we have empirically studied both trademark depletion and the submission by entities based in China of fake trademark specimens to the PTO.¹ We recently testified about these issues before the U.S. House Committee on the Judiciary, Subcommittee on Courts, Intellectual Property, and the Internet, and the U.S. Senate Committee on the Judiciary, Subcommittee on

“Trademark depletion” is the term we use to describe the decreasing supply of unclaimed, commercially viable trademarks available to new market entrants. We report empirical results that it is becoming increasingly difficult for new commercial entities, and particularly small businesses, to find a trademark that is competitively effective (in that the mark is reasonably marketable) but that has not yet been claimed by another commercial entity. The problem of trademark depletion has been exacerbated in recent years by a surge of fraudulent applications originating from China. We have reported that a substantial proportion of applications originating in China include fraudulent specimens of use. In particular, with respect to use-based applications originating in China that were filed at the PTO in 2017 solely in Class 25 (apparel goods), we estimate that 66.9% of such applications included fraudulent specimens. Yet 59.8% of these fraudulent applications proceeded to publication and then 38.9% proceeded to registration. When these applications are allowed to register, they contribute to a problem closely related to the problem of trademark depletion, which is the problem of “clutter” on the Principal Register, the primary register of trademarks maintained by the PTO. “Clutter” is the term that trademark law uses to describe marks that are registered but that are not actually used in commerce.

To address the problems of trademark depletion and clutter on the Principal Register, we support reforms that will help to preserve the proper functioning of the trademark system and further its core purposes of promoting competition and enhancing consumer welfare. Today’s bill helpfully takes just such steps by providing for ex parte expungement and ex parte reexamination proceedings relating to the validity of marks. These proceedings will enable third parties and the PTO to seek the removal of unused marks from the register more easily and cheaply than is possible under existing law. The bill’s reforms will help to clear the Principal Register of unused marks and thereby mitigate worsening trends we identify in our empirical studies that reduce competition and that hurt consumers.

Respectfully,

Barton Beebe

Jeanne Fromer

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