Insights: Alert

U.S. Patent and Trademark Office Announces New Rule Requiring Foreign Trademark Claimants to Obtain U.S. Counsel

JULY 15, 2019 Written by Theodore H. Davis Jr.

The USPTO has announced a new rule, effective August 3, 2019, which will require all trademark applicants, registrants, and parties to a Trademark Trial and Appeal Board Proceeding (collectively "claimants") who are not domiciled in the United States to be represented by a U.S. licensed attorney. Requirement of U.S. Licensed Attorney to Foreign Trademark Applicants and Registrants, 84 Fed. Reg. 31498 (July 2, 2019) (to be codified at 37 C.F.R. pts. 2, 7, 11), *available at* https://www.federalregister.gov/documents/2019/07/02/2019-14087/requirement-of-us-licensed-attorney-for-foreign-trademark-applicants-and-registrants. Furthermore, any U.S. licensed attorney representing a foreign trademark applicant must submit proof of his or her active membership in a state bar.

Generally, this rule requires foreign claimants to obtain U.S. counsel to file complete trademark applications, respond to subsequent actions or requests for information, and make post-registration filings. A foreign claimant filing under section 1 or section 44 of the Lanham Act without obtaining the proper counsel on or after August 3, 2019, will receive six months to obtain the proper U.S. counsel. Although the claimant will retain its filing date, an application under Section 1 or Section 44 will not be considered complete until the name and bar information of a licensed U.S. attorney is added to it.

However, a small exception exists for new applications filed by foreign claimant on or after August 3, 2019, under section 66(a) of the Lanham Act. Because the Madrid system does not currently address the issue, Madrid applications initially filed with the International Bureau (IB) of the World Intellectual Property Organization that satisfy all formalities and statutory requirements of the USPTO and need no further action to be published for opposition do not require the foreign claimant to obtain U.S. counsel for the application to be considered complete until the system can be updated.

Furthermore, applications filed by foreign claimant before August 3, 2019, do not require U.S. counsel to be considered complete. However, any subsequent actions or maintenance documents required after August 3, 2019, will require foreign claimants to obtain U.S. counsel.

Categories of Applications/Registrations	Requirement of U.S. Counsel
New applications filed by foreign claimants on or after August 3, 2019, under section 1 or section 44 of the Lanham Act. 15 U.S.C. §§1056, 1126.	Must obtain U.S. counsel to prosecute a complete application and to handle any responses or post-registration maintenance.

Categories of Applications/Registrations	Requirement of U.S. Counsel
New applications filed by foreign claimants on or after August 3, 2019, under section 66(a) of the Lanham Act.	If the application was initially filed with the IB satisfies all formalities and statutory requirements, and needs no further action to be published, no U.S. counsel is required for the application to be filed but any subsequent responses or actions taken after August 3, 2019, require U.S. counsel. If the application does not meet all the formalities or requirements and faces a request for further information or an office action as a result, U.S. counsel is required.

Categories of Applications/Registrations	Requirement of U.S. Counsel
Applications filed by foreign claimants prior to August 3, 2019, that require further action after the rule takes effect.	Must obtain U.S. counsel to properly respond to any actions and conduct post-registration maintenance.
Applications filed by foreign claimants prior to August 3, 2019, that require no further action.	Need not obtain U.S. counsel for that filing but must obtain U.S. counsel for any responses or filings that occur after August 3, 2019, as well as for any post-registration filings.
Marks registered by foreign claimants prior to August 3, 2019, that require post-registration maintenance on or after August 3, 2019.	Must obtain U.S. counsel to properly respond to any actions and conduct post-registration filings.

The USPTO found this rule necessary due to the recent spike in trademark filings by foreign claimants, many of which failed to meet the statutory requirements or contained transparently false representations. Although a surge in trademark applications can be seen across the board, the number purportedly filed *pro se* by Chinese nationals has dramatically increased. The *Wall Street Journal* has stated that the number of trademark applications from China increased twelvefold between 2013 and 2018. USPTO officials and commentators alike speculate that local governments within China may be subsidizing and encouraging U.S. trademark applications, while also noting the use of the same three credit cards to pay filing fees for thousands of applications filed by supposedly unconnected *pro se* claimants.

Unfortunately, many of these foreign applications contain inaccurate and even fraudulent claims. An increasing number of these foreign applications include specimens that have been digitally altered to create the appearance of use in the marketplace. For instance, fraudulent specimens may depict a stock image or product with different trademarks simply superimposed on them. In response to this issue, the USPTO recently published an examination guide providing instruction on how to identify these fake specimens, gather evidence, and issue an appropriate response. *Examination Guide 3-19: Examination of Specimens for Use in Commerce: Digitally Created or Altered and Mock Up Specimens* (July 2019). The guide requires an examiner to issue an initial refusal and request additional information if the specimen is suspicious and further advises the examining attorney to conduct their own research regarding the actual use of the specimen where appropriate.

Although trademark examiners catch many of these fabricated specimens, not all fakes are easy to detect and may slip past examiners. Further exacerbating the issue, the USPTO believes that many foreign claimants may have made these flawed filings based on faulty advice offered by foreign individuals unauthorized to represent trademark claimants in the United States.	*See generally Oversight of the U.S. Patent and Trademark Office: Hearing Before the H. Subcomm. on Courts, Intellectual Prop., and the Internet Comm. of the H. Comm. on the Judiciary*	, 116th Cong. (May 9, 2019);	*Oversight of the United States Patent and Trademark Office: Hearing Before the Subcomm. on Courts, Intellectual Prop., and the Internet Comm. of the H. Committeethe Judiciary*	, 116th Cong. (Mar. 14, 2019) (statement of Andrei Iancu, Dir. of the United States Patent and Trademark Office), https://www.uspto.gov/about-us/news-updates/statement-director-iancu-united-states-senate-subcommittee-intellectual

This increase in inaccurate or fraudulent representations in trademark-related filings threatens the integrity of the federal trademark registers and imposes unnecessary costs on all customers of the USPTO. Although individuals who sign knowingly false documents for trademark filings are subject to criminal penalties, it is difficult to enforce those penalties on claimants not within the United States; likewise, the high standard of proof applicable to claims of fraudulent procurement or maintenance of registrations has rendered fraud-based challenges to applications and registrations exercises in futility. As a result, many of these claimants skirt the USPTO's enforcement power and can file knowingly fraudulent applications without facing any substantive penalty.

The requirement of U.S. counsel, however, will ideally stem the wave of flawed applications and post-registration filings and increase the USPTO's ability to enforce its rules and penalties against foreign claimants. Because U.S. licensed lawyers are subject to the authority of the Office of Enrollment and Discipline and any relevant criminal penalties, they should be less likely to sign or file any documents containing inaccurate claims. Furthermore, the requirement of U.S. counsel will help ensure that foreign litigants before the Trademark Trial and Appeal Board will receive accurate advice and guidance. Because the number of faulty or fraudulent applications will decrease with the requirement of U.S. counsel, the USPTO predicts that fewer future claimants will incur the additional costs of investigating, disputing, and ultimately pursuing the cancellation of, invalid registrations.

The USPTO is committed to ensuring the accuracy and reliability of the federal trademark registers. Although both it and Congress are reportedly considering additional steps to combat inaccurate and fraudulent trademark filings, requiring foreign claimants to obtain U.S. counsel is an important first step toward that goal.

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