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Rebecca Tushnet

Georgetown University Law Center, rlt26@law.georgetown.edu

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Fixing Incontestability: The Next Frontier?

Rebecca Tushnet¹

Incontestability is a nearly unique feature of American trademark law, with a unique American implementation.² The concept of incontestability allows a trademark registrant to overcome arguments that a symbol is merely descriptive of features or qualities of the registrant's goods or services—for example, “Juicy” for apples. Without incontestability, to claim trademark protection, a user of a descriptive symbol has to show that consumers have come to recognize that symbol as indicating the source of the relevant goods or services—for example, “American Airlines” for airline services.³ This recognition is known as “secondary meaning.”⁴ Although courts and the U.S. Patent and Trademark Office (PTO) can accept

¹ Professor of Law, Georgetown University Law Center. Thanks to Mark Lemley, Mark McKenna, Lisa Ramsey, Alexandra Roberts and Marty Schwimmer for comments, and to my research assistant Jason Goldfarb.

² Canada has its own version of incontestability, with much more limited benefits. Five years after the date of registration in Canada, no trademark registration can be invalidated on the ground that a third party used a confusingly similar mark before the registrant registered the mark, unless the registrant knew of the third party's use. Trade-marks Act, R.S.C. 1985, c. T-13, s. 17 (Can.); *see also* Diane M. Lambillotte & Timothy Lo, *Incontestability of Marks in the United States and Canada: A Comparison of Perspectives and Purposes*, INTA BULLETIN (Aug. 15, 2014), <http://www.inta.org/INTABulletin/Pages/IncontestabilityofMarksintheUnitedStatesandCanadaAComparisonofPerspectivesandPurposes.aspx> [https://perma.cc/J64K-S5VZ]. In general, European law does not have incontestability. Anne H. Hocking & Anne Desmousseaux, *Why Louboutin Matters: What Red Soles Teach Us About the Strategy of Trade Dress Protection*, 105 TRADEMARK REP. 1337, 1368 (2015) (“Europe does not have incontestability proceedings; distinction of the trademark is not recognized through registration alone in Europe.”). In Spain, cancellation on relative grounds (relating to the rights of other parties) can only occur within five years of registration, unless the registrant acted in bad faith, but the absolute ground of lack of distinctiveness does not have this limit. 32/1988, of November 10, 1998 on Trademarks, at § 48(2) (Spain), WIPO Database of Intellectual Property, http://www.wipo.int/wipolex/en/text.jsp?file_id=126581 [https://perma.cc/ZM4G-M3GY]. German law protects marks from cancellation on grounds of mere descriptiveness, lack of distinctiveness, or genericity once they have been registered for ten years, though it's unclear that this provision is compatible with the supposed harmonization of trademark law within the EU. 1 EDWARD FENNESSY & ANDRÉ POHLMANN, TRADEMARKS THROUGHOUT THE WORLD § 60:23 (2016) [hereinafter FENNESSY & POHLMANN]; *see also* Peter Wilner, *The Madrid Protocol: Balancing Sovereignty and Efficiency*, 84 J. PAT. & TRADEMARK OFF. SOC'Y 871, 891 (2002) (“[A] mark never becomes incontestable [in Germany].”) (citing ETHAN HORWITZ, WORLD TRADEMARK LAW AND PRACTICE at Germany § 4.03 (Matthew Bender ed., 2nd ed., 2002)). In other regimes, the idea of “acquiescence” may also protect some registrations from cancellation based on likely confusion with senior marks. *See, e.g.*, FENNESSY & POHLMANN, *supra* (explaining acquiescence in German law); Industrial Property Code (approved by Decree-Law No. 16/95 of January 24, 1995) at art. 214(5) (Portugal), WIPO Database of Intellectual Property, http://www.wipo.int/wipolex/en/text.jsp?file_id=129395 [https://perma.cc/QW9F-VNYY] (providing that third parties must bring a cancellation action within ten years of registration to avoid “prejudice” to their rights); 1 ETHAN HORWITZ, HORWITZ ON WORLD TRADEMARK LAW FRA § 4.03 (Matthew Bender, rev. ed. 2016) (explaining that, in France, a third party claiming infringement or a breach of a duty not to register must act within three years after publication). Nonetheless, statutory incontestability is an outlier.

³ 15 U.S.C.S. § 1052(f) (2006).

⁴ 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 15:1 (4th ed.) (2017).

circumstantial evidence as proof of secondary meaning, proving it can be uncertain and expensive.⁵ Incontestability avoids the potentially difficult problem of showing secondary meaning and replaces it with a statutory mandate to proceed as if secondary meaning existed, no matter what evidence to the contrary the opposing party musters.⁶

This irrebuttable presumption of trademark meaning is a powerful protection, given that descriptive terms lacking secondary meaning are otherwise free for all competitors to use and that competitors are likely to have good reasons to do so—after all, the symbol describes relevant features of the product or service. Although competitors retain the defense of descriptive fair use, this defense can be burdensome to prove and often requires at least extensive discovery.⁷ Descriptive fair use is also of no use to a competitor who wants to use a descriptive term as part of its own trademark,⁸ as many desire to do.⁹

Given the power of incontestability, one might think it would be carefully granted. Unfortunately, claims of incontestability (known as Section 15 filings or Section 15 affidavits) are not subject to substantive examination at the PTO.¹⁰ Worse, and of particular relevance to

⁵ See, e.g., *Johnson v. Revenue Mgmt. Corp.*, 169 F.3d 1057, 1063 (7th Cir. 1999) (Eschbach, J., concurring) (“[S]urvey evidence in trademark and trade dress cases can be very costly.”); *Lon Tai Shing Co. v. Koch + Lowy*, No. 90-4464, 1990 U.S. Dist. LEXIS 19123, at *58 n.15 (S.D.N.Y. 1990) (stating that the 1990 cost of conducting a proper consumer survey in a trademark dispute could reach \$65,000); Robert C. Bird, *The Impact of the Moseley Decision on Trademark Dilution Law*, 26 J. PUB. POL’Y & MARKETING 102, 104 (2007) (noting that surveys can cost as much as \$100,000 to administer); Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 VA. L. REV. 2099, 2130 (2004) (“If judicial determinations of secondary meaning were always accurate and if secondary meaning could be proven without cost, it would make sense to put parties to their proof in all cases. But courts do make mistakes, and proof of secondary meaning is expensive.”); Julie P. Tsai, *Fashioning Protection: A Note on the Protection of Fashion Designs in the United States*, 9 LEWIS & CLARK L. REV. 447, 453 (2005) (“The evidentiary requirement to prove secondary meaning tends to be rigorous and expensive to establish.”); 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, §15:28 (4th ed.) (“It is impossible to lay down any generalized rule as to the minimum amount of distinctiveness necessary to achieve secondary meaning in a mark.”).

⁶ See 15 U.S.C.A. § 1115(b) (2002); 6 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 32:141 (4th ed.) (2017).

⁷ See, e.g., *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596 (9th Cir. 2005) (setting forth multiple factors to consider and concluding that summary judgment shouldn’t be granted based on descriptive fair use defense); *Kelly-Brown v. Winfrey*, 95 F. Supp. 3d 350, 359 (S.D.N.Y. 2015), *aff’d on other grounds sub nom. Kelly-Brown v. Winfrey*, 659 F. App’x 55 (2d Cir. 2016).

