

# BEWARE THE TRADEMARK ECHO CHAMBER: WHY FEDERAL COURTS SHOULD NOT DEFER TO USPTO DECISIONS

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## ABSTRACT

This Article explains why federal courts should not defer to United States Patent and Trademark Office (USPTO) trademark decisions. Under United States trademark law, actual use of a mark on specific goods or services is required to support federal trademark registration. The USPTO processes a tremendous volume of applications to register trademarks. In order to do so expeditiously, trademark examiners use heuristics drawn from past USPTO registration data. While markets continually change, each trademark registration is updated at five or ten-year renewal intervals. Accordingly, much of the data does not reflect current market use. A recent audit established that many federal trademark registrations would be cancelled if their factual foundations were challenged. In stark contrast, courts examine market evidence in evaluating the core trademark issues of use, validity, and availability. Examining the factual context of each mark is especially important because, unlike other forms of intellectual property, trademarks have no fixed duration. They are functions of market use. Over time, trademark rights may shrink, be forfeited or expand and last indefinitely as use and public perceptions change. If courts apply *de novo* review to Trademark Trial and Appeal Board (TTAB) decisions, they will ensure that a forum remains for trademark decisions to be adjudicated based on facts, instead of shortcuts, and current, not past, understandings. While the USPTO does have significant trademark expertise, it does not have the authority to consider Constitutional limits on trademark protection. As seen in the administrative history of the “SLANTS” mark, the USPTO does not adjudicate whether trademark registration decisions violate constitutional rights. Too much deference to the USPTO could result in a trademark echo chamber where litigants never have the opportunity for a court to examine the entire factual record or consider how trademark decisions impact expressive speech. For all of these reasons, federal courts should review USPTO trademark decisions *de novo* to preserve the opportunity for adjudication based on genuine fact-finding and an openness to modes of inquiry in addition to trademark law.

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### I. INTRODUCTION

Federal judges may be tempted to defer to administrative findings on trademark matters. The United States Patent and Trademark Office (USPTO) employs hundreds of lawyers who spend all their professional time on trademark law and policy. Their expertise on trademark matters is substantial, and at first glance, it may seem to be reason enough to defer to their decisions. A prominent scholar asserted that administrative law doctrine supports giving USPTO decisions greater deference than they are currently accorded.<sup>1</sup> But before doing so, there are important counterarguments to consider.

This Article identifies four reasons why federal courts should be particularly cautious about deferring to USPTO trademark decisions. First, administrative law supports *de novo* review. Second, the USPTO routinely uses heuristics drawn from the Principal Register in place of evidence of actual market use. Before deferring to a USPTO decision in any particular matter,

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1. See generally Melissa F. Wasserman, *What Administrative Law Can Teach the Trademark System*, 93 WASH. U. L. REV. 1511 (2016).

federal courts should consider whether the USPTO examined evidence of market use before rendering their decision. Third, trademark rights can change dramatically over time. Most forms of intellectual property, like patents, copyrights, and rights of publicity, have set linear terms of protection and then move into the public domain. Trademarks are different. They can move in and out of protectable status as market uses and language evolve. A trademark, if carefully curated as a source identifying symbol, can last forever. But it is also possible for a mark owner to lose trademark rights at any time if the mark is abandoned or ceases to signal commercial distinctiveness. Fourth, while the USPTO has significant trademark experience, it lacks expertise on other issues, such as market analysis, lexicography, economics, and First Amendment expressive rights, which are often implicated in trademark matters.

This Article proceeds in five parts. After summarizing the trademark registration process in Part II, the discussion proceeds through the four reasons why federal courts should apply *de novo* review to USPTO decisions. Part III challenges the assertion that administrative law supports greater deference to USPTO decisions. It sets forth multiple ways in which administrative law doctrine supports *de novo* review of USPTO decisions. Part IV identifies the heuristics that the USPTO uses in place of market evidence to examine the fundamental questions of trademark use, distinctiveness, and likelihood of confusion. All of these issues raise fact-intensive questions that the USPTO lacks the time and resources to address. The USPTO processes a tremendous volume of applications. In order to do so expeditiously, trademark examiners are instructed to use evidentiary heuristics in place of actual facts. These heuristics may lead to overprotection of some marks resulting in underprotection for new entrants engaged in *bona fide* use. These results may then be affirmed without genuine fact-finding by the USPTO's administrative court, known as the Trademark Trial and Appeal Board (TTAB).

Part V explains how trademark protection is fundamentally different from other forms of intellectual property that may be lost due to expiration or disclosure. While trademark rights can be lost as well, they can also expand or contract over time as use and public perception change. The dynamic nature of trademarks and the forward-looking nature of the likelihood of confusion standard mean that the doctrine has built-in flexibility meant to permit reconsideration of past predictive conclusions. This flexibility provides additional room for courts to avoid deference to past administrative decisions and, instead, to conduct independent *de novo* review.

Finally, Part VI analyzes whether the USPTO's significant trademark expertise justifies deference. While the USPTO has extensive expertise in trademark law, it lacks expertise in other disciplines that protect expressive interests and inform how consumers perceive symbols. Too much deference could result in decisions from a trademark echo chamber. Federal court

intervention may be necessary to protect expressive interests that are often entwined in trademark matters. The Federal Circuit and Supreme Court decisions overturning the TTAB's refusal to register "THE SLANTS" mark illustrate the important role that federal courts play in assuring that trademark issues are not extinguished by decision-makers who lack authority to consider First Amendment rights.<sup>2</sup> For all of the foregoing reasons, Part VII concludes that as currently constructed, the practice of de novo federal court review ensures that there is a forum for trademark decisions to be made based on genuine fact-finding and an openness to modes of inquiry outside of trademark law.

## II. THE USPTO'S TRADEMARK REGISTRATION SYSTEM

The Trademark division of the USPTO reviews applications for federal trademark protection.<sup>3</sup> Successful applicants are granted federal registration. The USPTO administers two official trademark registries: the Principal and Supplemental Registers. The Principal Register confers superior statutory benefits.<sup>4</sup> A principal registration gives the mark owner exclusive nationwide rights to use the mark on the goods and services identified in the application.<sup>5</sup> Even if a brand owner is not using its mark in every state, the registration empowers the owner to stop later adopters from using the mark once the owner enters their regions.<sup>6</sup> The registration certificate constitutes prima facie evidence that the mark is valid and owned by the applicant.<sup>7</sup> After a mark is on the Principal Register for five years, it may become "incontestable" if its owner indicates it is still in use on the identified goods and services.<sup>8</sup> Once incontestable status is secured, the registration may be renewed indefinitely

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2. *See* *Matal v. Tam*, 137 S. Ct. 1744, 1765 (2017) (affirming the Federal Circuit's en banc reversal of the TTAB decision denying registration of "THE SLANTS" because the statute barring registration of disparaging marks violated the First Amendment to the United States Constitution).

3. For a more detailed description of the trademark registration process, see generally Deborah R. Gerhardt & Jon P. McClanahan, *Do Trademark Lawyers Matter?*, 16 STAN. TECH. L. REV. 583 (2013).

4. *See* 15 U.S.C. § 1094 (2012).

5. *See id.* § 1057(c) ("[T]he filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person . . .").

6. *See generally* *Dawn Donut Co. v. Hart's Food Stores, Inc.* 267 F.2d 358 (2d Cir. 1959) (holding that "§ 1072 affords nationwide protection to registered marks, regardless of the area in which the registrant actually uses the mark").

7. *See* 15 U.S.C. § 1057(b).

8. *Id.* § 1065.

every ten years.<sup>9</sup> An incontestable registration constitutes “conclusive evidence” of the mark’s validity and the information in the registration certificate.<sup>10</sup> Incontestable status does not prevent the mark from being challenged, but it limits the grounds on which a cancellation claim may be asserted.<sup>11</sup>

When seeking to register a trademark, an applicant must demonstrate that the mark is used in commerce, is commercially distinctive of goods and services, and is not barred by statute. Applicants must verify, under oath, the date when they began using the mark in commerce and the goods or services used in connection with the mark.<sup>12</sup> Applicants must also provide at least one specimen that shows the use of the mark in commerce.<sup>13</sup>

Proof of distinctiveness is another threshold requirement.<sup>14</sup> A mark will be found distinctive if it signals to consumers that the product or service originates from a particular source. The Supreme Court stated that, “[a]n identifying mark is distinctive and capable of being protected if it *either* (1) is inherently distinctive *or* (2) has acquired distinctiveness through secondary meaning.”<sup>15</sup> A mark may be placed on the less desirable Supplemental Register if it is not yet distinctive but is capable of acquiring commercially distinctive meaning.<sup>16</sup> When, for example, an applicant cannot establish that its descriptive phrase has earned consumer recognition as a mark, it may still obtain a place on the Supplemental Register.<sup>17</sup> If the phrase ever acquires distinctiveness, also known as “secondary meaning,” the applicant may reapply for acceptance on the Principal Register.<sup>18</sup>

Even if a mark is used in a way that it is distinctive, the USPTO will not register the mark if it is barred by section 2 of the Lanham Act, the federal statute governing trademark law. The USPTO “must register source-identifying trademarks unless the mark falls into one of several categories of marks precluded from registration.”<sup>19</sup> Section 2 lists bars to registration.<sup>20</sup> For

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9. *See id.* § 1058.

10. *Id.* § 1115.

11. *Id.* §§ 1064(3), 1065.

12. *See id.* § 1051. Applications based on a bona fide intent to use a mark must provide proof of use before the mark will be registered.

13. *See id.*

14. *See* 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:70 (5th ed. 2018).

15. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992) (emphasis in original).

16. *See* 15 U.S.C. § 1091.

17. *See id.* § 1095.

18. *See id.*

19. *In re Tam*, 808 F.3d 1321, 1329 (Fed. Cir. 2015), *as corrected* (Feb. 11, 2016), *aff’d sub nom.* *Matal v. Tam*, 137 S. Ct. 1744 (2017).

20. 15 U.S.C. § 1052(a)–(e).

example, section 2(a) prohibits registration of words that are deceptive. Under this provision, the TTAB denied an application to register “MARC CHAGALL” for vodka because it falsely suggested a connection to the famous painter.<sup>21</sup> More typically, applications are denied based on section 2(d) which bars the registration of a new mark if it is confusingly similar to one already on the Principal Register.

A USPTO attorney reviews each trademark application. If the application is defective in any way, the examining attorney may issue an office action specifying the problem. Most applicants must overcome at least one office action before a mark will be successfully registered.<sup>22</sup> Within six months of the date on which the office action is issued, the applicant must respond by amending the application or submitting evidence and arguments rebutting the examiner’s concerns.<sup>23</sup> When all such issues are resolved, the examining attorney will approve the application, and the mark will be published in the USPTO’s Official Gazette.<sup>24</sup> Publication indicates that all USPTO objections have been overcome, but it opens a second window of vulnerability. After publication, third parties who think they may be harmed by the registration have thirty days to file an opposition proceeding.<sup>25</sup> Oppositions are adjudicated by the USPTO’s TTAB. If no opposition is filed, the application will be admitted to the Principal Register.<sup>26</sup>

All registered marks (and applications) are published and easily found by an Internet search in the USPTO’s Trademark Electronic Search System (TESS) database. In the examination process, the USPTO examiners search TESS to see whether an applicant’s mark may lead to confusion with a mark that is already registered. Trademark examiners are very adept at finding confusing similarities and will not admit new marks for registration if they are likely to cause confusion with marks registered earlier. A recent empirical study documents that refusals based on a likelihood of confusion are occurring with greater frequency.<sup>27</sup> In this way, the USPTO is becoming an increasingly important partner in policing the boundaries of registered trademarks. Live registrations also provide their owners with meaningful deterrent value. New

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21. *See generally* Ass’n pour la Defense et la Promotion de L’oeuvre de Marc Chagall Dite Comite Marc Chagall v. Bondarchuk, 82 U.S.P.Q.2d 1838 (T.T.A.B. 2007).

22. *See* Gerhardt & McClanahan, *supra* note 3, at 615.

23. 37 C.F.R. § 2.62 (2015).

24. *See* Gerhardt & McClanahan, *supra* note 3, at 590.

25. *See* 15 U.S.C. § 1063(a) (2012).

26. If the mark has not yet been used in commerce, the applicant will receive a “Notice of Allowance” and registration will occur after the applicant demonstrates that it has begun using the mark in commerce.

27. *See* Barton Beebe & Jeanne C. Fromer, *Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion*, 131 HARV. L. REV. 945, 1003–12 (2018).

entrants familiar with the USPTO registration process search the registries before selecting marks because they know the USPTO may deny registration based on section 2(d) if an applicant puts forward a mark that may be deemed similar to one that is already registered.

Applicants whose marks are refused registration may appeal to the TTAB.<sup>28</sup> These appeals are generally conducted through written testimony and arguments, but parties may request a live oral argument.<sup>29</sup> TTAB decisions may be appealed directly to the Federal Circuit or any federal district court with jurisdiction over the dispute.<sup>30</sup> In litigation, federal judges may also review TTAB registration decisions made by examiners. Once a federal court is asked to review a USPTO trademark decision, the judiciary must identify the appropriate standard for reviewing the administrative trademark decision. The next Section sets forth important considerations for determining the appropriate standard of review.

### III. ADMINISTRATIVE LAW DOES NOT SUPPORT JUDICIAL DEFERENCE TO USPTO TRADEMARK DECISIONS

When a federal court defers to an administrative agency's decision, it adopts a decision that it may not have made independently.<sup>31</sup> Professor Melissa Wasserman has written an excellent article that sets forth reasons why federal courts should review USPTO decisions with greater deference.<sup>32</sup> The goal of this Article is to provide a counterbalance. It is meant to be read alongside hers, and therefore, any arguments that may support greater deference are not rearticulated. Instead, this Article sets forth the reasons courts should not defer

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28. See 15 U.S.C. § 1070.

29. TBMP 702.03 (2018) (“Because the Board is an administrative tribunal, its rules and procedures differ in some respects from those prevailing in the federal district courts . . . . For example, in lieu of live testimony, proceedings before the Board are conducted in writing, and the Board’s actions in a particular case are based on the written record therein. The Board does not preside at the taking of testimony. Rather, all testimony is taken out of the presence of the Board, by affidavit or declaration, or on oral examination or written questions, and the affidavits, declarations and written deposition transcripts, together with any exhibits thereto, are then submitted to the Board.”); *id.* at 802.02 (permitting either party to a proceeding to request an oral hearing).