⁸ See, e.g., *Galvotec Alloys, Inc. v. Gaus Anodes Int’l, LLC*, No. 7:13-CV-664, 2014 WL 6805458, at *12 (S.D.Tex. Dec. 2, 2014) (“[T]he defense ‘allows [the defendant] to use a term in good faith to describe its goods or services, but only in actions involving descriptive terms and only when the term is used in its descriptive sense rather than in its trademark sense.’”) (citations omitted).

⁹ See Stephen L. Carter, *The Trouble with Trademark*, 99 YALE L. J. 759, 771 (1990) (citing marketing literature).

¹⁰ 5 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:140 (4th ed.) (“The [PTO] does not examine the merits of a[n incontestability] affidavit. If the affidavit is received at a proper time, it is entered in the [PTO’s] records without regard to its substantive sufficiency, although it is inspected for facial inconsistencies or omissions.”); TMEP §1605 (8th ed. Jan. 2017) (“When a §15 affidavit or declaration complies with the requirements

this Symposium, courts may misunderstand either the prerequisites for, or the meaning of incontestability, allowing trademark claimants to assert rights that they don't actually have.¹¹ Courts even appear to be inconsistent about meeting their statutory duty under 15 U.S.C. §1116 to notify the PTO about the filing and conclusion of all actions implicating registered trademarks, which has implications both for validity in general and for incontestability in particular.¹² Competitors, many of them likely to have little in the way of sophisticated trademark advice, are in an even worse position to evaluate the validity of incontestability.¹³

What can be done? The PTO's recent changes to Section 8 renewal procedures, attempting to make clearer the requirements for actual use of trademarks for registration renewals to keep "deadwood" off the register and making random audits a permanent part of the process, offer a good starting point.¹⁴ Incontestability, like basic registration maintenance procedures, needs clearer signals about what it is and when it is available. In the absence of serious substantive examination of incontestability at the PTO—which seems unlikely to materialize any time soon—changes designed to increase the salience of incontestability's requirements to filers and to courts could provide some protection against wrongful assertions. If we are to have incontestability at all, it should do *something* consistently and well to serve the interests of the trademark registration system.

I. The Problem

A. What Is Incontestability and Why Should We Care?

of the statute and rules, the USPTO updates its records to acknowledge receipt of the affidavit or declaration and sends a notice of acknowledgment to the owner of the registration. Acknowledging receipt of the affidavit or declaration provides notice to the public that an affidavit or declaration of incontestability has been filed; it is not a determination by the USPTO that the registration is in fact incontestable. The question of whether the registration is incontestable arises and is determined by a court if there is a proceeding involving the mark.”).

¹¹ See Part I, *infra*.

¹² See Part II, *infra*.

¹³ See Peter S. Sloane & Laura J. Winston, *Incontestability: Does Anybody Really Understand It?*, INTA Bulletin, Aug. 1, 2009, <http://www.inta.org/INTABulletin/Pages/IncontestabilityDoesAnybodyReallyUnderstandIt.aspx> [<https://perma.cc/LXM4-FMRS>].

¹⁴ Dep't of Commerce, Patent and Trademark Office, 37 CFR Parts 2 and 7 [Docket No. PTO–T–2016–0002] RIN 0651–AD07, Changes in Requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases, Jan. 19, 2017, <https://www.gpo.gov/fdsys/pkg/FR-2017-01-19/pdf/2017-00317.pdf> [<https://perma.cc/5X2T-KBFP>]. At the time of this writing, the new administration has included these changes in its regulatory hold. They are now scheduled to go into effect March 21, 2017. See Dep't of Commerce, Patent and Trademark Office, 37 CFR Parts 2 and 7 [Docket No. PTO–T–2016–0002] RIN 0651–AD07, Changes in Requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases, Feb. 10, 2017, <https://www.gpo.gov/fdsys/pkg/FR-2017-02-10/pdf/2017-02718.pdf> [<https://perma.cc/9GJT-MCGL>].

After five years on the Principal Register without any challenge, trademarks acquire certain protections against cancellation proceedings before the PTO.¹⁵ Furthermore, after a registered mark has been in continuous use for five consecutive years after registration, if there's been no "final decision adverse to the owner's claim of ownership of such mark . . . or to the owner's right to register the same or to keep the same on the register," and no pending challenge to the same, the owner can file an affidavit attesting to the relevant facts.¹⁶ At that point, the owner's rights to use the registered mark for the goods or services recited in the registration "shall be incontestable."¹⁷

Incontestability is "conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce."¹⁸ Despite this language, a registrant challenging another's use must always prove likely confusion—the "exclusive rights" are exclusive only as to confusing uses, even on the same goods or services.¹⁹ Moreover, there are significant exceptions to the conclusiveness provided by incontestability: challenges on the basis of functionality, genericity, and numerous other grounds are still available.²⁰ Incontestability's main bite is in preventing any challenge to the registration on the grounds that the mark lacks secondary meaning; this can be significant for word marks, but may have even more bite for product design trade dress, given that courts demand substantial evidence to prove that the design of a product has secondary meaning.²¹

After incontestability, it does not matter how much proof a challenger offers that the symbol at issue is perceived by consumers as merely descriptive of the registrant's goods or services and not as a trademark.²² An incontestable registration is conclusive evidence that the mark is legally not merely descriptive.²³ Incontestable marks therefore can't be invalidated for not being real trademarks in the core sense of identifying a specific producer rather than

¹⁵ 15 U.S.C. § 1065 (2012). These protections are essentially the same as those granted by incontestability, but limited to PTO proceedings rather than applicable in judicial actions as well.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ 15 U.S.C. § 1115(b) (2012).

¹⁹ *See* KP Permanent Make-Up, Inc. v. Lasting Impressions I, Inc., 543 U.S. 111-12, 114 & 122 (2004).

²⁰ 15 U.S.C. § 1115(b) (2002).

²¹ *See, e.g.,* Habersham Plantation Corp. v. Art & Frame Direct, Inc., 2011 WL 4005454, at *7 (S.D. Fla. 2011) (discussing high burden of proof for showing secondary meaning of trade dress).

²² *See* 6 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 32:148 (4th ed.) (2017).

²³ 15 U.S.C.A. § 1115(b) (2012).

describing a product or service, unless they have become generic terms for the category of products or services at issue—which is a different inquiry that imposes a far higher burden on the challenger than showing mere descriptiveness.²⁴ The Supreme Court has made clear that incontestability can be used as a sword against competing uses as well as a shield against invalidation.²⁵ Thus, a registrant may be able to prevent competitors from using a term even if the term is useful to describe the goods or services at issue and even if the practical likelihood of confusion is negligible.

As two practitioners explained in 2009, the label “incontestable” can have a powerful effect on competitors well before litigation starts, leading potential users to acquiesce to threats that may lack legal validity:

[I]nfringers often are not aware of the infirmities that may attend even an incontestable registration. As a result, the biggest benefit from claiming incontestability may be in providing the registrant with the ability to say so in a cease and desist or other objection letter. Stating that a registration is active, valid, in full force and effect and “incontestable” may scare the recipient of the letter into giving up on the thought of attacking the registration without ever even exploring any of the many grounds for cancellation that survive incontestability.²⁶

The special power of incontestability has been defended as a way to “quiet title” in the ownership of a mark.²⁷ If no one objects to the registrant’s ownership within five years, then perhaps there is no real competitive need to use the term, and so the public loses little if one producer has a monopoly on trademark-like use of the term.²⁸ This justification has relatively

²⁴ See, e.g., *T. Marzetti Co. v. Roskam Baking Co.*, 680 F.3d 629, 633-34 (6th Cir. 2012) (holding that the test for genericity is based on the public’s perception of the term as the primary designation for the article and whether the term is associated with the product rather than the producer).

²⁵ See *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 196 (1985).

²⁶ *Sloane & Winston*, *supra* note 13.

²⁷ *Park ‘N Fly*, 469 U.S. at 198.

²⁸ See Jake Linford, *Trademark Owner as Adverse Possessor: Productive Use and Property Acquisition*, 63 CASE W. RES. L. REV. 703, 758 (2013) (“The process for acquiring protection of, and even incontestability for, a descriptive mark is consistent with the notice function of productive use because it signals the relative value that the mark owner, competitors, and the public place on respective uses of the mark.”); *id.* at 760 (“If ten or more years pass by and no one says anything, the silence itself may be telling.... In order for a descriptive mark to become incontestable, ... the mark must acquire distinctiveness Then, the registration must remain effectively unopposed for an additional five years. If the mark owner passes both barriers, she will do so at least in part because neither the public nor competitors see enough value in other potential meanings to challenge the mark owner’s claimed meaning over an extended period of time.”).

little to do with benefiting the public, however; it's just an argument that incontestability's costs to the public are minimal, while the benefits accrue to businesses that can now be more certain of their rights.

Even on the assumption that quieting title in meaning is a worthy objective, there is a problem with incontestability: it is too often claimed even on its own terms, as the next Part will show. That is, too many registrants claim incontestability without satisfying the actual statutory requirements, even though those requirements don't include secondary meaning. We already know that there is substantial "deadwood" on the trademark register in the form of marks claimed for goods and services, but not, as required by U.S. law, in actual use for those goods and services. When the PTO audited renewal filings—filings by claimants who considered maintaining the registration to be worth the cost of paying a maintenance fee—and asked for additional specimens showing use on additional claimed goods or services, the average registrant responded by instead deleting claimed goods and services.²⁹ In a substantial percentage of cases, there was no use at all, but the most common situation was that the use was more restricted in terms of goods or services than the registrant had represented to the PTO in its renewal filing.³⁰ Given this random sample, we can predict that the Register has many undetected instances of over-claiming, potentially deterring legitimate uses and making it more difficult for people to figure out the true scope of a registered mark.

Incontestability filings have not been subjected to similar random audits. However, because there is no substantive examination of such filings, they are vulnerable to similar problems with over-claiming, and it's reasonable to expect similar problems. Moreover, because incontestability has specific legal requirements that may be unfamiliar to lawyers who aren't trademark specialists, it's simple for negligence alone to produce invalid incontestability filings, which then appear on the Register and may distort decision-making, both by competitors and by courts. As the next Section explains, in the last two years, three legally significant cases—including one that went to the Supreme Court on apparently mistaken premises—were complicated by unwarranted Section 15 approvals, and several other cases expressed at best limited understanding of incontestability.

²⁹ See USPTO, Post Registration Proof of Use Pilot Final Report, August 25, 2015, https://www.uspto.gov/sites/default/files/documents/Post_Registration_Proof_of_Use_Pilot_Final_Report%20.doc [<https://perma.cc/43FS-ULYV>].

³⁰ *Id.* at 1.

B. Judicial Misreadings of Incontestability

Most criticisms of incontestability focus on its potential to prevent challenges to symbols that never should have been registered in the first place, because they were never truly distinctive.³¹ My argument is different: even assuming that it is legitimate to insulate registered marks from descriptiveness challenges, too many courts misunderstand the prerequisites for incontestability and thus grant it when they shouldn't.

1. Three Examples of Foundational Misunderstandings

The most striking example of mistaken incontestability comes from *B&B v. Hargis*.³² This case has a complicated procedural history, and it went to the Supreme Court in 2015 on the question of whether preclusion applies to TTAB rulings in subsequent infringement litigation.³³ The Supreme Court answered in the affirmative, at least for some situations.³⁴ That result makes the stakes of registration higher and reinforces the need to have the Register reflect reality. However, the course of the *B&B* case itself reveals trouble with the accuracy of incontestability claims. B&B registered SEALTIGHT for fasteners in 1993 and then sued Hargis for infringement in 1998, relying on its registration.³⁵ In 2000, Hargis proved at trial that SEALTIGHT was descriptive without secondary meaning for fasteners.³⁶ Yet neither the district court, nor the court of appeals that affirmed the ruling, ordered the PTO to cancel the registration, despite that registration's invalidity.³⁷ Meanwhile, Hargis filed a petition to cancel B&B's mark, which proceeding was suspended pending the resolution of the infringement lawsuit.³⁸

When the infringement lawsuit was resolved in favor of Hargis, Hargis attempted to amend its cancellation petition to add the ground of invalidity on the basis of mere descriptiveness, but the TTAB denied the motion to amend because by that point B&B's registration was more than five years old, and thus could no longer be challenged in a

³¹ See, e.g., *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 207 (1985) (Stevens, J., dissenting); Lisa Ramsey, *Descriptive Trademarks and the First Amendment*, 70 TENN. L. REV. 1095, 1165-67 (2003).

³² *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S.Ct. 1293, 1299 (2015).

³³ *Id.* at 1301.

³⁴ *Id.* at 1310.

³⁵ *Id.* at 1301.

³⁶ *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 569 F.3d 383, 385-86 (8th Cir. 2009).

³⁷ *B&B Hardware, Inc. v. Sealtite Building Fasteners*, Opposition No. 91155687 (T.T.A.B. 2007).

³⁸ *B&B Hardware*, 569 F.3d at 385-86.

cancellation proceeding on mere descriptiveness grounds.³⁹ B&B subsequently renewed its registration in 2003 and filed a Section 15 affidavit in 2006, claiming that the requirements for incontestability had been satisfied.⁴⁰

Hargis applied for a registration of its own, which was rejected by the TTAB on grounds of likely confusion with B&B's registered mark.⁴¹ After filing for incontestability, B&B sued Hargis again in 2006, and the court of appeals found that preclusion from the first trial didn't apply because of the change in the mark's circumstances from contestable to incontestable.⁴² Then, after the Supreme Court decision, the court of appeals found that preclusion from the TTAB ruling *did* apply, meaning that Hargis was an infringer.⁴³ B&B filed an affidavit claiming that there had been no final decisions adverse to its ownership of the SEALTIGHT mark, after losing an infringement case on the ground that it did not own a protectable mark.⁴⁴ Then it parlayed that affidavit into a decade of new litigation, including a successful TTAB opposition and a duplicate infringement suit, having precluded its opponent's previously successful defense.⁴⁵

Hargis contributed to the debacle by not seeking an order⁴⁶ cancelling B&B's trademark registration upon its initial victory.⁴⁷ But this too was almost certainly a function of the relative

³⁹ *Sealtite Building Fasteners v. B&B Hardware, Inc.*, Cancellation No. 92/26016 (T.T.A.B. June 13, 2003) (The TTAB would allow tolling, but only "if the plaintiff was unaware of the existence of the basis for the additional grounds when the plaintiff filed the petition to cancel, or if the plaintiff was aware of the possibility of additional grounds when the plaintiff filed the petition to cancel, but could not, in good faith and pursuant to the requirements Fed. R. Civ. P. 11, plead the additional grounds until a later date.")