30. 15 U.S.C. § 1071.

31. See, e.g., Robert A. Schapiro, *Judicial Deference and Interpretive Coordinacy in State and Federal Constitutional Law*, 85 CORNELL L. REV. 656, 665 (2000) (“Judicial deference acknowledges that . . . a court might arrive at a conclusion different from one it would otherwise reach.”); Jonathan S. Masur & Lisa Larrimore Ouellette, *Deference Mistakes*, 82 U. CHI. L. REV. 643, 652 (2015) (defining deference “to include any situation in which a second decisionmaker is influenced by the judgment of some initial decisionmaker rather than examining an issue entirely de novo”).

32. See generally Wasserman, *supra* note 1.

to USPTO trademark decisions.

Federal courts have not reached a consensus on the standard of review they should apply to USPTO trademark decisions.<sup>33</sup> Occasionally, federal courts have concluded it is appropriate to defer to the USPTO's trademark expertise on interpretations of the Lanham Act.<sup>34</sup> More often, the federal judiciary accords less deference, reviewing the decisions as "persuasive, but not controlling" or "entitled to respect" due to the USPTO's trademark expertise.<sup>35</sup> Many other courts apply no deference at all and review USPTO decisions independently under a *de novo* standard.<sup>36</sup>

Given the substantial trademark experience at the USPTO, federal courts may be tempted to defer to agency expertise. Before doing so, they should note that administrative law doctrine provides a sound basis for declining to exercise such deference. The Administrative Procedure Act (APA) sets default rules to unify federal agency procedures and the extent to which federal courts may review agency decisions.<sup>37</sup> Unless Congress enacts legislation specifying the appropriate standard of review for an agency's decisions, the APA dictates the standard of review that federal courts should apply.<sup>38</sup> The federal patent statutes do not specify the standard of review that courts should apply when reviewing USPTO decisions. In *Dickensen v. Zurko*, the Supreme Court clarified that the APA sets the standards of review for judicial consideration of USPTO patent decisions.<sup>39</sup>

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33. *See id.* at 1556–57.

34. *See Eastman Kodak Co. v. Bell & Howell Document Mgmt. Prods. Co.*, 994 F.2d 1569, 1571 (Fed. Cir. 1993).

35. *See, e.g.*, *Kelly Services, Inc. v. Creative Harbor, LLC*, 846 F.3d 857, 879 n.1 (6th Cir. 2017) (citing *Rosenruist-Gestao E Servicios LDA v. Virgin Enters. Ltd.*, 511 F.3d 437, 459–60 (4th Cir. 2007); *Star Indus., Inc. v. Bacardi & Co. Ltd.*, 412 F.3d 373, 382 (2d Cir. 2005) (citing TTAB decisions); *Enrique Bernat F., S.A. v. Guadalajara, Inc.*, 210 F.3d 439, 443 (5th Cir. 2000); *Gruma Corp. v. Mex. Restaurants, Inc.*, 497 F. App'x 392, 396 n.1 (5th Cir. 2012) (collecting cases treating TTAB decisions as persuasive authority).

36. *See, e.g.*, *Aktieselskabet AF November 2001 v. Fame Jeans Inc.*, 525 F.3d 8, 13 (D.C. Cir. 2008) (explaining that a district court "decides *de novo* whether the application at issue should proceed to registration, or the registration involved should be canceled, or "such other matter as the issues in the proceeding require, as the facts in the case may appear"); *Swatch AG v. Beehive Wholesale, LLC*, 739 F.3d 150, 155 (4th Cir. 2014) (finding that "the district court reviews the record *de novo* and acts as the finder of fact"); *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439, 452 (E.D. Va. 2015), vacated on other grounds, 709 F. App'x 182 (4th Cir. 2018) ("Where a party to such an action exercises its right to supplement the TTAB record, the Court gives no deference to the TTAB's findings.").

37. *See generally* 5 U.S.C. §§ 551–559, 701–706 (2012).

38. *Dickensen v. Zurko*, 527 U.S. 150, 152 (1999).

39. *Id.*



Like federal patent law, the Lanham Act contains no provision specifying the standard of review for USPTO trademark decisions.<sup>40</sup> Following *Dickenson*, one would expect the APA to govern the level of deference federal courts should afford to USPTO trademark decisions.<sup>41</sup> The APA sets forth three standards federal courts may use in reviewing administrative decisions on questions of law: the “must defer” *Chevron* standard, the “may defer” *Skidmore* review, or the “no deference” standard of de novo review.<sup>42</sup> Under the *Chevron* standard, courts must defer to reasonable agency decisions, especially when the agency has particular expertise over a “regulatory scheme [that is] technical and complex, the agency considered the matter in a detailed and reasoned fashion, and the decision involves reconciling conflicting policies.”<sup>43</sup> Under the *Skidmore* standard, although agency decisions are not controlling, courts may defer to agency expertise because their decisions “constitute a body of experience and informed judgment.”<sup>44</sup> When *Chevron* deference applies, the reviewing court substitutes the agency’s findings for its own, and when *Skidmore* deference applies, the court may lean heavily on the agency’s interpretation. In stark contrast, courts that apply de novo review make independent findings of fact and conclusions of law.<sup>45</sup>

Professor Melissa Wasserman asserts that *Chevron* deference should be given to USPTO decisions on questions of trademark law.<sup>46</sup> Notwithstanding this general assertion and the normative hopes for a future USPTO with greater resources and evolved expertise, her central claim with respect to deference is narrow. Initial registration decisions constitute the vast majority

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40. See Wasserman, *supra* note 1, at 1527–29.

41. *Dickenson*, 527 U.S. at 152.

42. Wasserman, *supra* note 1, at 1529.

43. *Chevron, U.S.A., Inc. v. NRDC, Inc.*, 467 U.S. 837, 843–44, 865 (1984) (holding that “[i]f Congress has explicitly left a gap for the agency to fill, there is an express delegation of authority to the agency to elucidate a specific provision of the statute by regulation. Such legislative regulations are given controlling weight unless they are arbitrary, capricious, or manifestly contrary to the statute. Sometimes the legislative delegation to an agency on a particular question is implicit rather than explicit. In such a case, a court may not substitute its own construction of a statutory provision for a reasonable interpretation made by the administrator of an agency”).

44. *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944).

45. *Swatch AG v. Beehive Wholesale, LLC*, 739 F.3d 150, 155 (4th Cir. 2014) (finding that federal district courts have “authority independent of the PTO to grant or cancel registrations and to decide any related matters such as infringement and unfair competition claims.” 15 U.S.C. § 1071(b)(1). The district court must admit the PTO record if a party so moves, and if admitted, the record “shall have the same effect as if originally taken and produced in the suit.” *Id.* at § 1071(b)(3). Whether or not the record is admitted, the parties have an unrestricted right to submit further evidence as long as it is admissible under the Federal Rules of Evidence and Civil Procedure.).

46. Wasserman, *supra* note 1, at 1539.

of the USPTO's trademark work. Professor Wasserman concedes that federal courts should afford no deference to registration decisions made by trademark examiners.<sup>47</sup> However, in her judgment, a subset of registration appeals do warrant deference. She asserts that the best candidates are the subset of decisions that the TTAB expressly designates as precedential.<sup>48</sup> Some precedential decisions are appealed to the Federal Circuit, and Professor Wasserman concludes that *Skidmore* deference, or more provocatively *Chevron* deference, should be applied.<sup>49</sup> She concedes that if the applicant chose to instead appeal the decision to a federal district court, deference would not be appropriate because “[i]f new evidence is presented that informs the underlying legal determination, then the district court should make de novo factual findings and legal determinations. In this circumstance, the district court is not acting as a reviewing court, as envisioned by the APA, but instead as a tribunal of first impression.”<sup>50</sup>

Notwithstanding Wasserman's arguments in favor of deference for precedential TTAB decisions appealed to the Federal Circuit, administrative law doctrine provides reasons not to apply *Chevron* or *Skidmore* deference to any USPTO trademark decisions. The deferential *Chevron* standard requires federal courts to defer to agency interpretations on ambiguous questions of law that are based on a “reasonable” construction of the statute.<sup>51</sup> In *United States v. Mead*, the Supreme Court clarified that *Chevron* deference should be applied only if Congress delegated formal rule-making power or formal adjudication authority to the agency.<sup>52</sup> The USPTO possesses neither of the two formal powers that trigger *Chevron* deference.

The USPTO does not have formal rule-making authority. In the patent context, the Federal Circuit held that the USPTO may enact only procedural rules and does not have the substantive rule-making authority required to

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47. *See id.* at 1526.

48. *Id.* at 1539. Only decisions that TTAB identified as “precedential” are considered binding on the board. All other decisions may be considered as persuasive authority but are not binding. TBMP § 101.03 (June 2017) (clarifying that TTAB decisions are citable as precedent only if they are “designated by the Board ‘citable as precedent,’ ‘precedent of the Board,’ ‘precedent of the TTAB,’ or ‘for publication in full’ . . . . Decisions which are not so designated, or which are designated for publication only in digest form, are not binding on the Board, but may be cited for whatever persuasive weight to which they may be entitled. Decisions of other tribunals may be cited to the extent allowed and for the purposes permitted by the tribunal that issued the decision”).

49. Wasserman, *supra* note 1, at 1547.

50. *Id.* at 1545.

51. *Chevron, U.S.A., Inc. v. NRDC Inc.*, 467 U.S. 837, 844 (1984).

52. *See United States v. Mead Corp.*, 533 U.S. 218, 226–27 (2001).

trigger *Chevron* deference.<sup>53</sup> Similarly, the trademark side of the USPTO has only procedural authority.<sup>54</sup> Professor Wasserman concedes that the USPTO “does not possess the power to issue binding rules that carry the force of law on the core issues of trademark law.”<sup>55</sup>

Even without formal rule-making authority, *Chevron* deference may be appropriate when agencies are given formal adjudication authority.<sup>56</sup> Adjudications “involve determinations of contested facts in applying rules to specific circumstances.”<sup>57</sup> By definition, adjudications require examination of contested *facts*. Therefore, it is important to examine whether the USPTO trademark registration process involves genuine fact-finding. As set forth in Part IV, the USPTO uses a series of administrative shortcuts in place of market evidence in making trademark registration decisions. Given these routine practices, it would be inaccurate to describe the USPTO’s trademark registration process as formal adjudication.

Congress knows how to assign final adjudication authority to agencies so that the agency’s decisions will be accorded *Chevron* deference. Typically, when Congress decides to give an agency formal adjudication authority, it says so by expressly using words such as “on the record” to clarify that the agency’s proceedings involve the type of fact finding one would experience in court.<sup>58</sup> Professor Wasserman concedes that the typical words Congress uses to grant formal adjudicatory authority do not appear in the Lanham Act.<sup>59</sup> That absence makes sense because Congress explicitly provided for trademark registration decisions to be fully litigated in federal district court.<sup>60</sup>

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53. *Merck & Co., Inc. v. Kessler*, 80 F.3d 1543, 1550 (Fed. Cir. 1996) (“Because Congress has not vested the Commissioner with any general substantive rulemaking power . . . the rule of controlling deference set forth in *Chevron* does not apply” to most PTO regulations, which are procedural in nature).

54. 15 U.S.C. § 1123 (2012) (“The Director shall make rules and regulations, not inconsistent with law, *for the conduct of proceedings* in the Patent and Trademark Office under this chapter.”) (emphasis added).

55. Wasserman, *supra* note 1, at 1534.

56. *See Mead Corp.*, 533 U.S. at 226–27.

57. *See United States v. Indep. Bulk Transp., Inc.*, 480 F. Supp. 474, 478 (S.D.N.Y. 1979) (citing *United States v. Florida E. C. R. Co.*, 410 U.S. 224, 244–45 (1973); *Int’l Tel. & Tel. Corp. v. Local 134, Int’l Bhd. of Elec. Workers*, 419 U.S. 428 (1975)).

58. Melissa M. Berry, *Beyond Chevron’s Domain: Agency Interpretations of Statutory Procedural Provisions*, 30 SEATTLE U. L. REV. 541, 551–52 (2007) (explaining that although the Supreme Court never had a bright-lined rule, “no one would dispute that formal procedures should be required if the enabling statute includes ‘on the record’ language . . . many states require some sort of ‘hearing’ . . .”).

59. Wasserman, *supra* note 1, at 1537.

60. 15 U.S.C. § 1071(b) (2012).

The APA provides that de novo review is appropriate when there is a statutory guarantee of a new trial.<sup>61</sup> It states that the reviewing court shall decide all questions of law and set aside any agency findings of facts when “the facts are subject to trial de novo by the reviewing court.”<sup>62</sup> This is exactly the scenario that the Lanham Act created so that all examination and TTAB decisions may be fully relitigated in federal district court.<sup>63</sup>

Commentators and courts agree that when new evidence is presented in federal district court, the TTAB’s findings of fact must be reviewed de novo.<sup>64</sup> When no new evidence is offered, federal courts have debated the appropriate standard for reviewing USPTO’s findings of fact. Some courts state that they defer to facts found by the USPTO if they are supported by “substantial evidence.”<sup>65</sup> Professor Wasserman argues that the more deferential “arbitrary or capricious” standard should be applied when a TTAB decision is appealed to the Federal Circuit or when no new facts are before a federal district court.<sup>66</sup> Under this standard, the reviewing court may not substitute its view for that of the agency’s and may overturn an agency’s findings of fact only if the agency committed clear error in applying the relevant factors.<sup>67</sup> Some have argued that the two standards have no meaningful difference.<sup>68</sup> Others assert that no deference is appropriate beyond acknowledging the prima facie validity of the facts in a registration certificate. Some courts take a hybrid approach, using the “substantial evidence” standard unless the mark owner asserts new evidence, at which point the standard becomes de novo.<sup>69</sup> The Fourth Circuit Court of Appeals held:

In none of these provisions conferring on federal courts the power to adjudicate rights under the Lanham Act does Congress instruct

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61. *Id.* § 706(2)(f).

62. *Id.*

63. *See id.* § 1071.

64. *See, e.g.,* Wasserman, *supra* note 1, at 1545 (“If new evidence is presented that informs the underlying legal determination, then the district court should make de novo factual findings *and* legal determinations.”); *Kappos v. Hyatt*, 132 S. Ct. 1690, 1700 (2012).

65. 5 U.S.C. § 706(2)(e) (2012); *Am. Online, Inc. v. AT & T Corp.*, 243 F.3d 812, 817 (4th Cir. 2001).

66. *See* Wasserman, *supra* note 1, at 1558.

67. *See* *Citizens to Pres. Overton Park, Inc. v. Volpe*, 401 U.S. 402, 416 (1971).

68. Wasserman, *supra* note 1, at 1550, n.178 (citing, *inter alia*, then-Judge Scalia’s opinion in *Ass’n of Data Processing Serv. Orgs., Inc. v. Bd. of Governors of Fed. Reserve Sys.*, 745 F.2d 677, 683 (D.C. Cir. 1984)).

69. *See* *Pro-Football, Inc., v. Harjo*, 284 F. Supp. 2d 96, 102 (2003) (“[T]he Court reviews the findings of fact of the TTAB under the substantial evidence test, which has been derived from the Administrative Procedure Act (“APA”), 5 U.S.C. § 706. Additionally, the parties are permitted to offer new evidence, and the Court may make new findings of fact based on this newly submitted evidence.”).

the courts to review registration decisions of the PTO under a deferential standard. To the contrary, Congress “has directly spoken” on this issue, specifying a more limited standard: the agency action is “prima facie evidence” of specified facts, and no more.<sup>70</sup>

It is this last view that makes the most sense, given the USPTO’s limited ability to engage in fact-finding. De novo review of TTAB decisions in federal court was expressly put into the Lanham Act to assure that trademark litigants would have a forum to present all operative facts. A leading administrative law treatise confirms that de novo review is the appropriate standard when “fact finding is essential and the agency has inadequate procedures for fact finding.”<sup>71</sup>

De novo review of USPTO trademark decision-making is necessary to provide an opportunity for genuine fact-finding. In *Kappos v. Hyatt*, the Supreme Court unanimously held that when a patent litigant appeals a USPTO decision to a federal district court, they are entitled to “a de novo determination with respect to any issue of fact.”<sup>72</sup> The Court explained that “where new evidence is presented to the district court on a disputed fact question, a de novo finding will be necessary to take such evidence into account together with the evidence before the board.”<sup>73</sup> Although the *Kappos* decision addressed questions of patent law, the Supreme Court’s clarification on the standard of review to accord USPTO patent decisions should apply to the agency’s trademark decisions as well.

The Fourth Circuit Court of Appeals correctly applied the *Kappos* reasoning to a USPTO trademark decision, stating that when new evidence is submitted, de novo review is required because the district court “cannot meaningfully defer to the PTO’s factual findings if the PTO considered a different set of facts.”<sup>74</sup> The major issues of use, distinctiveness, and availability that the USPTO decides for purposes of registration are all fact-intensive.<sup>75</sup> As set forth in Part IV, the USPTO uses a host of administrative rules of thumb in place of actual market evidence to make these factual determinations. Federal district court provides a genuine forum for a full factual review of the record not replicated by the USPTO. In order to assure that the trademark litigants have some opportunity to present all operative

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70. *Am. Online, Inc.*, 243 F.3d at 817.

71. See KRISTIN E. HICKMAN & RICHARD J. PIERCE, JR., ADMINISTRATIVE LAW TREATISE § 11.4 (5th ed., 2018 Cum. Supp. 2010).

72. See *id.* § 15.2.

73. *Kappos v. Hyatt*, 132 S. Ct. 1690, 1700 (2012).

74. *Swatch AG v. Beehive Warehouse, LLC*, 739 F.3d 150, 156 (2014) (citing *Kappos*, 132 S. Ct. at 1700).

75. See *id.* at 155 (discussing likelihood of dilution and likelihood of confusion as fact-intensive).

facts, courts should not defer to factual determinations made by the USPTO.

Policy concerns about inefficiency raise additional questions about whether deference is advisable, even if it is not required. The Lanham Act does not require trademark owners to exhaust administrative remedies before litigating trademark validity or infringement questions in court.<sup>76</sup> Congress also did not provide the USPTO with primary jurisdiction over trademark registrations. The doctrine of primary jurisdiction “is concerned with promoting the proper relationships between the courts and administrative agencies charged with particular regulatory duties.”<sup>77</sup> The doctrine provides that federal courts should suspend proceedings “whenever enforcement of the claim requires the resolution of issues which, under a regulatory scheme, have been placed within the special competence of an administrative body.”<sup>78</sup> Congress expressly provided that either the TTAB or the courts could consider trademark registration issues; therefore, neither has primary jurisdiction.<sup>79</sup> To the extent the questions overlap, either proceeding may be delayed pending a resolution of the other.<sup>80</sup>

A federal court has the discretion to stay its proceedings pending USPTO review. A stay is most appropriate when only registration issues are before the federal court.<sup>81</sup> In the interest of judicial economy, “the case for permitting the PTO to proceed first is bolstered where the PTO adjudication might serve as a final disposition of the matter, making further trial court proceedings unnecessary.”<sup>82</sup> When courts hear trademark cases that involve more than registration decisions, the argument for deferring to the USPTO is less compelling.<sup>83</sup> Given the robust fact-finding abilities of courts and the broader issues often presented in trademark litigation, courts may find that “it is

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76. 15 U.S.C. § 1071(b)(1) (2012); *Rhoades v. Avon Prod., Inc.*, 504 F.3d 1151, 1164 (9th Cir. 2007) (“Congress has not installed the PTO as the exclusive expert in the field. As noted, parties may litigate these issues in federal court without previously exhausting their claims before the TTAB.”).

77. *United States v. W. Pac. R. Co.*, 352 U.S. 59, 63 (1956).

77. *Id.* at 64.

79. *Am. Bakeries Co. v. Pan-O-Gold Co.*, 650 F. Supp. 563, 565–68 (D. Minn. 1986).

80. *See Rhoades*, 504 F.3d at 1163–64 (refusing to stay litigation pending registration proceedings); *Calista Enters. Ltd. v. Tenza Trading Ltd.*, 2013 WL 6080184 (denying motion to stay); *Hanginout, Inc. v. Google*, No.13cv2811 AJB (NLS), 2015 WL 11254689 (S.D. Cal. June 2, 2015) (denying motion to stay); *Vina Casa Tamaya S.A. v. Oakville Hills Cellar, Inc.*, 784 F. Supp. 2d 391, 397 (S.D.N.Y. 2011) (granting motion to dismiss because the “dispute can properly be resolved in the TTAB proceeding already underway”).

81. *Rhoades*, 504 F.3d at 1164.

82. *Am. Bakeries*, 650 F. Supp. at 567 (citing *Driving Force, Inc. v. Manpower, Inc.*, 498 F. Supp. 21, 25 (E.D. Pa. 1980); *Kemin Indus., Inc. v. Watkins Prods., Inc.*, 183 U.S.P.Q. 799 (D. Minn. 1974)).

83. *Rhoades*, 504 F.3d at 1164.

preferable for the TTAB to stay its own proceedings where parallel litigation occurs in the district court.”<sup>84</sup> Decades of such precedent have led litigants and TTAB judges to rely on the possibility that questions of fact and law may be relitigated in federal court if the parties are dissatisfied with the results before the TTAB.<sup>85</sup>

The Supreme Court’s recent consideration of issue preclusion in *B & B Hardware v. Hargis Industries* is consistent with maintaining de novo review.<sup>86</sup> The story of the case illustrates the anti-competitive effects that can result from deferring to administrative heuristics. Because it left unchallenged an administrative decision, Hargis ended up being stuck with a loss that conflicted with *two* wins it had litigated in federal court. The story of how that happened began in 1993, when B&B registered “SEALTIGHT” for fasteners used in the aerospace industry.<sup>87</sup> The previous year, Hargis began using “SEALTITE” for screws used in the construction industry.<sup>88</sup> The companies’ products did not compete. Nonetheless, B&B sued Hargis for trademark infringement.<sup>89</sup> Hargis responded by petitioning the USPTO to cancel B&B’s registration, but that proceeding was stayed pending resolution of the litigation in federal court.<sup>90</sup>

At trial, Hargis proved that B&B’s mark was descriptive without secondary meaning, and therefore, not sufficiently distinctive to merit federal trademark registration.<sup>91</sup> Based on the verdict, Hargis should have obtained a judgment cancelling B&B’s federal registration. “[N]either the district court, nor the court of appeals that affirmed the ruling, ordered the PTO to cancel the

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84. *Sonora Cosmetics, Inc. v. L’Oreal S.A.*, 631 F. Supp. 626, 629 (S.D.N.Y. 1986) (citing *The Other Tel. Co. v. Connecticut Nat’l Tel. Co.*, 181 U.S.P.Q. 779, 782 (Com’r 1974)), *aff’d*, 795 F.2d 1005 (2d Cir.1986); *Am. Bakeries Co.*, 650 F. Supp. at 568 (denying motion to stay litigation pending the USPTO proceedings).

85. *See, e.g.*, *Swatch AG v. Beehive LLC*, 739 F.3d 150 (after the TTAB found that “SWAP” for watch parts did not infringe “SWATCH” for watches, the Fourth Circuit affirmed that although “the TTAB applies a different standard for actual confusion, the district court properly found on a de novo review of the record” that no infringement or dilution liability was substantiated by the record); *Pro-Football, Inc. v. Blackhorse*, 709 F. App’x 182, 183 (4th Cir. 2018) (directing the district court to reconsider its affirmation of the TTAB’s ordered cancellation of the “REDSKINS” registrations based on 1052(a)); *Specialty Brands, Inc. v. Coffee Bean Distribs.*, 748 F.2d 669, 671 (Fed. Cir. 1984) (reversing the TTAB’s decision finding no likelihood of confusion between “SPICE ISLANDS” and “SPICE VALLEY” marks for tea).

86. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015).

87. *Id.* at 1301.

88. SEALTITE, Registration No. 1,797,509 (no longer registered).

89. *B&B Hardware, Inc.*, 135 S. Ct. at 1301.

90. *Id.* at 1302.

91. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 569 F.3d 383, 388 (8th Cir. 2009).

registration, despite that registration's invalidity."<sup>92</sup>

After the trial, the TTAB lifted the stay on the cancellation proceeding, and Hargis sought to amend its claim to assert that B&B's mark lacked distinctiveness based on the trial court's finding that the mark was descriptive without secondary meaning.<sup>93</sup> The motion was denied because, by then, B&B's mark had been sitting on the Principal Register long enough to become incontestable, and therefore, the TTAB concluded that it could no longer be challenged as merely descriptive.<sup>94</sup>

Hargis then applied to register "SEALTTTE" for use with fasteners in the construction industry.<sup>95</sup> The TTAB found that "SEALTTTE" might lead to confusion with B&B's registered mark and refused to register Hargis's mark.<sup>96</sup> Hargis did not appeal this decision. While the registration challenges were pending before the USPTO, B&B sued Hargis again for infringement, and again, Hargis won on the merits. This time, the district court found that Hargis's mark was not confusingly similar.<sup>97</sup> Nonetheless, the Supreme Court held that Hargis's failure to appeal the TTAB decision resulted in issue preclusion because "the usages adjudicated by the TTAB are materially the same as those before the district court."<sup>98</sup>

The Supreme Court was careful to cabin its holding to situations in which there was identical evidence and legal interpretation. The result could have been easily avoided if Hargis had secured cancellation of the B&B mark in the first round of litigation, or if Hargis had appealed the TTAB decision instead of assuming it could not have preclusive effect. The Supreme Court expressly stated that the Hargis saga was not the norm, and that the holding should not apply when the ordinary elements of issue preclusion are absent.<sup>99</sup> The Court explained:

Although many registrations will not satisfy those ordinary elements, that does not mean that none will. We agree with Professor McCarthy that issue preclusion applies where "the issues in the two cases are indeed identical and the other rules of collateral estoppel

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92. Rebecca Tushnet, *Fixing Incontestability: The Next Frontier*, 43 B.U. J. SCI. & TECH. L. 434, 441 (2017).

93. *Sealtite Building Fasteners v. B&B Hardware, Inc.*, No. 92026016 (T.T.A.B. June 13, 2003).

94. SEALTTTE, Registration No. 1,797,509 (no longer registered).

95. *B&B Hardware, Inc.*, 135 S. Ct. at 1301.

96. *Id.* at 1302.

97. *Id.*

98. *Id.* at 1310.

99. *Id.* at 1306.



are carefully observed.<sup>100</sup>

Justice Ginsburg joined the majority opinion and wrote a four-sentence concurrence to emphasize that TTAB decisions should not have preclusive effect when they rely on unsubstantiated claims in the Principal Register and not evidence of market use.<sup>101</sup> Justice Ginsburg wrote,

The Court rightly recognizes that “for a great many registration decisions issue preclusion obviously will not apply.” That is so because contested registrations are often decided upon “a comparison of the marks in the abstract and apart from their marketplace usage.” When the registration proceeding is of that character, “there will be no preclusion of the likelihood of confusion issue . . . in a later infringement suit.” On that understanding, I join the Court’s opinion.<sup>102</sup>

The Supreme Court’s discussion in *Hargis* suggests multiple reasons why it would not affirm heightened deference to TTAB decisions. In deciding *Hargis*, the Supreme Court expressly mentioned the de novo standard, explaining that the “importance of registration is undoubtedly why Congress provided for de novo review of TTAB decisions in district court.”<sup>103</sup> The majority also made it clear that when the Principal Register does not match actual market use, issue preclusion should not apply.<sup>104</sup> The Court applied issue preclusion in *Hargis* after finding that the market uses were “materially the same” as those set forth in the Principal Register, but it cautioned that such a result would be inappropriate where the market and Register did not match.<sup>105</sup> The Court noted that “if a mark owner uses its mark in ways that are materially unlike the usages in its application, then the TTAB is not deciding the same issue.”<sup>106</sup> Thus, if the TTAB does not consider the marketplace use of the parties’ marks, the TTAB’s decision should “have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue.”<sup>107</sup>

As set forth in more detail below, it is common USPTO practice to use unsubstantiated claims in the registry in place of market evidence. The next Part demonstrates why federal courts should be especially cautious about deferring to USPTO findings of fact. For the sake of efficiency, examiners often approximate actual market presence through heuristics when making

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100. *Id.*

101. *Id.* at 1310.