⁴⁰ SEALTITE, Registration No. 1,797,509 (no longer registered), https://tsdr.uspto.gov/#caseNumber=74056236&caseType=SERIAL_NO&searchType=statusSearch [<https://perma.cc/XLE2-LHX2>]. As a reminder, those requirements include that there be no pending challenge to the validity of the mark, or successful and final challenge to validity.

⁴¹ *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S.Ct. 1293, 1297 (2015).

⁴² *Id.* at 1302.

⁴³ *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 800 F.3d 427, 427 (8th Cir. 2015).

⁴⁴ *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 569 F.3d 383, 386 (8th Cir. 2009).

⁴⁵ *B&B Hardware*, 135 S.Ct. at 1301.

⁴⁶ Actually, another order. Sealtite, a party in privity with Hargis, had initially successfully sought cancellation of B&B's mark, which was granted in 1998, but the cancellation proceeding was suspended in 1999 during the pendency of the infringement litigation. *Sealtite*, Cancellation No. 92/26016 (T.T.A.B. June 13, 2003).

⁴⁷ Hargis did seek to amend its cancellation petition, which had been suspended during the litigation, to add a descriptiveness ground for cancellation. The TTAB held that, because Hargis had known of the facts related to the descriptiveness issue for a long time, the five-year limitations period for filing a descriptiveness challenge should not be tolled by the filing of the initial cancellation petition. *Sealtite Building Fasteners v. B&B Hardware, Inc.*, Cancellation No. 92/26016 (T.T.A.B. June 13, 2003). Because of the conceptual oddity of barring descriptiveness challenges—an issue that would ordinarily go to the basic ability of a symbol to function as a mark—and because the related benefit of incontestability under Section 15 would clearly be unavailable while a cancellation petition was pending no matter what grounds had or hadn't been asserted, I believe the TTAB's ruling on this point was an

exoticism of registration practice to ordinary trial lawyers, even those who have trademark litigation experience: it is not necessarily obvious to non-registration specialists that a final order from an Article III court finding a claimed trademark to be merely descriptive needs to be followed up by another order from the court directing the PTO to cancel the registration in order to have preclusive effect.

This comedy of errors (or tragedy, from the defendant's perspective) ended in further farce when B&B failed to renew its registration during the pendency of the Supreme Court litigation.⁴⁸ As a result, the registration expired.⁴⁹ A jury then found that, while Hargis had infringed B&B's mark during the period it was valid, B&B had committed fraud on the PTO in submitting its Section 15 declaration, thus precluding B&B from relying on the incontestability of the mark to establish its validity.⁵⁰ The trial court then held that, without the incontestable registration, B&B was once again bound by the earlier trial result finding that it had achieved no secondary meaning and thus no protectable mark.⁵¹ All of this could have been stopped much earlier if the PTO had possessed sufficient information to see that the statutory requirements for incontestability had not been met and had engaged in substantive examination of the affidavit, or if the courts had understood the statutory requirements and independently examined whether they'd been satisfied.

The second case in my trilogy had a less impressive judicial trajectory but an equally if not more complicated backstory. *Paleteria La Michoacana, Inc. v. Productos Lacteos Tocumbo S.A. De C.V.*, a recent case from the District Court for the District of Columbia, considered many

error related to the problems discussed in the main text. Had Hargis been allowed to amend its pending cancellation petition to add the ground that the claimed mark was no trademark at all, as a final ruling from an Article III court established, many administrative and judicial resources could have been saved—and the register would have more clearly reflected marketplace reality.

⁴⁸ *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 2016 WL 3615833, No. 4:06CV01654 BSM, (E.D. Ark., May 16, 2016).

⁴⁹ *Id.* at *4.

⁵⁰ *B&B Hardware, Inc. v. Hargis Industries, Inc.*, No. 4:06CV01654 BSM (E.D. Ark. Jun. 26, 2016), slip op. at 1. While the jury verdict form asked one relevant question, whether Hargis had proven fraud in procuring the registration and/or the incontestability, the court later clarified that Hargis' theory was fraud in procuring incontestability, as described in text. *B&B Hardware, Inc. v. Hargis Industries, Inc.*, No. 4:06CV01654 BSM (E.D. Ark. Feb. 17, 2017), slip op. at 5 ("Hargis's position at trial was that Larry Bogatz, B&B's president, misled the PTO – and thus committed fraud – by signing a declaration in support of his incontestability petition. That declaration required Bogatz to declare that B&B had not received a final decision on the merits adverse to its claim of ownership of the trademark that affected its right to register that mark. Of course, B&B cannot reasonably dispute that Bogatz's declaration was false: the 2000 jury verdict found B&B's mark to be merely descriptive and devoid of secondary meaning which, under the law, means the mark could not be registered.") (citation omitted).

⁵¹ *Id.* at 3.

interrelated issues about famous foreign marks, concurrent use, and territoriality.⁵² The case involved LA MICHOACANA, a term found by the court to be descriptive for an ice cream specialty associated with a Mexican region.⁵³ Because descriptive terms are only protectable once they have secondary meaning, the question became whether either the plaintiff or the defendant had attained secondary meaning in the U.S. in such a way as to give it priority over the other.⁵⁴

The PTO accepted Section 15 affidavits for certain registered marks using LA MICHOACANA during the pendency of the litigation.⁵⁵ The court, lacking detailed knowledge of the registration process, did not recognize that a Section 15 affidavit is inherently invalid if filed during a pending challenge to the validity of the mark.⁵⁶ Thus, the court treated the affected marks as if they were incontestable, ending the secondary meaning inquiry and giving one party a nationwide priority date established by law.⁵⁷ Had the court allowed the secondary meaning dispute to continue, the other party might have been able to establish its priority. Instead, the priority date for the “incontestable” marks proved dispositive of the infringement claims.⁵⁸ Although the unsuccessful party eventually figured out the problem and pointed out that the incontestability could not possibly be valid, given that the claimant had participated in a teleconference about the case challenging the validity of its marks on the very day it filed the affidavit stating that there were no pending challenges to its marks, the court held that this argument had been waived because it had been raised too late.⁵⁹

Showing the variety of ways in which incontestability can go wrong, the third case, *Nola Spice Designs, LLC v. Haydel Enterprises Inc.*,⁶⁰ involved a similar error with a slightly better outcome, though possibly just by chance. The registrant claimed rights in an image of a Mardi

⁵² *Paleteria La Michoacana, Inc. v. Productos Lacteso Tocumbo*, No. 11-1623 (RC), 2016 WL 3034150 (D.D.C. May 27, 2016).

⁵³ *Id.* at *99.

⁵⁴ *Id.*

⁵⁵ *Id.* at *48, *66.