102. *Id.* (Ginsburg, J., concurring).

103. *Id.*

104. *See id.* at 1308.

105. *Id.*

106. *Id.*

107. *Id.*

trademark registration decisions. For this reason, de novo review in federal court is important to assure that trademark owners have access to a forum that will fully adjudicate registration decisions.

#### IV. THE USPTO USES HEURISTICS TO EFFICIENTLY REVIEW ITS GROWING VOLUME OF TRADEMARK APPLICATIONS

The USPTO trademark examination process is a model of efficiency. Between 1985 and 2014, the USPTO received 5.9 million applications for a place on the Principal Register.<sup>108</sup> In 2017, the USPTO employed 549 trademark examiners who were tasked with reviewing 594,107 trademark applications.<sup>109</sup> On average, the 2017 data indicate that examiners spent less than two hours on each application.<sup>110</sup> In that short window of time, the examiner determines use, distinctiveness, and whether the mark is available or likely to be confused with any of the millions of marks on the Principal Register.<sup>111</sup> This task is monumental. To streamline this process, the USPTO uses several administrative heuristics in place of examining actual evidence of use, distinctiveness, and availability.

The use of heuristics is not unique to USPTO examiners. It is a necessary feature of human decision-making. In their ground-breaking work, Daniel Kahneman and Amos Tversky explain that people cannot possibly process all available information in making decisions.<sup>112</sup> For the sake of efficiency, we use cognitive short-cuts that Kahneman and Tversky call “heuristics.”<sup>113</sup> My use of the term “heuristics” to describe USPTO practices is different in one important respect. While the short-cuts, defined by Kahneman and Tversky and developed by Richard Thaler, Dan Ariely and others, are subconscious, the administrative heuristics defined here are intentional features of USPTO

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108. Beebe & Fromer, *supra* note 27, at 952 n.22.

109. U.S. PATENT & TRADEMARK OFFICE, PERFORMANCE & ACCOUNTABILITY REPORT FY17 10, 85 tbl.16, 88 tbl.17, 185 tbl.18 (2018).

110. This rough estimate is based on aggregate data and does not take into account the experience of examiners or other variables that may affect the time spent on any particular application. The estimate was based on the following data from the USPTO. Dividing 594,107 applications by 549 examiners results in each examiner reviewing an average of 1082.2 applications. If each examiner had worked fifty weeks per year, each would have reviewed 21.64 applications per week. Assuming a forty-hour work week, each examiner spent an average of 1.85 hours per application.

111. 15 U.S.C. § 1051 (a)(1) (2012).

112. See AMOS TVERSKY & DANIEL KAHNEMAN, JUDGMENT UNDER UNCERTAINTY: HEURISTICS AND BIASES, IN JUDGMENT UNDER UNCERTAINTY 3 (Kahneman et al. eds., 1982).

113. *Id.*

decision-making.<sup>114</sup>

In order to process the multitude of applications against its growing Principal Register, the USPTO manages the registration process by applying multiple heuristics. These short-cuts and rules of thumb may be essential for administrative efficiency, but they are not an adequate substitute for genuine adjudication. For this reason, de novo review of USPTO decisions is important so that disappointed applicants can get a full hearing before a federal district judge who can take a genuine and deeper look at the facts.

When examiners make registration decisions, they do their best in the limited time they have to review proposed marks for use in commerce, distinctiveness, and availability. An examiner does not have the time or resources on any of these three fact-intensive questions to gather actual market evidence that would normally be proffered if these issues were litigated in court. As explained below, these shortcuts routinely result in decisions that do not match market reality, and, therefore, should not be afforded deference by federal courts. If the USPTO rules of thumb and evidentiary short-cuts are permitted to take the place of actual fact-finding in court, they may lead to systematic failures to examine facts on many core trademark questions. The next Section illustrates many points in the registration process where trademark examiners use heuristics in place of evidence.

#### A. USE IN COMMERCE HEURISTICS

Actual use of a distinctive symbol on particular goods or services is an essential prerequisite to trademark ownership.<sup>115</sup> Unlike patents and copyrights, trademark rights begin and end with use in commerce. Trademarks may be protected for the duration and in the field of the use, and they end when market use ceases. “[A] fundamental tenet of trademark law is that ownership of an inherently distinctive mark . . . is governed by priority of use.”<sup>116</sup> The Ninth Circuit Court of Appeals explained that,

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114. See generally Christine Jolls et al., *A Behavioral Approach to Law and Economics*, 50 STAN. L. REV. 1471 (1998) (applying behavioral economics principles to legal decision-making, the authors illustrate multiple ways in which subconscious cognitive patterns explain human decision-making); DANIEL ARIELY, *PREDICTABLY IRRATIONAL: THE HIDDEN FORCES THAT SHAPE OUR DECISIONS* 173 (2008) (illustrating a series of experiments that show how predictably irrational subconscious patterns explain human decision-making).

115. 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.”); *Id.* § 1127 (defining “use in commerce” to require “bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark”).

116. *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999).

It is axiomatic in trademark law that the standard test of ownership is priority of use. To acquire ownership of a trademark it is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services.<sup>117</sup>

Before a mark will be registered, an applicant must identify the date on which it first began using the mark in connection with the claimed goods or services.<sup>118</sup> Under the Lanham Act's infringement provisions, the first to use a mark may stop "junior" users of confusingly similar symbols.<sup>119</sup> Similarly, the Lanham Act bars registration of marks that are likely to cause confusion with marks already on the Principal Register.<sup>120</sup> And finally, when use ends, trademark rights and registrations should end as well.<sup>121</sup>

It would be impracticable for the USPTO to verify actual use in commerce with respect to the millions of currently registered marks and compare them annually, for likelihood of confusion purposes, to actual use of the hundreds of thousands of applications for new marks. To make this task manageable, trademark examiners use USPTO TESS data and quick Internet searches in place of market evidence.<sup>122</sup> The USPTO does collect some evidence of use in commerce. It requires applicants to submit one specimen showing use of its mark on a product or service in each international class.<sup>123</sup> Although an application may claim to use a mark on scores of goods and services in multiple classes, the USPTO will require the applicant to submit proof of use for only

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117. *Sengoku Works Ltd. v. RMC Int'l, Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996).

118. 15 U.S.C. § 1051(a)(2).

119. *Brookfield Comm'ns*, 174 F.3d at 1047; *Union Nat'l Bank v. Union Nat'l Bank*, 909 F.2d 839, 842–43 (5th Cir. 1990); *Tally-Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1023 (11th Cir. 1989).

120. 15 U.S.C. § 1052(d).

121. *Id.* § 1127 ("A mark shall be deemed to be 'abandoned' . . . when its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. 'Use' of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.").

122. See U.S. PATENT & TRADEMARK OFFICE, *Searching Marks in USPTO Database*, <https://www.uspto.gov/trademarks-getting-started/trademark-basics/searching-marks-uspto-database> [<https://perma.cc/NV4W-7KA4>] (last visited Nov. 11, 2018) ("This search engine allows you to search the USPTO's database of registered trademarks and prior pending applications to find marks that may prevent registration due to a likelihood of confusion refusal.").

123. See 37 C.F.R. § 2.56(a) ("An application under section 1(a) of the Act, an amendment to allege use under § 2.76, and a statement of use under § 2.88 must each include one specimen per class showing the mark as used on or in connection with the goods or services. When requested by the Office as reasonably necessary to proper examination, additional specimens must be provided.").

one item in each class.<sup>124</sup> If the application matures to registration, all of the claimed goods and services are treated as though they were validated by similar evidence of use. This blanket presumption of validity often gives the mark owner broad national claims to exclusivity that may not be warranted. Consequently, the registration may be overbroad in multiple respects.

First, the registration may cover a broad list of goods and services, even if the mark is used on only a subset of the items identified in the application. The USPTO considers the applicant's sworn affidavit as proof of use and applies that entire statement for the five or ten-year duration of the registration, even if actual use on all or part of the goods and services never occurred or ended after the application was filed. General descriptions of goods and services are presumed to extend trademark rights to all goods and services of the type described.<sup>125</sup> If a new entrant's goods fall within a broad description in a prior registration, the USPTO presumes that both parties' goods "travel in the same channels of trade to the same class of purchasers."<sup>126</sup> For example, if a trademark owner describes its goods as "computer programs," that registration will block similar marks for all software. Even if a new entrant narrowly defines its market to clearly indicate its use is so distant from the registrant's that the two would not be confused, the prior mark owners' general description would block the new application.<sup>127</sup> In this way, broad descriptions create substantial anti-competitive barriers for new applicants.<sup>128</sup>

The second overbreadth problem is that applicants often face obstacles from marks that should no longer be on the registry. Registrations may remain

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124. *See id.*; TMEP 1401.02(a) (providing that in 1973, the USPTO adopted the international classification system established by the Committee of Experts of the Nice Union and set forth in the *International Classification of Goods and Services for the Purposes of the Registration of Marks* (Nice Classification) published annually by the World Intellectual Property Organization (WIPO)) (The USPTO adopted the forty-five international classes defined at *Nice Classification*, WORLD INTELL. PROP. ORG., <http://www.wipo.int/classifications/nice/nclpub/en/fr/> [<https://perma.cc/W3AQAN8N>] (last visited Nov. 11, 2018)).

125. *See, e.g.*, *Sw. Mgmt., Inc. v. Ocinomled, Ltd.*, 115 U.S.P.Q.2d (BNA) 1007, 1025 (T.T.A.B. 2015); *In re N.A.D., Inc.*, 57 U.S.P.Q.2d (BNA) 1872, 1874 (T.T.A.B. 2000).

126. *In re Viterra Inc.*, 671a F.3d 1358, 1362, (Fed. Cir. 2012) (quoting *Hewlett-Packard Co. v. Packard Press, Inc.*, 281 F.3d 1261, 1268, (Fed. Cir. 2002)).

127. *See In re Linkvest S.A.*, 24 U.S.P.Q.2d (BNA) 1716 (T.T.A.B. 1992) (where registrant's goods are broadly identified as "computer programs recorded on magnetic disks," without limitation as to the kind of programs or the field of use, it must be assumed that registrant's goods encompass all such computer programs, including computer programs of the type offered by applicant, that they travel in the same channels of trade normal for such goods, and that they are available to all classes of prospective purchasers of those goods) ("[W]ith respect to the goods, the question of likelihood of confusion must be determined on the basis of the goods set forth in applicant's application and those in the cited registration, rather than on what [sic] any evidence may show those goods to be.").

128. *Beebe & Fromer*, *supra* note 27, at 1035.

in the TESS data long after use of the mark has ended. For a trademark registration to endure, its owner must file an affidavit confirming continued use between the fifth and sixth year, and every ten years thereafter.<sup>129</sup> One obvious problem created by the long lag time between renewals is that these multi-year windows enable registrations to remain alive for years after they are abandoned. Such “deadwood on the register prevents legitimate users from knowing what they can and can’t do.”<sup>130</sup>

A recent USPTO study confirms the severity of this deadwood problem. In response to concerns that the Principal Register is cluttered with registrations of abandoned marks, the USPTO launched a pilot audit program in 2012.<sup>131</sup> The audit’s results unequivocally justified the concerns about clutter.<sup>132</sup> The USPTO selected a statistically significant sample of 500 marks on the Principal Register and asked each mark owner to verify that it was still using the mark, and if so, to provide specimens documenting use for all the claimed goods and services.<sup>133</sup> Approximately half of the mark owners did not submit evidence that they were using the marks as they had claimed in their registrations.<sup>134</sup> As a result of the audit,

172 of the registrations, or 34%, involved deletions of the goods and/or services queried under the pilot. In another 78 registrations, or 16%, the trademark owner failed to respond to the requirements of the pilot and any other issues raised during examination of the underlying maintenance filing, resulting in cancellation of the registration . . . of the 500 registrations selected for the pilot . . . 250 registrations, or 50%, were unable . . . to verify the previously claimed use.<sup>135</sup>

To continue improving the Principal Register’s integrity, the USPTO made the pilot auditing program permanent. In doing so, it acknowledged that registrations for marks

that are not in use on all registered goods and services may unnecessarily block future applications. They also allow trademark owners to maintain rights they are not entitled to maintain. Because removing these registrations or deleting goods or services not in use

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129. See 15 U.S.C. §§ 1059, 1065 (2012).

130. Rebecca Tushnet, *Registering Disagreement: Registration in Modern American Trademark Law*, 130 HARV. L. REV. 867, 869 (2017).

131. See U.S. PATENT & TRADEMARK OFFICE, POST REGISTRATION PROOF OF USE PILOT STATUS REPORT (2015).

132. See *id.*

133. See *id.*

134. See *id.*

135. *Id.*

is crucial for maintaining an accurate register, we made the program permanent.<sup>136</sup>

The USPTO's acknowledgement that the Principal Register does not often mirror use in commerce, resulting in significant overprotection, provides a strong basis for courts to conduct *de novo* review of USPTO likelihood of confusion decisions. Notwithstanding proof that a substantial number of marks should be narrowed or culled from the Principal Register, the USPTO is bound by statute to treat all registrations as valid. The Lanham Act provides that a certificate of federal trademark registration constitutes *prima facie* evidence that the owner has an exclusive right to use the mark in connection with all the goods or services listed in the registration.<sup>137</sup> Once the registration is affirmed after five years, the mark becomes incontestable, meaning that the registration is deemed to constitute "conclusive evidence" of the mark's validity.<sup>138</sup> These terms are a bit misleading. Incontestable marks may still be contested. As detailed below, some bars, such as mere descriptiveness, are foreclosed, but incontestable marks remain vulnerable to a number of potential challenges, including abandonment.<sup>139</sup> What is important for federal courts to note is that in many cases, the federal trademark registration establishes validity for claims that the mark owner may not be able to support with evidence of use in commerce. Therefore, the *prima facie* assumption of validity for registered marks can be a bubble that is easy to burst.

The USPTO's treatment of specimens creates a third set of overbreadth problems related to both use and distinctiveness. For efficiency reasons, the USPTO requires only one specimen for each item among what might be a very long list of products or services in each international class.<sup>140</sup> Yet, the pilot audit established that use often cannot be verified. The USPTO has been inundated

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136. *Post Registration Proof of Use Audit Program*, <https://www.uspto.gov/trademarks-maintaining-trademark-registration/post-registration-audit-program#Background> [<https://perma.cc/AGW7-PLFP>] (last visited Nov. 11, 2018); *see also* 37 C.F.R. §§ 2.161(h), 7.37(h).

137. *See* 15 U.S.C. § 1057(b) (2012) ("A certificate of registration of a mark upon the principal register provided by this chapter shall be *prima facie* evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.").

138. *Id.* § 1115(b).

139. *See infra* notes 201–217 and accompanying text.

140. 37 C.F.R. § 2.56 ("An application under section 1(a) of the Act, an amendment to allege use under § 2.76, and a statement of use under § 2.88 must each include one specimen per class showing the mark as used on or in connection with the goods or services.").

with fake or doctored specimens.<sup>141</sup> To combat this form of fraud, the USPTO has initiated a pilot program that permits the public to protest improper specimens with objective market evidence.<sup>142</sup> This audit program will hopefully help address the USPTO's concerns that some specimens cannot be supported by evidence of genuine use in commerce.

A fourth overbreadth issue results from the practice of treating one element of a brand as an independent mark even if the specimen indicates that the element is used in connection with more distinctive indicia. An examiner may permit protection for a color, word, phrase, packaging design, or other symbol that, in practice, is distinctive only when used in connection with additional words or other features. The Trademark Manual of Examining Procedure (TMEP) gives a detailed recipe for finding (or creating) a specimen that the USPTO will accept. The TMEP states that:

The more prominently an applied-for mark appears on a web page, the more likely the mark will be perceived as a trademark. A mark may appear more prominent when the specimen:

- presents the mark in larger font size or different stylization or color than the surrounding text;
- places the mark at the beginning of a line or sentence;
- positions the mark next to a picture or description of the goods; or
- uses the "TM" designation with the applied-for mark (however, the designation alone does not transform a mark into a trademark if other considerations indicate it does not function as a trademark).<sup>143</sup>

Mark owners may assert broad claims in words that follow this formula and obtain rights for terms that are not genuinely used in the market as an independent indicator of source. For example, the producers of a courtroom dramatization known as "We the People with Gloria Allred" asserted trademark rights in the phrase "WE THE PEOPLE" for use in connection with a variety of services.<sup>144</sup> In addition to the courtroom drama television services they were actually providing, the application claimed use of the mark

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141. Eric J. Perrott, *Doctored Trademark Specimens at the USPTO: Analysis of the Plague of Fake Specimens Threatening to Undermine the Principal Register*, 11 LANDSLIDE (2018).

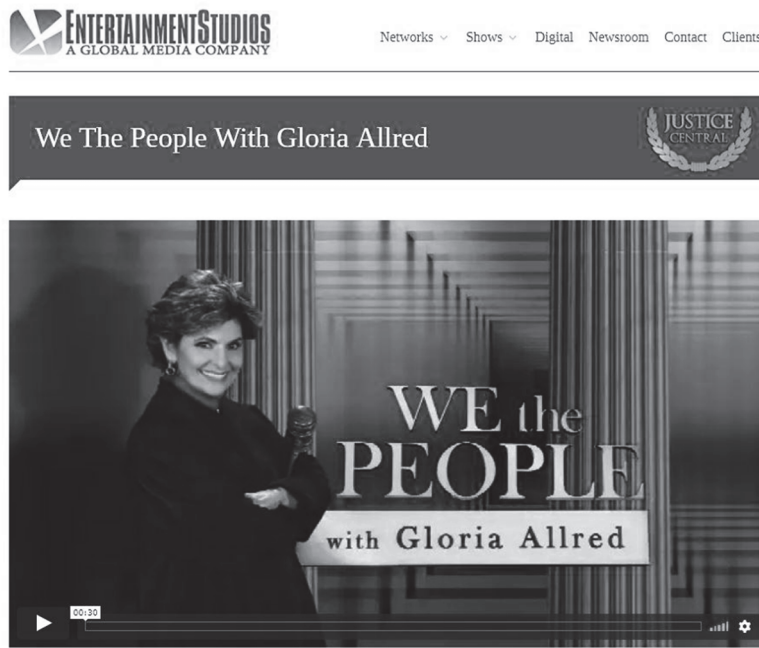
142. *TM Specimen Protests Email Pilot Program*, U.S. PAT. & TRADEMARK OFF., <https://www.uspto.gov/sites/default/files/documents/Specimen%20Protests%20Email%20Pilot%20Program.pdf> [<https://perma.cc/ZU82-C3YX>].

143. TMEP § 904.03(i)(B)(1).

144. WE THE PEOPLE, Registration No. 4,179,972; WE THE PEOPLE, Registration No. 4,836,968; WE THE PEOPLE, Registration No. 4,837,090.



in connection with “providing programs in the field of law.”<sup>145</sup> Because the words “we the people” introduce the preamble of the U.S. Constitution, they symbolize a unifying American vision of citizenry joined by foundational principles of law. For this reason, the USPTO should have questioned whether the applicant developed exclusive rights to the phrase “WE THE PEOPLE” for *all* programs related to law.<sup>146</sup> The show submitted the following specimen in support of the application:<sup>147</sup>



Gloria Allred Shows Who's Boss

As a household name for high-profile cases like O.J. Simpson and Michael Jackson, Judge Gloria Allred stars in her own courtroom series that streamlines cutthroat cases and legal battles. With three Emmy® Nominations and thirty-seven years of legal experience, Judge Allred is a fearless legal powerhouse who never fails to lay down the law.

Although the application asserted trademark claims in the phrase “we the people,” the specimen shows use of the words in a longer phrase that includes the more commercially distinctive words: “with Gloria Allred.”<sup>148</sup> Review of the specimens should have led the examiner to question whether “we the

145. WE THE PEOPLE, Registration No. 4,179,972.

146. WE THE PEOPLE, Registration No. 4,179,972. The phrase, without any qualifiers, has also been registered for cigars, firearms, bicycles, and coffee. Registration Nos. 5,241,608 (cigars), 4,140,724 (bicycles), 4,489,575 (firearms), and 4,757,223 (coffee).

147. WE THE PEOPLE, Registration No. 4,179,972 (specimen submitted in color on April 18, 2018).

148. WE THE PEOPLE, Registration No. 4,179,972; WE THE PEOPLE, Registration No. 4,836,968; WE THE PEOPLE, Registration No. 4,837,090.

people” was used independently of other indicia as an independent source identifier.<sup>149</sup> The examiner likely accepted the alleged use because the words “we the people” followed the rules set forth in the TMEP indicating that use as a mark is indicated when the claimed mark is depicted in “larger font size or different stylization or color than the surrounding text.”<sup>150</sup> This example illustrates how literal application of the agency’s guidelines with regard to size of text and font can lead to overprotection when the guidelines are used in place of an actual examination of distinctiveness. A more careful review would have inquired into whether the words “we the people” create a distinct commercial impression apart from the words “with Gloria Allred.” In one instance, all six words appear together in the same font. Because another part of the specimen technically conformed to the TMEP’s guidelines by showing the claimed mark in a different font, the Applicant secured the registration without offering any evidence that it uses the ubiquitous American phrase “we the people” as a distinct and independent mark.<sup>151</sup> The file suggests that the examiner conformed to agency heuristics without actually examining the “prime question [of] whether the designation . . . as actually used, will be recognized in and of itself as an indication of origin.”<sup>152</sup>

Given that the USPTO does not collect evidence documenting the use of a mark on the entire scope of goods and services listed in applications, trademark registrations will often be broader than actual uses in commerce. Therefore, courts should be especially cautious in deferring to registration decisions and TTAB conclusions based on the same heuristics for use that are employed by the examiners. The Gloria Allred “WE THE PEOPLE” example indicates that administrative shortcuts may afford a mark protection even if no evidence is presented that the particular mark is used independently of other symbols appearing on the specimen. Notwithstanding its place on the Principal Register, a reasonable trier of fact may find that consumers never perceived “WE THE PEOPLE” to be distinctive of this show, and in any event, could find that since the show ended in 2012, the mark is no longer in use.<sup>153</sup> Nonetheless, the registration remains live in 2018. Others offering services in the field of law may seek to use this phrase, and to preserve their right to do so, courts should be able to engage in *de novo* review of the facts and conclusions of law that were quickly made before the registration was issued.

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149. See WE THE PEOPLE, Registration No. 4,179,972; WE THE PEOPLE, Registration No. 4,836,968; WE THE PEOPLE, Registration No. 4,837,090.

150. TMEP § 904.03(i)(B)(1).

151. See *id.*

152. See MCCARTHY, *supra* note 14, at § 7:2.

153. See *We the People with Gloria Allred*, IMDB, <https://www.imdb.com/title/tt1826567/> [<https://perma.cc/3GSN-H6VK>] (last visited Nov. 11, 2018).

## B. DISTINCTIVENESS HEURISTICS

For a trademark to be protected under the Lanham Act, it must be “distinctive,” meaning that it must signal to consumers that the product or service comes from a particular company.<sup>154</sup> Every time the USPTO reviews a trademark application, an examiner must put the proposed mark in one of two categories: (1) inherently distinctive and, therefore, automatically registrable, or (2) registrable only if the applicant submits proof that the mark is perceived as distinctive. A mark may be categorized as “inherently distinctive” if consumers would immediately recognize it as a brand. A made-up word (like Mipso for a musical group) would be inherently distinctive because the word has no meaning apart from referencing its source.<sup>155</sup> Other marks must acquire distinctiveness through use over time.<sup>156</sup> In order to protect competitors’ rights to use words describing their goods and services, marks consisting of descriptive words (such as American Airlines, Park-N-Fly, or University of North Carolina) could not be protected until consumers perceived them as distinctive. Even if they do become marks, the descriptive fair use defense protects competitive use of the words in descriptive text.<sup>157</sup>

The better category—for ease of registration—is inherent distinctiveness. These symbols automatically signal to consumers that they are marks.<sup>158</sup> If a mark is deemed inherently distinctive and is available, it will be admitted to the Principal Register without any proof of how it is perceived by consumers.<sup>159</sup> When an examiner finds that a symbol is not automatically distinctive as a source identifier, the examiner will require the owner to demonstrate “acquired distinctiveness” before registration will be permitted.<sup>160</sup> Trademark applications in this category will be denied registration unless the Applicant submits evidence of acquired distinctiveness, which is also known as “secondary meaning.”<sup>161</sup> Collecting direct evidence of trademark meaning would require the time and effort to obtain consumer testimony or conduct a survey of consumer reactions to a brand.<sup>162</sup>

In reviewing trademark applications, examiners classify marks on a distinctiveness spectrum, often using the rubric set forth in *Abercrombie & Fitch v. Hunting World, Inc.*<sup>163</sup> Marks that are “fanciful, arbitrary, and suggestive” in

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154. See 15 U.S.C. § 1052 (2012).

155. See MCCARTHY, *supra* note 14, at § 11.4.

156. See *id.* §§ 11.2, 11.4.

157. See 15 U.S.C. § 1115(4).

158. See MCCARTHY, *supra* note 14, at § 11.4.

159. *Id.*

160. *Id.* § 15.1.

161. *Id.*

162. See *id.* § 15.30.

163. 537 F.2d 4, 9–11 (2d Cir. 1976).

relation to the claimed goods or services will be classified as inherently distinctive because they are thought to automatically signal brand meaning.<sup>164</sup> When an examiner puts a mark in one of these three categories, the USPTO will automatically register it without any proof of acquired distinctiveness.<sup>165</sup>

Fanciful marks are those that were invented for the purpose of being a unique brand, and therefore are thought to clearly convey a trademark message because they have no other known meaning.<sup>166</sup> Examples of fanciful marks include Pepsi, Xerox, and Claritin.<sup>167</sup> They are the platinum standard, created to convey nothing but trademark significance.<sup>168</sup> The second-highest category on the distinctiveness spectrum are arbitrary marks which use common words in unexpected ways.<sup>169</sup> Examples include “Ivory” for soap and “Apple” for computers.<sup>170</sup> Both fanciful and arbitrary marks are relatively easy to classify for examiners who may use dictionaries to confirm whether they fit in one of these two categories.<sup>171</sup>

Suggestive marks constitute the third category considered inherently distinctive. These marks evoke a quality of the goods and services without directly describing them. Suggestive marks sit just above the line of inherent distinctiveness because they are neither arbitrary nor clearly descriptive.<sup>172</sup> One commonly cited definition of the critical line dividing suggestive from descriptive marks states that “[a] term is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of goods. A term is descriptive if it forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods.”<sup>173</sup> For example, “NIKE” has been

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164. MCCARTHY, *supra* note 14, at § 11.4 (“Fanciful, arbitrary and suggestive words used as marks are regarded as being ‘inherently distinctive.’”).

165. *Abercrombie & Fitch*, 537 F.2d at 11.

166. See 15 U.S.C. § 1052(e) (2012) (“No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it . . . [c]onsists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive.”).

167. *U.S. Hosiery Corp. v. Gap, Inc.*, 707 F. Supp. 800, 812 (W.D.N.C. 1989) (providing “Pepsi” or “Exxon” as examples of “coined, purely fanciful, words”).

168. See *Abercrombie & Fitch*, 537 F.2d at 11.

169. *Id.* at 10 n.12.

170. See *id.* at 9 n.6.

171. See, e.g., *Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369, 1372 (Fed. Cir. 2005) (VEUVE—meaning WIDOW in French—held to be “an arbitrary term as applied to champagne and sparkling wine, and thus conceptually strong as a trademark”).

172. See *Abercrombie & Fitch*, 537 F.2d at 10.

173. *Id.* at 11 (citing *Stix Prods. v. United Merchs. & Mfrs., Inc.*, 295 F. Supp. 479, 488 (S.D.N.Y. 1968)).

classified as suggestive for athletic clothing and equipment.<sup>174</sup> One who first saw a product labeled Nike (before it became more famous than its mythological namesake) would not directly know anything about the product from the name. Nonetheless, a consumer familiar with the mythological reference might imagine a product or service that had something to do with flight, speed, wings, or victory. The category of suggestive marks is notoriously difficult to define. Even leading trademark commentators concede that this question of fact is irredeemably subjective.