⁵⁶ *Id.*

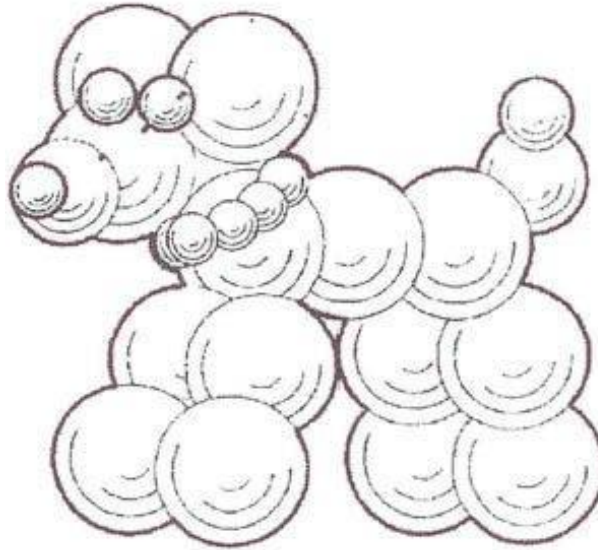
⁵⁷ *Id.*

⁵⁸ *Id.* at *107.

⁵⁹ *Paleteria La Michoacana, Inc. v. Productos Lacteso Tocumbo*, No. 11-1623 (RC), 2017 WL 1194331 (D.D.C. Mar. 30, 2017).

⁶⁰ *Nola Spice Designs, L.L.C. v Haydel Enterprises, Inc.*, 783 F.3d 527 (5th Cir. 2015).

Gras bead dog for jewelry—a Mardi Gras bead dog is a trinket made by twisting Mardi Gras beads into a shape that resembles a dog⁶¹:



The trial court found that Mardi Gras bead dogs were merely descriptive for Mardi Gras-related merchandise, including jewelry.⁶² Because the plaintiff couldn't show secondary meaning, its registration was invalid.⁶³ During the pendency of the appeal, the plaintiff filed a Section 15 affidavit, which was duly accepted by the PTO despite the clear indication in the PTO's own records that there was a pending challenge to the validity of the mark—a reminder that acceptance of such affidavits is not substantive examination.⁶⁴

The Section 15 affidavit should never have been filed; it was never valid. The filing attorney may not even have known about the pending litigation. Most likely, this was not deliberate fraud on the PTO; instead, somewhere between attorney and client, knowledge of the relevant facts, or understanding of the legal implications of the relevant facts, slipped between the cracks.⁶⁵ Had the Section 15 affidavit been legally effective—or had the court of appeals

⁶¹ *Id.* at 534, 554.

⁶² *Id.* at 538.

⁶³ *Id.*

⁶⁴ See Letter from U.S. Patent and Trademark Office to John W. Hazard Jr. (Feb. 14, 2015), <https://tsdr.uspto.gov/documentviewer?caseId=sn77477990&docId=OOA20150414131947#docIndex=0&page=1> [<https://perma.cc/8S3G-DPX6>].

⁶⁵ The attorney of record for the registration was not one of the attorneys of record in the relevant litigation. *Cf.* *Constellation Brands, Inc., v. Arbor Hill Associates, Inc.*, 535 F. Supp. 2d 347, 353 (W.D.N.Y. 2008) (the lawyer

misunderstood it as such, as in the *Paletaria la Michoacana* case—the plaintiff could have reversed the district court’s finding despite its legal correctness when made. When the error was brought to the PTO’s attention by my blog post on the matter, the PTO rescinded the acceptance on its own initiative.⁶⁶ (Nonetheless, and despite the 2013 order by the court cancelling the trademark registration, which was duly submitted to the PTO⁶⁷ and which became final in 2015,⁶⁸ the registration still appeared as live in the PTO’s database when I searched on March 13, 2017.) However, no procedure is in place to prevent this from happening again, and, as in *B&B* and *Paletaria la Michoacana*, most businesses faced with a trademark threat won’t understand the details of registration and Section 15 affidavits.⁶⁹

General unfamiliarity with incontestability probably explains why many parties who would benefit from pointing out erroneous incontestability designations fail to do so. The three cases I have detailed are examples that turned up in my research fortuitously; they were not produced from any attempt to determine how often problems with Section 15 affidavits occur. Moreover, each case appears to involve courts that didn’t pay detailed attention to, and were almost certainly unfamiliar with, the legal prerequisites for incontestability.⁷⁰ If a Section 15 affidavit is incorrect (whether or not knowingly false), then the requirements of Section 15 haven’t been met, and thus courts *should not* accord the affected registration an irrebuttable presumption of distinctiveness. But it is a disturbing fact that the error has been repeated

who filed the Section 15 affidavit did not participate in, and was unaware of, pending litigation that made the affidavit invalid).

⁶⁶ See Letter from U.S. Patent and Trademark Office to John W. Hazard Jr. (Feb. 14, 2015), <https://tsdr.uspto.gov/documentviewer?caseId=sn77477990&docId=OOA20150414131947#docIndex=0&page=1> [<https://perma.cc/8S3G-DPX6>] (stating that the acceptance of the affidavit was rescinded and that the affidavit could not be acknowledged because “Office records show the subject registered mark is involved in a court proceeding that is not yet final”).

⁶⁷ See Nola Spice Designs LLC, Form AO 120, No. 12-2515 “J” (2) (Oct. 16, 2012) available at <https://tsdr.uspto.gov/documentviewer?caseId=sn77477990&docId=NOS20131023115937#docIndex=4&page=1> [<https://perma.cc/R6M9-47MW>].

⁶⁸ After remand, the case was dismissed with prejudice on May 20, 2015. Order, *Nola Spice Designs L.L.C. v. Haydel Enters., Inc.*, No. 12-cv-02515 (E.D. La., filed May 21, 2015).

⁶⁹ See *Constellation Brands, Inc., v. Arbor Hill Associates, Inc.*, 535 F. Supp. 2d 347, 355 (W.D.N.Y. 2008) (involving a similar fact pattern in which a Section 15 affidavit was filed during pendency of dispute). *Constellation* is an example of a case in which the defendant caught the problem, but then engaged in likely expensive litigation over whether the affiant’s arguably gross negligence amounted to fraud on the PTO.

⁷⁰ *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S.Ct. 1293, 1310 (2015). The Court of Appeals should not have found that the earlier jury verdict lacked preclusive effect. The statutory prerequisites for Section 15 incontestability simply had not been satisfied, and thus there should have been no legally relevant change in circumstances. See 15 U.S.C. § 1065 (2010).

multiple times by different courts in case-dispositive ways, including in a case that made it all the way to the Supreme Court and through two trials.

2. Other Recent Examples of Misunderstandings

Courts occasionally disagree about the legal meaning of incontestability, as well. In particular, they treat incontestability as having inconsistent effects on the strength of a mark for purposes of the infringement inquiry.⁷¹ Part of the problem seems to be a judicial game of telephone, where one court slightly adjusts another’s reasoning and changes it from correct or arguable to flat-out wrong. For example, in 2016 a Connecticut district court stated that “[a]n incontestable, registered trademark enjoys a presumption of inherent distinctiveness.”⁷² This conclusion is incoherent under our current system, given that incontestability is fundamentally about ensuring that descriptive terms are protectable as if they had secondary meaning. Descriptive marks are never inherently distinctive or conceptually strong; they depend on acquired distinctiveness, or the presumption thereof, for their protectability. If one wanted to presume strength from incontestability, one would have to turn to a presumption of marketplace strength or a separate concept of “strength as a matter of law,” not conceptual strength.⁷³ The Connecticut district court cited a case about the presumption of distinctiveness conferred by incontestable registrations and simply added in a reference to “inherent” distinctiveness.⁷⁴ Its conflation of related but distinct concepts was not unique. Because courts have no consistent understanding of the meaning of registration in infringement inquiries,⁷⁵ it is not surprising that they compound their errors in incontestability situations.

⁷¹ See Rebecca Tushnet, *Registering Disagreement: Registration in Modern American Trademark Law*, 130 HARV. L. REV. 867, 902-04 (2017).

⁷² *Edible Arrangements, LLC v. Provide Commerce, Inc.*, 2016 WL 4074121, at *6 (D. Conn. 2016).

⁷³ The circuit that has endorsed this minority position on incontestability’s relationship to strength of the mark has recently expressed discomfort with it. *Sovereign Military Hospitaller Order of Saint John v. Florida Priory of the Knights Hospitallers of the Sovereign Order of Saint John*, 809 F.3d 1171, 1183 (11th Cir. 2015) (“The law in this Circuit is almost certainly incorrect. The incontestability of a mark, by itself, says nothing about its strength.”); *cf.* *Therma-Scan, Inc. v. Thermoscan, Inc.*, 295 F.3d 623, 632 (6th Cir. 2002) (“Even where a trademark is incontestable . . . the significance of its presumed strength will depend upon its recognition among members of the public.”).

⁷⁴ See *Edible Arrangements*, 2016 WL 4074121, at *6 (citing *Savin Corp. v. Savin Grp.*, 391 F.3d 439, 457 (2d Cir. 2004)).

⁷⁵ See Tushnet, *supra* note ~~71~~74, at 900-02. Courts have even treated incontestability as a status that avoids any need to prove confusion if the defendant’s use is for the same goods or services, despite the Supreme Court’s clear holding to the contrary in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004). See *Specialized Seating, Inc. v. Greenwich Industries, LP*, 616 F.3d 722, 724 (7th Cir. 2010) (“Clarín’s customers buy in

To take another recent example, *Kibler v. Hall*,⁷⁶ which according to one commentator might be the new leading decision in the Sixth Circuit,⁷⁷ evidenced the same kind of confusion over the relationship between incontestability and strength. Kibler (known professionally as DJ Logic) sued a rapper (known professionally as Logic) for infringement and dilution. Kibler registered “DJ LOGIC” as a trademark for his services in 2000, allowed the registration to lapse in 2007,⁷⁸ and re-registered the name in 2013.⁷⁹ The Sixth Circuit, in explaining the standards for judging the strength of a mark, stated that conceptual strength requires inherent distinctiveness and that courts presume that incontestable marks are conceptually strong.⁸⁰ Kibler argued that the district court had erred in not considering his mark’s incontestability.⁸¹ Rather than adopting defendants’ correct points that the expired registration had no legal significance whatsoever, and that the new registration was only three years old, the court of appeals ignored the opportunity to clarify the requirements for incontestability. Instead, the court of appeals reasoned that the district court’s finding that the mark was suggestive and therefore inherently distinctive “renders ‘DJ LOGIC’ at least as conceptually strong as a finding of incontestability would.”⁸² This confusion about whether incontestability even existed is of a piece with the court’s lack of clarity on what relationship incontestability could plausibly have to a mark’s strength.

Other courts treat incontestability as a concept subject to very little judicial scrutiny. In a long-running case in the Northern District of California, for example, a court recently rejected a challenge to incontestability that should have succeeded.⁸³ The relevant declaration failed to identify the proper owner of the trademark, and it is quite clear that compliance with the

bulk and are sophisticated; it is exceedingly unlikely that any of them is confused about who makes which chair. Because the mark is incontestable, however, the absence of confusion does not matter.”).

⁷⁶ *Kibler v. Hall*, 843 F.3d 1068 (6th Cir. 2016).

⁷⁷ See Rick Sanders (@RickSandersLaw), TWITTER (Dec. 15, 2016, 3:43 PM), <https://twitter.com/RickSandersLaw/status/809499202086694912> [<https://perma.cc/TTG2-4DXQ>].

⁷⁸ Erroneously reported as 2003 in the opinion. See Defendant-Appellee UMG Recordings, Inc., dba Def Jam Recordings’ Appeal Brief in Opposition at 18, *Kibler v. Hall*, 2016 U.S. App. LEXIS 22079 (6th Cir. Dec. 13, 2016) (No. 15-2516) (“Kibler’s only active registration issued on July 23, 2013 and thus had not even reached the five-year period upon which incontestability status is available. . . . Kibler’s claim that he owns incontestable rights based on a prior registration — which was cancelled in 2007 when Kibler failed to file a simple declaration and fee — is contrary to the express language of the statute.”).

⁷⁹ *Kibler*, 843 F.3d at 1073.

⁸⁰ *Id.*; see also *Makers Mark Distillery, Inc. v. Diageo N. Am., Inc.*, 679 F.3d 410, 420 (6th Cir. 2012) (“[C]onceptual strength is bolstered by the mark’s status as ‘incontestable.’”).

⁸¹ *Kibler*, 843 F.3d at 1074.

⁸² *Id.*

⁸³ *United Tactical Sys., LLC v. Real Action Paintball, Inc.*, No. 14-cv-04050, 2017 WL 713135 (N.D. Cal. Feb. 23, 2017).

statutory requirements, including the identification of the proper owner, is mandatory. Though the court recognized this requirement, it quixotically also held that, because the PTO accepted the declaration, the trademark was conclusively presumed valid subject only to the statutory defenses to incontestable marks.⁸⁴ The court even noted that there was no reason to think that the PTO knew about the ownership problem, given that the PTO's records would have matched the owner listed in the declaration.⁸⁵ Instead of deciding the issue itself, the court suggested that it was the PTO's job to figure out the appropriate remedy for anyone who wanted to challenge the incontestability.⁸⁶ The court was apparently unaware that the PTO has already stated that it only acknowledges receipt of an affidavit of incontestability and does not in fact determine whether the registration is incontestable, considering that a matter for the court in any subsequent judicial proceeding.⁸⁷

It is also possible to find clear-eyed judicial evaluations of incontestability, for example from the Fourth Circuit in 1990:

[C]ontrary to the claims made in his affidavit of use filed with the Patent and Trademark Office, Brittingham did not use the THRASHER'S mark continuously in connection with the sale of goods for the required five-year period following registration. Consequently, incontestability never attached to Brittingham's trademark registration. The Lanham Act contains no exceptions to the five-year continuous use requirement for incontestability, and we have discovered none in the published cases. Accordingly, Brittingham's registration entitles him only to a rebuttable presumption of ownership⁸⁸

⁸⁴ *Id.* at *15.

⁸⁵ *Id.* at *15 n.10.

⁸⁶ *Id.* at *15 n.11; cf. *Advanced Transit Dynamics, Inc. v. Ridge Corp.*, No. CV 15-01877, 2016 WL 6804918, at *5 (C.D. Cal. Feb. 1, 2016) (stating that the USPTO "concluded" that plaintiff's mark was incontestable; also stating erroneously that incontestability precluded challenge on grounds of genericness).