The next category of symbols sits just below those that are suggestive and are unified in what they cannot be: inherently distinctive. These marks do not automatically signal their source but may acquire distinctiveness through market use that results in consumer brand recognition. The Lanham Act puts descriptive words, surnames, and truthful geographic references in this category of marks, for which the applicants must demonstrate distinctiveness.<sup>175</sup> Marks consisting of a single color (independent of other design elements or text) and product designs also must have secondary meaning before they may be registered.<sup>176</sup> Section 2(f) of the Lanham Act bars these marks from the Principal Register unless the applicant proves that the mark has become distinctive for the claimed goods and services.<sup>177</sup>

A word mark or design may be classified as descriptive if it references any feature of the claimed goods and services, such as an ingredient, flavor, quality, characteristic, function, purpose, or use of the specified goods or services.<sup>178</sup> Examples of marks held to be descriptive include: “Frosty Treats” for frozen desserts,<sup>179</sup> “New York Fashion Week” for a week dedicated to fashion shows in New York City,<sup>180</sup> and “Wounded Warrior Project” for a charity dedicated to wounded veterans.<sup>181</sup> Before descriptive words or colors may be registered, the USPTO requires the applicant to demonstrate that the symbol conveys brand-specific meaning.

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174. Nike, Inc. v. Nikepal Int'l, Inc., No. 2:05-CV-1468-GEB-JFM, 2007 WL 2782030, at \*7 (E.D. Cal. Sept. 18, 2007) (finding that “NIKE is, at the very least, suggestive”).

175. See 15 U.S.C. § 1052(e)(1), (2), (4) & (f) (2012).

176. See *Qualitex Co. v. Johnson Prods. Co.*, 514 U.S. 159 (1995) (holding that color can be registered as a trademark to the extent that it met the ordinary requirements); see also *Wal-Mart Stores v. Samara Bros.*, 529 U.S. 205 (2000) (holding that product’s design has to acquire secondary meaning to prove its distinctiveness).

177. 15 U.S.C. § 1052(f).

178. See *In re Gyulay*, 820 F.2d 1216 (Fed. Cir. 1987) (holding that “apple pie” was merely descriptive of potpourri).

179. See *Frosty Treats, Inc. v. Sony Comput. Entm’t Am., Inc.*, 426 F.3d 1001 (8th Cir. 2005).

180. See *Fashion Week, Inc. v. Council of Fashion Designers of Am., Inc.*, No.16-cv-5079 (JGK), 2016 WL 4367990 (S.D.N.Y. Aug. 12, 2016).

181. See *WWP, Inc. v. Wounded Warriors, Inc.*, 566 F. Supp. 2d 970 (D. Neb. 2008).

The line between suggestive and descriptive marks is “blurry” and so subjective that decision makers must be careful “to follow something more objective than a spontaneous, ‘gut-reaction’ test.”<sup>182</sup> There is nothing precise or scientific about this process. If a mark sits on the line between suggestive and descriptive, the classification decision will be so unpredictable that no two decision makers can be expected to replicate each other’s results. “[W]hen almost indistinguishable semantic pigeon-holes are constructed and labelled ‘descriptive’ and ‘suggestive,’ no two human beings, including judges, will place a given set of marks into the same category.”<sup>183</sup> Consequently, many descriptive marks will slip through as suggestive and register without any evidence that they are perceived by consumers as commercially distinctive.

The final category of generic terms and functional features sits just below the trademark floor and are barred from registration. Generic words may not be registered at all because they say what a product is, not who sells it.<sup>184</sup> Unlike descriptive words, which may overcome this bar by proof that consumers perceive the term as distinctive, no amount of consumer recognition can turn a generic word into a protectable trademark.<sup>185</sup> A combination of generic words may be found generic and unregistrable if the combination does not communicate source to consumers.<sup>186</sup> For example, “CloudTV” was held generic for video services provided over the Internet,<sup>187</sup> and “Coffee Flour” was deemed generic for flour made from coffee beans.<sup>188</sup> The policies of protecting free expression and promoting fair competition justify the distinctiveness requirement for registering descriptive terms and the bar against registering generic terms.

The pivotal classification decision is wholly based on the examiner’s perception of the symbol and understanding of the market. The “lines of demarcation” between each category are “not always bright.”<sup>189</sup> The examiners develop expertise in making these decisions, but due to the subjective nature of the analysis, the limited experience and resources of each examiner, and ever-expanding new markets, administrative trademark decisions will not

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182. MCCARTHY, *supra* note 14, at § 11:71.

183. *Id.* § 11:70.

184. *See* *Filipino Yellow Pages, Inc. v. Asian Journal Publ’ns, Inc.*, 198 F.3d 1143, 1147 (9th Cir. 1999) (“[T]he name of the product or service itself—what [the product] is, and as such . . . the very antithesis of a mark.”).

185. *Abercrombie & Fitch v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1975) (explaining “that even proof of secondary meaning, by virtue of which some ‘merely descriptive’ marks may be registered, cannot transform a generic term into a subject for trademark”).

186. *See In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1345 (Fed. Cir. 2001).

187. *See In re ActiveVideo Networks, Inc.*, 111 U.S.P.Q.2d (BNA) 1582 (T.T.A.B. 2014).

188. *See In re Empire Tech. Dev. LLC*, 123 U.S.P.Q.2d 1544 (BNA) (T.T.A.B. 2017).

189. *Abercrombie & Fitch Co.*, 537 F.2d at 9.

always reflect market reality. Words that sit on the border between suggestive and descriptive, or descriptive and generic, are especially vulnerable to becoming registered without any evidence that they actually send a distinctive signal. In order for the USPTO to get these tough decisions made efficiently and with some consistency across individual examiners, it has developed heuristics, or short-cuts, that examiners use as proxies for marketplace evidence.

1. *Availability*

Examiners often use availability in the USPTO's TESS data as a heuristic for distinctiveness. When a claimed mark consisting of one or more descriptive words is not on the Principal Register, the examiner may conclude that the mark is distinctive. When examiners use TESS availability in this way, as a proxy for distinctiveness, the risks of overprotection and anticompetitive harm increase. Such risks may be especially salient when the USPTO evaluates trademark applications for new technologies or products.

For example, the creator of stomp rockets applied to register the name of its toy which propels a rocket when a child stomps on a launching device.<sup>190</sup> The USPTO issued an office action asserting that the word “rocket” was descriptive and required a disclaimer. No one else had registered the combination of these two descriptive words. The USPTO permitted “STOMP ROCKET” to register without proof of secondary meaning.

When Sears and JC Penny tried to sell their own branded stomp rockets, the owner of the federal trademark registration sued.<sup>191</sup> The district court deferred to the “facts” set forth in the registration and pushed aside evidence that “stomp rocket” had become the generic name for this type of toy. The court grounded its validity analysis on the finding that “the USPTO did not request from Plaintiff evidence of secondary meaning . . . [and] [s]ignificant weight must be attached to this registration and this Court must infer that the USPTO concluded that the marks were, at the least, suggestive.”<sup>192</sup> Given that both words were descriptive of core product features, it is unclear why the examiner did not require evidence of secondary meaning. Yet, instead of questioning that initial subjective judgment call, the federal district court deferred to it and prohibited the competitors from using the words that would convey to consumers what the product is. The anticompetitive effects of such decisions can be avoided if courts routinely review the facts de novo rather

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190. STOMP ROCKET, Registration. No. 2,221,554 (“[T]oys, namely, flying winged tubes and structural parts therefor . . .”).

191. *See* JFJ Toys, Inc. v. Sears Holdings Corp., 237 F. Supp. 3d 311, 319–20 (D. Md. 2017).

192. *Id.* at 330 (internal citations omitted).

than according deference, especially in situations where the examiner's decision was not based on evidence but on a subjective call favoring one side of a blurry line. A proper application of the de novo standard would protect competitors and consumers against such anticompetitive results.

Dictionaries constitute another source used to determine distinctiveness. If a word (or combination of words) appears in many TESS marks and in the dictionary it may be considered descriptive and not distinctive. Unfortunately, examiners may also conclude that the opposite is true and use absence in a dictionary as a heuristic for inherent distinctiveness. If a word does not appear in a dictionary, it may be found to pass the "dictionary test" and be deemed not descriptive.<sup>193</sup> However, new words and combinations of words should be evaluated for distinctiveness even if they do not yet appear in dictionaries. The absence of a word in a dictionary or a definition that includes only a term's trademark meaning may indicate that the term has not yet been vetted by lexicographers or that an entry was altered or deleted after the dictionary's publisher received a cease and desist letter.<sup>194</sup> Third party registrations that include the term in question may also be used as a heuristic for nondescriptiveness.<sup>195</sup>

The STOMP ROCKET example illustrates how the availability heuristic can make an examiner's job easier, but can interfere with market competition later.<sup>196</sup> If a word mark does not fail any of the typical tests by appearing in a dictionary or descriptive text used by the applicant or competitors, the consequential impression of availability becomes a heuristic to support

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[T]he dictionary definition of the word is an appropriate and relevant indication 'of the ordinary significance and meaning of words' to the public . . . . A third test used by courts and commentators to classify descriptive marks is "whether competitors would be likely to need the terms used in the trademark in describing their products.

*See Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 792–93 (5th Cir. 1983). A descriptive term generally relates so closely and directly to a product or service that other merchants marketing similar goods would find the term useful in identifying their own goods.

194. Deborah R. Gerhardt, *Consumer Investment in Trademarks*, 88 N.C. L. REV. 427, 494–99 (2010).

195. *See MCCARTHY*, *supra* note 14, at § 11.20. ("Third party mark registrations may in some cases support the argument that a designation is not descriptive. The fact that the USPTO registered a number of marks containing the same designation without requiring proof of secondary meaning is some evidence that the PTO considers the designation not descriptive.")

196. *JFJ Toys, Inc. v. Sears Holdings Corp.*, 237 F. Supp. 3d 311, 333(D. Md. 2017). (finding that the claim "Stomp Rocket" had become generic was undermined by the fact that the words did not appear together in Webster's Third New International Dictionary).



nondescriptiveness.<sup>197</sup>

Words that describe the product or its purpose should be classified as descriptive and require proof of distinctiveness to qualify for trademark registration. But multiple heuristics permit marks to register with circumstantial evidence of distinctiveness or no evidence at all. USPTO examiners should remember the Supreme Court's directive that, in close calls, one should err on the side of requiring proof of distinctiveness.<sup>198</sup> When the examiner makes a call in favor of inherent distinctiveness, a symbol may immediately, albeit incorrectly, obtain the presumption of validity afforded to marks on the Principal Register. De novo review would preserve the opportunity to correct such results.

## 2. *Incontestability*

The automatic ripening from registration to incontestability compounds the risks of overprotecting marks that are not factually defensible as distinctive source identifiers. While the registration ages, the term may not become more distinctive. Nonetheless, if renewed, the registration will automatically become incontestable and more difficult to undo. Marks that obtain registration are immediately cloaked with a statutory presumption of validity. A USPTO decision to "register a mark without requiring proof of secondary meaning affords a rebuttable presumption that the mark is suggestive or arbitrary or fanciful rather than merely descriptive."<sup>199</sup> New evidence may be necessary to undo a registration decision, even one made based on incomplete, subjective, or faulty assumptions.

After five years, if the mark owner reapplies for registration, the mark will automatically become "incontestable" and can no longer be cancelled on the basis of being merely descriptive.<sup>200</sup> Incontestability provides a heightened presumption of validity over other registrations. The Lanham Act provides that incontestability is "conclusive evidence of the validity of . . . the registrant's exclusive right to use the registered mark in commerce."<sup>201</sup> Therefore, a mark's presence on the Principal Register becomes an administrative heuristic for evidence of distinctiveness even if no evidence was

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197. *See, e.g.,* *Yamaha Corp. of Am. v. Ryan*, CIV. A. 89-5574-R., 1989 WL 167604, at \*3 (C.D. Cal. Nov. 6, 1989) ("MUSICSOFT can be considered an arbitrary mark since it is not found in any English dictionary.").

198. *See* *Wal-Mart Stores v. Samara Bros.*, 529 U.S. 205, 215 (2000) (stating in the trade dress context, that in "close cases, we believe that courts should err on the side of caution and . . . thereby requiring secondary meaning").

199. *Abercrombie & Fitch v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1975).

200. *See* 15 U.S.C. §§ 1065, 1115(b) (2012).

201. *Id.* § 1115(b).

ever put before the USPTO.<sup>202</sup>

In a study of trademark incontestability, Professor Rebecca Tushnet concluded that “no one should be made better off by providing inaccurate information to the PTO. Unfortunately, it is currently possible to benefit from doing so.”<sup>203</sup> Despite the power and strength incontestability confers, no substantive examination occurs at this point in the registration process.<sup>204</sup> An affidavit containing the required information and attesting to a claim of continuous use is all that is required, and the heightened status is conferred automatically.<sup>205</sup> “Incontestability’s main bite is in preventing any challenge to the registration on the grounds that the mark lacks secondary meaning . . . .”<sup>206</sup>

Once incontestable status has been achieved, a competitor may only use the word if it can establish that the mark is generic or that its use falls under a fair use defense.<sup>207</sup> Both strategies may involve expensive litigation.<sup>208</sup> If courts review USPTO classification decisions *de novo*, a competitor who wants to fight for the opportunity to use descriptive words will have some avenue to assert such a claim. The Lanham Act permits courts to question incontestability decisions,<sup>209</sup> and given the heuristics used in the registration process, they should not hesitate to do so.

To ensure fair competition and free expression in the use of descriptive words, the federal judiciary should not give up their authority on this issue. Judges should also use their power to order corrections to the Principal Register in appropriate circumstances. For example, a district court narrowed

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202. Tushnet, *supra* note 92, at 435–36.

203. Tushnet, *supra* note 92, at 455.

204. *See id.* at 436, 450; MCCARTHY, *supra* note 14, at § 19:140; TMEP § 1605.

205. Tushnet, *supra* note 92, at 440–46 (documenting clear errors in USPTO conferring incontestable status).

206. *Id.* at 438.

207. The Lanham Act limits trademark rights in descriptive terms. In addition to being more difficult to obtain, these trademarks are more difficult to enforce. They are subject to the descriptive fair use defense defined in the Lanham Act as “use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark . . . of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin.” 15 U.S.C. § 1115(b)(4) (2012). *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 122 (2004) (holding that “the common law’s tolerance of a certain degree of confusion on the part of consumers followed from the very fact that in cases like this one an originally descriptive term was selected to be used as a mark, not to mention the undesirability of allowing anyone to obtain a complete monopoly on use of a descriptive term simply by grabbing it first”).

208. *See* Tushnet, *supra* note 92, at 439.

209. *See id.* at 450 (quoting *Fed. Treasury Enter. Sojuzplodoimport v. Spirits Int’l. N.V.*, 623 F.3d 61, 63 (2d Cir. 2010) and asserting that an incontestable registration “does not prevent courts from asking whether a claimant is in fact entitled to its benefit”).

Louboutin's registration of a red undersole for shoes.<sup>210</sup> In its application, Louboutin claimed the exclusive right to use red on the undersole of shoes, irrespective of the color of other portions of the shoe.<sup>211</sup> It sued Yves Saint Laurent, not for providing a similar contrasting pop of red, but for an entirely red shoe.<sup>212</sup> After evaluating the evidence, the district court ordered the USPTO to narrow the registration to situations where Louboutin actually had proof of distinctiveness: an undersole that contrasted with the upper portions of the shoe.<sup>213</sup> Litigants who go to the trouble of obtaining such relief in federal courts should remember to petition the USPTO to cancel or narrow the registration. As the SEALTIGHT saga demonstrates, if they do not, they may later be stuck with results based on the Principal Register and lose all that was gained in litigation.<sup>214</sup>

### C. LIKELIHOOD OF CONFUSION HEURISTICS

In addition to use and distinctiveness, the USPTO must also determine whether a symbol is confusingly similar to any previously registered marks. If so, section 2(d) of the Lanham Act bars registration.<sup>215</sup> Two-thirds of all applications must overcome at least one USPTO office action, and "likelihood of confusion" is the most common basis asserted. When a new entrant responds that the cited mark is no longer in use, the USPTO will generally treat evidence of actual market use as irrelevant. A junior user may claim that a senior mark owner has abandoned its mark, and therefore the junior user's mark should be registered. This argument could win in court, but it will always fail before the USPTO because trademark examiners cannot consider evidence that market use does not match claims made in existing registrations.<sup>216</sup> When new entrants assert that a mark is not actually in use as claimed in a prior registration, examiners respond with the following standard text, "[w]ith

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210. *See* Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc., 696 F.3d 206 (2d Cir. 2012).

211. *See id.* at 213.

212. *Id.*

213. The mark consists of a red lacquered outsole on footwear that contrasts with the color of the adjoining ("upper") portion of the shoe, Registration No. 3,361,597.

214. *See supra* notes 88–101 and accompanying text.

215. 15 U.S.C. § 1052(d) (2012):

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it . . . [c]onsists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive.

216. *See* TMEP § 1207.01(a)(iii).

respect to applicant's and registrant's goods and/or services, the question of likelihood of confusion is determined based on the description of the goods and/or services stated in the application and registration at issue, not on extrinsic evidence of actual use.<sup>217</sup>

There are, of course, many good reasons why the USPTO treats claims in registrations as presumptively valid. The Lanham Act requires them to do so. The presumption of validity protects the rights of mark owners who are not parties to pre-publication application proceedings, and therefore, are not present to defend their intellectual property. Any mark on the Principal or Supplemental Registers may be cited in an office action as evidence of a prior mark that should bar a new mark that is confusingly similar. These proceedings involve only the USPTO and the applicant. The owners of the cited marks are not present to defend attacks against the facts stated in their mark's federal registration.<sup>218</sup> In registration proceedings, due process concerns prevent new entrants from challenging current registrations with marketplace evidence that would be used in court. The trademark registration system has two mechanisms available to mark owners who think their trademark rights might be harmed by a new entrant. If the USPTO permits the applicant's mark to publish or register, those harmed by such a decision may later challenge it through a post publication opposition or post registration cancellation proceeding.<sup>219</sup>

The unfortunate consequence of this practice is that it burdens new entrants with the necessity of clearing the deadwood from the Principal Register. They must file separate cancellation proceedings against each cited mark in order to challenge the breadth of goods and services or continued use of the cited registrations. Each of these proceedings would be time-consuming and expensive. A more efficient practice would require the mark owners to submit proof of continued use to the USPTO if a new entrant provides evidence of abandonment.

Federal courts should be mindful of the limited likelihood of confusion analysis that happens at the USPTO. In determining whether a mark is

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217. Office Action (Official Letter), U.S. Patent & Trademark Office, About Applicant's Trademark Application, U.S. Application Serial No. 86,124,578 (Apr. 2, 2014 5:43:50 PM); see *Stone Lion Capital Partners, L.P. v. Lion Capital LLP*, 746 F.3d 1317, 1323 (Fed. Cir. 2014); TMEP § 1207.01(a)(iii) ("The nature and scope of a party's goods or services must be determined on the basis of the goods or services recited in the application or registration.").

218. See *Eco Mfg. LLC v. Honeywell Int'l, Inc.*, 295 F. Supp. 2d 854, 865 (S.D. Ind. 2003), *aff'd*, 357 F.3d 649 (7th Cir. 2003) (rejecting Honeywell's request to defer to the TTAB's decision because "the TTAB made its decision in an *ex parte* proceeding, without the benefit of a true adversary who had a strong incentive to present—and the ability to find—evidence that would have undermined Honeywell's arguments").

219. TMEP §§ 1503.03, 1607.

available, the USPTO relies on its registry instead of actual use in commerce. Accordingly, federal courts should remember that many “likelihood of confusion” decisions made by the USPTO are not based on evidence of market use. Instead, the USPTO uses bare allegations from the Principal Register that, when audited, often cannot be substantiated.<sup>220</sup>

In an *ex parte* registration proceeding, the USPTO and the TTAB do not have the authority to limit or cancel third-party marks that are not used as stated on the Principal Register. In trademark infringement cases, federal courts do have that authority and, as a result, should not defer to administrative decisions by the USPTO or TTAB which lack such powers. Section 37 of the Lanham Act empowers federal courts to cancel all or part of a trademark registration when evidence indicates that a symbol has become generic.<sup>221</sup> When federal courts use this power, they ensure that administrative heuristics do not undermine the foundational trademark policy of supporting fair competition by assuring that no one can maintain a monopoly on a mark that is no longer in use.<sup>222</sup>

## V. THE DYNAMIC NATURE OF TRADEMARKS PROVIDES AN ADDITIONAL REASON TO AVOID DEFERENCE

The dynamic nature of trademarks is another reason why federal courts should avoid deferring to the USPTO. Trademark rights expand and contract as a function of constantly changing market dynamics. In stark contrast, other forms of intellectual property have neatly ordered lives. They are created; they last for a set term of years, and then they expire, permitting the underlying work to enter the public domain. A copyright term begins when original expression is fixed and generally lasts for the author’s life plus seventy years.<sup>223</sup> When it expires, the work enters the public domain.<sup>224</sup> Utility patents have a

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220. *See supra* notes 88–101 and accompanying text.

221. *See* 15 U.S.C. § 1119 (2012).

222. *See* *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97, (1918) (holding that “[t]here is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. The law of trade-marks is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another’s product as his; and it is not the subject of property except in connection with an existing business”).

223. 17 U.S.C. §§ 102, 302–305 (2012) (providing that contemporary copyrights endure for the “life of the author and 70 years after the author’s death” or for works made for hire, “the copyright endures for a term of 95 years from the year of its first publication, or a term of 120 years from the year of its creation, whichever expires first”).

224. *See id.* §§ 302–305.

similar linear life that is generally limited to twenty years from the date of application if the USPTO ultimately finds that the invention is patentable.<sup>225</sup> Both patent and trade secret protection may be foreclosed by public disclosures made in the patent application process. When a patent application is denied, the claimed invention enters the public domain.<sup>226</sup> Rights of publicity generally expire when the celebrity dies or within a term of years afterwards.<sup>227</sup> Once these fixed intellectual property terms end, the names, expressive works, and inventions enter the public domain and become freely available for public use unless they also infringe a trademark right.

Trademarks are different. They begin with use in commerce, not creation or a federal grant of exclusivity.<sup>228</sup> Trademarks do not need to be novel or original to merit protection. Unlike patents, copyrights, and rights of publicity, trademarks have no set expiration date.<sup>229</sup> If carefully tended, they can last forever.<sup>230</sup> Rather than decreasing in value over time as a work gets close to entering the public domain, trademark strength can increase indefinitely. A long history of use is one metric thought to support a mark's strength.<sup>231</sup> If well curated, trademark rights may become more robust over time and last forever.<sup>232</sup>

Like other forms of intellectual property, trademarks are still vulnerable to challenges. The Lanham Act expressly provides for the possibility of a

225. See 35 U.S.C. § 154(a)(2) (2012) (providing that utility patents are in effect “for a term beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States”).

226. See *id.* § 102(a) (providing that a “person shall be entitled to a patent unless . . . the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention . . .”); see also *Rototron Corp. v. Lake Shore Burial Vault Co.*, 712 F.2d 1214, 1215 (7th Cir. 1983) (stating that because the issuance of a patent allowed knowledge to pass into the public domain a patent signified public disclosure and precluded trade secret protection); *Scharmer v. Carrollton Mfg. Co.*, 525 F.2d 95, 99 (6th Cir. 1975) (holding that a patent constitutes public disclosure after which any “property right in a trade secret” is extinguished).

227. See, e.g., CAL. CIV. CODE § 3344.1 (West 2012) (right of publicity claims may “not be brought under this section by reason of any use of a deceased personality’s name, voice, signature, photograph, or likeness occurring after the expiration of 70 years after the death of the deceased personality”).

228. See 15 U.S.C. § 1058 (2012); 17 U.S.C. §§ 302–305 (2012); 35 U.S.C. § 154.

229. See 15 U.S.C. § 1058; 17 U.S.C. §§ 302–305; 35 U.S.C. § 154.

230. See 15 U.S.C. § 1058.

231. See *In re Mogen David Wine Corp.*, 372 F.2d 539, 543 (C.C.P.A. 1967) (noting that unlike patent law, “trademark law . . . provides for the grant of rights to the trademark owner for an indefinite time period”).

232. See *Krueger Int’l, Inc. v. Nightingale Inc.*, 915 F. Supp. 595, 605 (S.D.N.Y. 1996) (“Trademark rights last for an indefinite period, depending on the strength and duration of the public’s recognition that the mark identifies the producer’s goods.”); 15 U.S.C. §§ 1058, 1059.

registered mark to lose its protection at “*any time*.”<sup>233</sup> Notwithstanding the strong presumption of validity for all registered marks, they are all subject to cancellation.<sup>234</sup> Federal registrations will expire if the owner does not file an affidavit alleging continued use at each renewal interval and may be cancelled for a number of additional reasons.<sup>235</sup> Marks that have not achieved incontestable status (those in the first five years of their registered life) may also be challenged for any reason listed in section 2 of the Lanham Act, such as the claim that a mark is merely descriptive and has not acquired secondary meaning.<sup>236</sup> Although the Lanham Act provides that an incontestable registration is “conclusive evidence” of the facts in a registration certificate, even these registrations may be cancelled if the mark is abandoned, becomes generic or functional, or if the registration was obtained fraudulently.<sup>237</sup> Failure to use a mark for three years without an intent to resume use constitutes *prima facie* evidence of abandonment.<sup>238</sup> A registration may also be cancelled if the applicant made fraudulent claims in its application.<sup>239</sup>

Word marks that were once distinctive sometimes become the generic name for a product, and then can no longer maintain a place on the Register.<sup>240</sup> The Lanham Act classifies this cessation of rights as abandonment, even though the loss may be caused as much by competitors and consumers as the mark owners themselves.<sup>241</sup> If a word answers the question “What are you?” it has become the generic name of a product and may not be protected as a mark.<sup>242</sup> If, however, the word answers the questions “Who are you?” or “Who vouches for you?” it may be protected as a trademark.<sup>243</sup> Examples of marks that were once federally registered but were cancelled by a federal court on the basis that they became generic include “YO-YO,” “ASPIRIN,”

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233. *See* 15 U.S.C. § 1064 (providing that a registration may be cancelled “[a]t any time if the registered mark becomes the generic name for the goods or services”).

234. *See id.*

235. *See id.* § 1059.

236. *Id.* § 1064.

237. *Id.*

238. *Id.* § 1127.

239. *Id.* § 1064.

240. *See id.*; *Anti-Monopoly, Inc. v. Gen. Mills Fun Grp.*, 611 F.2d 296, 304 (9th Cir. 1979) (“If the primary significance of the trademark is to describe the type of product rather than the producer, the trademark has become a generic term and is no longer a valid trademark.”).

241. *See* 15 U.S.C. § 1064(3) (“The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name . . .”).

242. *Filipino Yellow Pages, Inc. v. Asian Journal Publ'ns, Inc.*, 198 F.3d 1143, 1147 (9th Cir. 1999).

243. *Id.*

“ESCALATOR,” “TRAMPOLINE,” and “SUPER GLUE.”<sup>244</sup>

In addition to words, trademark registrations also extend to a category of nontextual symbols or trade dress<sup>245</sup> which includes product packaging (like the Coca-Cola bottle), product design (the shape of a Ferrari car), and colors (like Tiffany’s robin’s egg blue).<sup>246</sup> Registrations for trade dress may be cancelled at any time if a challenger proves that the symbol is functional.<sup>247</sup> While some courts have held that such a loss is irreversible no matter how much secondary meaning a generic or functional symbol acquires, others have found that marks that have lost protection for being functional may regain protection if the symbol’s owner proves that the mark is no longer functional and has reacquired commercial distinctiveness.<sup>248</sup>

The scope of trademark rights is also malleable. Copyright and patent protection are limited to the work or invention identified in the application, and federal law expressly prohibits expansion of the right beyond that initial scope.<sup>249</sup> Trademark rights are different in that they may expand or contract as

244. *See* Donald F. Duncan, Inc. v. Royal Tops Mfg. Co., 343 F.2d 655, 668 (7th Cir. 1965) (holding that “yo-yo” is no longer a valid trademark); Bayer v. United Drug Co., 272 F. 505, 515–16 (S.D.N.Y. 1921) (allowing competitor to market its drug under the term “Aspirin” to the public since the word had already entered into public domain); Houghton Elevator Co. v. Seeberger, 40 Trademark Rep. 326, 326–27 (1950) (cancelling 50-year-old registration for “escalator”); Loctite Corp. v. Nat’l Starch & Chem. Corp., 516 F. Supp. 190, 217–19 (S.D.N.Y. 1981) (cancelling supplemental registration because the term “Super Glue” was used and understood as a term that was generic); Nissen Trampoline Co. v. Am. Trampoline Co., 193 F. Supp. 745, 755–56 (S.D. Iowa 1961) (holding that the term “trampoline” is “generic and in the public domain and cannot be exclusively appropriated for trademark usage”).