⁸⁷ TMEP § 1605 (8th ed. Jan. 2017).

⁸⁸ *Brittingham v. Jenkins*, 914 F.2d 447, 454–55 (4th Cir. 1990) (footnotes omitted). *See also* *Plant Food Systems, Inc. v. AgroSource, Inc.*, 2016 WL 5921674, at *18 (S.D. Fla. 2016) (recognizing that continuous use has to be shown for incontestability and finding that it wasn't despite plaintiff's allegations that mark had become incontestable).

Still, it's disturbing that so many recent cases seem confused about what incontestability is, and fail to examine whether the statutory prerequisites were satisfied. We could use a few more current cases dealing with the issue as explicitly as the Fourth Circuit did.⁸⁹

II. Partial Solutions: Building on Existing Reforms

The PTO cannot, of course, prevent all errors, but its public pronouncements may educate lawyers and courts. For example, changes to the process for Section 15 affidavits, similar to those already underway for Section 8 renewal filings, could help registrants avoid the kinds of inadvertent errors that may well have underlain these cases. While a mark that has become incontestable cannot be challenged on the ground that it lacks secondary meaning, it should be possible for challengers to identify marks that never satisfied the statutory prerequisites for incontestability. Specifically, possessing secondary meaning isn't itself a prerequisite for incontestability.⁹⁰ But five years of continuous use, as well as lack of a pending challenge or final successful challenge to validity *are*.⁹¹ A mark that was in fact subject to such a successful or pending challenge, therefore, has not satisfied the statute and is not entitled to the cloak of incontestability.

Incontestability is, in its essence, a matter to be evaluated by a court. The PTO has been quite explicit that it does not engage in substantive examination of a Section 15 affidavit, and that it will not evaluate whether the substantive requirements have been satisfied. Its inquiry is limited to whether the registrant's affidavit includes the proper identifying information.⁹² If this explanation appeared as mandatory language in the Section 15 affidavit, which is often entered into evidence when a claimant asserts the benefit of incontestability, more courts might be informed of their important role in the process.

Perhaps incontestability's existence as a legal fiction—this *is* a trademark, no matter what consumers actually see when they look at it—has contributed to courts' unwillingness to

⁸⁹ By way of comparison, *NetJets Inc. v. IntelliJet Gp., LLC*, No. 15-4230 (6th Cir. Feb. 3, 2017), rejected a claim that an incontestable registration could be challenged based on non-use at the time of the original registration, but remanded for determination of whether the mark in suit was actually incontestable. The remand *suggests* that the court recognized that failure to satisfy the requirement of five years of continuous use would prevent incontestability regardless of the presence of the affidavit in the PTO's records, but the court missed an opportunity to be unmistakably clear about this.

⁹⁰ *See* 15 U.S.C. § 1065 (2010).

⁹¹ *Id.*

⁹² TMEP § 1605 (8th ed. Jan. 2017).

examine its prerequisites. If incontestability is just a form of magical thinking, then logic wouldn't necessarily play much of a role in its acquisition. But, if anything, the oddness of incontestability should encourage courts to be careful about when they find that it exists. Because whether the statutory requirements have been satisfied depends on the existence of successful or pending challenges to the mark's validity, this will be a self-contained inquiry, and getting it right in the first place could save a lot of trouble later, as the cases discussed in Part I show.

Despite the occasional judicial misunderstanding of this point, courts are not precluded by the statute from asking the relevant questions about incontestability.⁹³ *Federal Treasury Enterprise Sojuzplodoimport v. Spirits Intern. N.V. (FTE)*, a Second Circuit case from 2010, made clear that incontestability “on the books” does not prevent courts from asking whether a claimant is in fact entitled to its benefit.⁹⁴ In *FTE*, plaintiff FTE claimed rights to various STOLICHNAYA trademarks for vodka and sued defendants SPI and Allied Domecq, arguing among other things that SPI had not successfully assigned its purported rights to Allied Domecq.⁹⁵ The district court concluded that because the marks had become incontestable when owned by SPI and because the Lanham Act doesn't list invalid assignment as a defense to incontestability, FTE could not challenge the validity of their assignment to Allied Domecq.⁹⁶

The court of appeals reversed.⁹⁷ The validity of the assignment was a separate issue that had to be resolved before the court could determine whether Allied Domecq was entitled to the benefit of incontestability.⁹⁸ The analogy is not exact, but the basic principle—incontestability is for marks that have satisfied all the requirements thereof, not just for marks that happen to have a Section 15 affidavit on file—should be the same. As the *FTE* court commented, it would be a “perverse result” if the use of “recording—a ministerial act— [was transformed] into a mechanism for conclusively defeating allegations . . . challenging the legality of the assignment.”⁹⁹ So too with the ministerial act of accepting a Section 15 affidavit or counting the years a registration has been on the record.

⁹³ See *Brittingham*, 914 F.2d at 454–55.

⁹⁴ *Federal Treasury Enterprise Sojuzplodoimport v. Spirits Intern. N.V.*, 623 F.3d 61, 63 (2d Cir. 2010).

⁹⁵ *Id.* at 62–63.

⁹⁶ *Id.* at 63.

⁹⁷ *Id.*

⁹⁸ *Id.*

⁹⁹ *Id.* at 68.

As noted in the introduction, the PTO has discovered significant over-claiming through random audits of renewal filings.¹⁰⁰ Although incontestability is rarer than mere renewal, the cost to the public of a single faulty incontestability designation may be higher than the cost of a single extra goods or services designation, given the ability of a registrant to use incontestability as leverage in disputes and the ongoing confusion in the courts about the effect of incontestability on a mark's strength.

Small steps could prevent many of these mistakes in the first place. The PTO has made changes to the standard declaration that an applicant signs under penalty of perjury when filing a trademark application.¹⁰¹ Instead of a traditional block of text, the form now presents a separate series of clauses with check boxes next to each statement.¹⁰² The applicant should now more readily understand that it must claim use, or intent to use, the mark on every good or service it lists in the application. Further, applicants will need to verify that statements made in the application have evidentiary support.¹⁰³

Similar measures could improve incontestability by making the requirements of Section 15 more salient. For example, the affiant could be required to check a box, yes or no, about whether there are any pending or resolved cases involving the mark.¹⁰⁴ If the answer is yes, the form could ask the affiant to provide more information and explain whether there is any (1) pending or (2) successful and final challenge to the validity or ownership of the mark. Alternatively, the affiant could be required to list all proceedings, pending and terminated, involving any challenge to the validity or ownership of the mark in question, and state the status or outcome of the proceeding with respect to the mark.¹⁰⁵ Since most registered trademarks are

¹⁰⁰ See *supra* note 14 and accompanying text.

¹⁰¹ See Carl Oppedahl, USPTO tackling the “balaclava problem” (part 1), (Jan. 19, 2017), <https://blog.oppedahl.com/?p=1951>.

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ Affiants might be asked separately to check a box about whether there is any notice of pending or resolved cases that appears in the PTO's TSDR database, in order to deal with the sadly not uncommon situation in which registration counsel is not litigation counsel and may not be aware of pending litigation. Signing the affidavit without further inquiry in this circumstance is at least negligent, but clear notice of the required steps may increase the care taken by registration counsel.