245. *See* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 764 n.1 (1992) (explaining that the “‘trade dress’ of a product is essentially its total image and overall appearance . . . [it] involves the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques”) (citations omitted).

246. The trademark consists of the distinctively shaped contour, Registration No. 72,069,873; the mark consists of the configuration of an automobile, Registration No. 3,743,490; TIFFANY BLUE, Registration No. 4,804,204.

247. *See* Traffix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 23 (2001) (“Trade dress can be protected under federal law, but the person asserting such protection in an infringement action must prove that the matter sought to be protected is not functional.”); *see also* Sweet St. Desserts, Inc. v. Chudleigh’s Ltd., 69 F. Supp. 3d 530, 541 (E.D. Pa. 2014) (“A registered trademark is always subject to cancellation as functional.”).

248. *See, e.g.*, Eco Mfg. LLC v. Honeywell Int’l, Inc., 357 F.3d 649, 653 (interpreting Traffix to support the contention that “what was once functional may half a century later be ornamental”).

249. *See* 17 U.S.C. § 103(b) (2012) (“The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.”); 35 U.S.C. § 305 (2012) (stating that any proposed amendment or new



a function of use in commerce. Nothing in the Lanham Act prevents a mark owner from applying for additional registrations on a previously owned mark if it expands its use to new products or services not previously claimed. The Lanham Act also permits federal trademark registrations to be cancelled or narrowed if a mark owner abandons the mark or continues to use it in connection with only a subset of the goods or services identified in the existing registration.<sup>250</sup>

As noted above, many forms of intellectual property rights last for a fixed number of years, and once the term of protection ends, the right cannot be recovered.<sup>251</sup> Trademarks are different because they can expand or contract, or lost and then reacquired. If a mark is denied registration because it lacks secondary meaning, the applicant may later obtain registration for the same mark if he or she can provide the USPTO with evidence of distinctive use in commerce. Applicants whose registrations were rejected for being confusingly similar to a senior mark may also reapply and obtain a registration if the senior user's registration lapses.<sup>252</sup>

Trademarks are also the only form of intellectual property that can die and be revived. They are like zombies: any abandoned trademark can be resuscitated through use, take on a new life, and become stronger than it ever was before. An administrative pronouncement of death does not mean that the trademark cannot rise again.

The dynamic nature of trademarks as symbols and the forward-looking nature of the likelihood of confusion standard means that a decision that might have made sense at one time can and will be revisited if it is relitigated later. The likelihood of confusion analysis involves consideration of at least eight factual variables.<sup>253</sup> It is a predictive standard designed to assess future

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claim that attempts to enlarge the preexisting patent is prohibited under ex parte review); 35 U.S.C. § 316(d)(3) (forbidding enlargement of the patent under inter partes review); 5 U.S.C. § 326(d)(3) (2012) (forbidding enlargement of the patent under post-grant review).

250. See 15 U.S.C. § 1064.

251. 35 U.S.C. § 154. Before 1989, copyrights could also be lost by publication without the requisite notice. See Deborah R. Gerhardt, *Copyright Publication: An Empirical Study*, 87 NOTRE DAME L. REV. 135, 141 (2011).

252. 15 U.S.C. § 1095.

253.

Where the products are different, the prior owner's chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers. Even this extensive catalogue does not exhaust the possibilities—the court may have to take still other variables into account.

consumer perceptions based on the status quo. Because the likelihood of confusion standard is applied to the changing symbols of at least two organizations, the factual grounding for the analysis is constantly shifting. While the symbols themselves may remain the same, as the evidence of market use changes, the predictive likelihood of confusion standard may yield results that differ substantially from a past decision. Consequently, as the SEALTIGHT saga illustrates, the same two parties may relitigate infringement questions involving the same two symbols, as their markets and consumer understandings evolve.<sup>254</sup> Given the multitude of trademark variables that change over time, deference to any past decision can be problematic.

The next Part turns to yet another reason why de novo review of trademark matters is appropriate. Deference is not accorded when agencies interpret provisions, like the United States Constitution, that are outside the scope of the agency's specialized administrative responsibility.<sup>255</sup> Due to the many expressive interests at issue in trademark matters, judicial decisions should be informed by expertise outside the field of trademark law.

## VI. TRADEMARK EXPERTISE CAN CREATE AN ECHO CHAMBER THAT DROWNS OUT OTHER RELEVANT MODES OF INQUIRY

When anyone is faced with a decision outside one's area of expertise, deference to an expert is a sensible instinct. Deference to the USPTO on trademark matters may be especially tempting given the agency's expertise in trademark law. But before such deference is accorded, it makes sense to examine whether the USPTO or federal courts are institutionally better situated to decide fact-intensive trademark questions.

Another important question to consider is whether the USPTO is best suited to analyze trademark matters that implicate important legal issues outside trademark law. When experts analyze the world through a particular paradigm, they may not be as open to other modes of inquiry. For this reason, great trademark expertise in the USPTO could result in a trademark echo chamber where trademark ideas drown out other important doctrines that intersect with this economic and expressive area of law. Given the heuristics outlined above, a federal court may be the only forum where a trademark litigant has a genuine shot of introducing evidence and expertise from other

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Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961).

254. See *supra* notes 88–101 and accompanying text.

255. Union Pac. R. Co. v. Ametek, Inc., 104 F.3d 558, 562 (3d Cir. 1997); Scheduled Airlines Traffic Offices, Inc. v. Department of Defense, 87 F.3d 1356, 1361 (D.C. Cir. 1996); Bd. of Governors of Univ. of N. Carolina v. U.S. Dep't of Labor, 917 F.2d 812, 816 (4th Cir. 1990).

fields like behavioral economics and lexicography.

De novo judicial review of USPTO decisions is also necessary to protect expressive interests that are embodied in trademark symbols but grounded in doctrine outside trademark law, such as the constitutional guarantee of free expression. The contrasting USPTO and judicial analysis of “THE SLANTS” mark illustrates how trademark registration decisions may change when other modes of inquiry, such as First Amendment analysis, are considered in addition to trademark law. The dispute arose when Simon Shiao Tam applied to register “THE SLANTS” for his electronic music band. The examiner would not permit the mark to register on the ground that it violated section 2(a) of the Lanham Act, which, before it was held unconstitutional, barred the registration of any mark “which may disparage . . . persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.”<sup>256</sup> The TTAB affirmed the examiner’s decision. Tam appealed to the Federal Circuit, arguing that the TTAB erred in finding his mark disparaging and that, in any event, section 2(a) is unconstitutional.<sup>257</sup>

Instead of deferring to the TTAB on its trademark analysis and resting its affirmance on trademark law alone, the Federal Circuit met en banc to examine how trademark law fits within the larger structure of constitutional law governing free speech. Decades earlier, the Federal Circuit held that refusal to register a mark did not violate First Amendment rights because the Applicant could continue to use the mark.<sup>258</sup> In considering “THE SLANTS,” the en banc panel reconsidered this precedent and conducted a de novo review of the record. After doing so, it concluded that the Lanham Act’s disparagement bar is unconstitutional.<sup>259</sup> The Supreme Court affirmed and noted that free speech issues are often implicated in trademark decisions. It stated that,

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256. *Matal v. Tam*, 137 S. Ct. 1744, 1753 (2017).

257. *See In re Tam*, 808 F.3d 1321, 1332 (Fed. Cir. 2015).

258. *In re McGinley*, 660 F.2d 481, 484 (C.C.P.A. 1981), *overruled by* 808 F.3d 1321 (Fed. Cir. 2015) (concluding that “it is clear that the PTO’s refusal to register appellant’s mark does not affect his right to use it. No conduct is proscribed, and no tangible form of expression is suppressed. Consequently, appellant’s First Amendment rights would not be abridged by the refusal to register his mark”) (internal citations omitted).

259. *See Tam*, 137 S. Ct. at 1765.

[T]rademarks often have an expressive content. Companies spend huge amounts to create and publicize trademarks that convey a message. It is true that the necessary brevity of trademarks limits what they can say. But powerful messages can sometimes be conveyed in just a few words.<sup>260</sup>

If the Federal Circuit had deferred to the TTAB, it might never have reached the constitutional question that led to the invalidation of the disparagement clause of section 2(a). Instead, the Federal Circuit recognized that significant expressive issues were at stake and chose not to defer to the TTAB's conclusions based only on trademark doctrine.

Although the speech in *Tam* has cultural and political connotations not shared by all marks, it is not necessarily atypical. Every trademark carries with it some expressive value.<sup>261</sup> If it did not, it could not function as a distinctive source identifier. Trademark professionals work hard to link brands to specific ideas.<sup>262</sup> Many contemporary marks signify meaningful values that can be used to prompt political or cultural change.<sup>263</sup>

The USPTO is not empowered to decide questions of constitutional law.<sup>264</sup> After *Tam* was decided, the USPTO continued to conduct business as usual within its sphere of expertise and jurisdiction. It does not have the power to apply the reasoning in *Tam* to invalidate other provisions of the Lanham Act. Accordingly, the USPTO continued to treat other provisions of section 2(a) that raise similar constitutional questions as valid. In addition to disparaging marks, section 2(a) indicates that one may not register immoral or scandalous marks. The Lanham Act does not define these subjective terms, and as one might expect, two empirical studies found that they were routinely applied inconsistently.<sup>265</sup>

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260. *Id.* at 1760.

261. *See id.* at 1752, 1760 (“The foundation of current federal trademark law is the Lanham Act, enacted in 1946. . . . By that time, trademark had expanded far beyond phrases that do no more than identify a good or service. Then, as now, trademarks often consisted of catchy phrases that convey a message.”).

262. *See* NAOMI KLEIN, NO LOGO 21 (2009) (explaining that in the late twentieth century, “a new consensus was born: the products that will flourish in the future will be the one presented not as commodities but as concepts: the brand as experience, as lifestyle”).

263. *See generally* Deborah R. Gerhardt, *Trademarks as Entrepreneurial Change Agents for Legal Reform*, 95 N.C. L. REV. 1519 (2017).

264. *See In re Brunetti*, Serial No. 85310960, 2014 WL 3976439, at \*5 (T.T.A.B. Aug. 1, 2014) (“It is abundantly clear that the Trademark Trial and Appeal Board is not the appropriate forum for re-evaluating . . . First Amendment jurisprudence . . .”).

265. *See* Meghan M. Carpenter & Mary Garner, *NSFW: An Empirical Study of Scandalous Trademarks*, 33 CARDOZO ARTS & ENT. L.J. 321, 356–61 (2015); Anne Gilson LaLonde & Jerome Gilson, *Trademarks Laid Bare: Marks That May Be Scandalous or Immoral*, 101 TRADEMARK REP. 1476, 1478–82 (2011).

Even after *Tam* was decided, the USPTO continued to bar registration based on the section 2(a) scandalous and immoral bar. This practice continued until the Federal Circuit decided *In re Brunetti*, in which an applicant sought to register “FUCTION” for clothing.<sup>266</sup> The examiner found that section 2(a) barred the mark’s registration, and the TTAB affirmed, noting that its decision was founded on trademark law, not constitutional issues:

It is abundantly clear that the Trademark Trial and Appeal Board is not the appropriate forum for re-evaluating the impacts of any evolving First Amendment jurisprudence within Article III courts upon determinations under Section 2(a) of the Lanham Act, or for answering the Constitutional arguments of legal commentators or blog critics.<sup>267</sup>

Instead of using a deferential rubber stamp, the Federal Circuit reviewed the matter de novo and held that based on the Supreme Court’s decision in *Tam*, the section 2(a) bar against immoral or scandalous marks violated the First Amendment.<sup>268</sup>

While USPTO expertise may result in a high level of competence with respect to trademark law, the specialization of trademark experts and the USPTO’s limited jurisdiction are additional reasons not to defer to the USPTO. While market and expressive concerns are frequently at issue in trademark matters, USPTO examiners and TTAB judges have no special expertise in either field. The USPTO policy office is staffed with trademark professionals, and not economists, lexicographers, behavioral economists, or other business professionals. Examiners and TTAB judges assess trademark applications against USPTO TESS data that, by the USPTO’s own admission, cannot often be supported by current marketplace evidence.

## VII. CONCLUSION

Although there is some confusion as to the level of deference federal courts should apply in reviewing USPTO trademark decisions, many are correctly applying de novo review. That trend should be solidified as a common practice. Too much deference could result in decisions from a trademark echo chamber. The USPTO routinely makes registration decisions on the fact-intensive questions of availability, validity, and distinctiveness, but cannot spend the amount of time that federal courts spend when making findings of fact. In determining the appropriate level of deference, federal courts should remember that USPTO examiners generally move through

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266. *In re Brunetti*, 877 F.3d 1330, 1337 (Fed. Cir. 2017).

267. *In re Brunetti*, No. 85310960, 2014 WL 3976439, at \*5 (Aug. 1, 2014).

268. *In re Brunetti*, 877 F.3d at 1357.

applications quickly and apply multiple heuristics as a stand-in for evidence of market use. The USPTO's pilot audit of the Principal Register demonstrated that half of the audited registrations contained assertions that could not be supported with evidence.

Because trademarks are dynamic, they change constantly as markets adjust to new consumer demands and understandings. Courts should hesitate to defer to past trademark decisions, because a trademark decision made based on yesterday's market facts may require reconsideration if the question arises in a changed market context. Finally, while the USPTO does have significant trademark expertise, its own TTAB judges admit that they make decisions within their trademark paradigm and do not view their role as permitting review of overlapping doctrinal issues, such as First Amendment protections. For all of these reasons, federal judges should apply de novo review of USPTO trademark decisions so that, if necessary, they can be fully adjudicated in court where market evidence and multiple modes of inquiry can inform the final decision.