¹⁰⁵ Many run-of-the-mill infringement cases don't involve challenges to validity or ownership. The facts about the cases should be easy for the trademark registrant to verify, given that the Section 15 affidavit need be filed only once in the registration's history.

never involved in litigation,¹⁰⁶ the burden on registrants would be minimal. Moreover, given the PTO's resource constraints and the lack of any procedure in place for substantive examination of Section 15 affidavits, requiring affiants to provide more information is a useful step towards ensuring that the register reflects reality. Random audits of trademarks for which the PTO has received a "Notice of Suit Incoming" could also improve the situation, assisting the PTO and registrants in determining when the register needs to be updated to reflect reality.

The legal heft behind the PTO's current changes is not as great as it might be because the federal courts have made it extraordinarily difficult to prove fraud on the PTO, even when the registrant's misstatement relates to matters peculiarly within its own knowledge.¹⁰⁷ Thus, there remains little chance of a penalty for misstatements about use—without fraud, the registrant can keep its priority date for any goods or services for which there *was* actual use. Troubles with incontestability provide examples of why the Federal Circuit should rethink its approach to fraud in the trademark context. In the alternative, legislation could make it easier to show underlying invalidity based on misstatements to the PTO, even if we don't want to tar the misstatements with the label "fraud." Even without changes in judicial interpretation or statutory amendment, however, the PTO's current reforms should lead to more attention to actual use, and diminish the number of overstatements that are the result of mere negligence. Similar changes could improve incontestability filings as well.

Likewise, institutionalizing random audits of trademark maintenance filings will help police overstatements in renewals.¹⁰⁸ There are also meritorious proposals to create an expedited non-use proceeding whenever a challenger has a good reason to believe that the use recited in a registration is not in fact taking place.¹⁰⁹ The audit procedure could be expanded to a percentage of Section 15 affidavits, at least to the extent of having examiners run a Westlaw search and check whether any pending cases appear in TSDR and then, if the trademark appears to be the

¹⁰⁶ There are several million active registrations and only slightly over 28,000 trademark cases terminated in the period January 2009-March 2016. LEX MACHINA TRADEMARK LITIGATION REPORT 2016, fig. 15.

¹⁰⁷ See, e.g., *Sovereign Military Hospitaller Order of Saint John v. Florida Priory of the Knights Hospitallers of the Sovereign Order of Saint John*, 809 F.3d 1171, 1183 (11th Cir. 2015) ("The party seeking cancellation on the basis of fraud must prove its claim by clear and convincing evidence."); *In re Bose Corp.*, 580 F.3d 1240, 1245 (Fed. Cir. 2009) ("Subjective intent to deceive, however difficult it may be to prove, is an indispensable element in the analysis.")

¹⁰⁸ See *supra* note 14 and accompanying text.

¹⁰⁹ Mark Jansen & Paul Famiglietti, *Purging Deadwood at the Trademark Register: Three Possible Mechanisms*, INTELLECTUAL PROPERTY BULLETIN (Nov. 16, 2016), <http://www.fenwick.com/Publications/Pages/Intellectual-Property-Bulletin-Fall-2016.aspx> [<https://perma.cc/22TY-BBT9>].

subject of litigation, asking the trademark owner to explain why the cases aren't relevant. The PTO could also consider a similar procedure for verifying incontestability if a question arises, making a more formal practice of the correction it made in *Nola Spice*.¹¹⁰

B&B's fraud on the PTO aside, there's no reason to think that most registrants who provide incorrect information are determined to distort the register. Negligence and ignorance are, as far as I can tell, bigger problems. It is therefore worth giving more detailed cues about the statutory requirements for a Section 15 affidavit to affiants at the moment those cues are most needed. Some people may object to increased attention to the statutory requirements for incontestability. But such changes are useful steps to improving the quality of the register, removing deadwood and confirming the continued existence of properly registered marks. While penalties such as cancellation of the entire registration might be appropriate for fraud, correction of the register to reflect reality, such as the reality of nonuse or lack of incontestability, is not a penalty. And the minimal increased burden on trademark claimants to confirm the facts is justified given the enormous benefits federal registration provides to such claimants and the additional benefits of incontestability. These benefits are worth the effort of confirming the accuracy of claims with someone in a position to know the truth.

Thinking slightly bigger, statutory reforms might well be justified. For example, currently no filing is required for registrations to receive the benefits of incontestability in a cancellation procedure, as long as they have been registered for more than five years.¹¹¹ But the renewal and incontestability filings are one of the few chances we have to make registrants think about what they are really claiming. Why not consider requiring a filing in order to confer incontestability's protections in PTO proceedings, as well as in court?

Trademark attorneys can improve their procedures as well. Registration counsel is sometimes, but not always, litigation counsel. When lawyers discuss renewals and Section 15 affidavits with their clients, they should take care to ask about whether there is any pending litigation or PTO proceeding involving the mark, not just whether the client is still using the mark and wants the registration renewed.

The courts also have a role to play beyond restoring a real understanding of incontestability's legal requirements. Under current rules, notices should be sent to the PTO

¹¹⁰ See *Nola Spice Designs, L.L.C. v Haydel Enterprises, Inc.*, 783 F.3d 527 (5th Cir. 2015).

¹¹¹ See 15 U.S.C. § 1064(3) (2006).

about pending cases involving registered trademarks.¹¹² In theory, the plaintiff should file the relevant form with its complaint, and the clerk's office should pass the form on to the PTO. These forms are then recorded by the PTO and become part of the formal record for the registration at issue. The form should be filed again, with appropriate updates indicating the outcome, when the case is terminated.

If a mark's record is complete, then it will be a simple matter to identify whether further inquiry is required to evaluate whether the requirements for incontestability have been met. Although the notification process is already in place, experience indicates that compliance is spotty. I have not randomly sampled the records, but anecdotal experience indicates that many litigated cases involving registered marks never show up in the registration record. For example, the highly significant case *Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.*,¹¹³ which involved a partial cancellation of Louboutin's red sole mark for its shoes, never showed up in the PTO's records until after the court of appeals had ordered the partial cancellation; there is no record of the proper form being filed in the district court as it should have been.¹¹⁴ If litigators and clerks' offices around the country became more aware of the problem, the records could be improved.

III. Conclusion

Incontestability is undertheorized and underexplored. It could be part of a functioning system of treating registration as conferring substantive rights—strengthening marks as a matter of law.¹¹⁵ But if it is to do so, then ensuring that incontestability is only claimed when there is a real justification for it is vital.

We could, of course, also eliminate incontestability and avoid all these problems. Some people may reasonably read my account of incontestability's implementation difficulties as further evidence that the concept is too alien to American use-based trademark law to function

¹¹² See 15 U.S.C. § 1116(c) (2008) (imposing on federal court clerks the duty to send the PTO notice of the filing of any case involving a registered mark, as well as notice of judgment and appeals). The PTO also has the duty to make sure these notices are reflected on the register. *Id.* Unfortunately, while the PTO is apparently complying with this duty, the form is listed in the PTO's TSDR database, when filed, as "Notice of Suit Incoming," regardless of whether the underlying document deals with the filing of a case or its resolution, which makes it more difficult to see how and whether litigation has concluded.

¹¹³ *Christian Louboutin S.A. v. Yves Saint Laurent America Holding, Inc.*, 696 F.3d 206 (2d Cir. 2012).

¹¹⁴ See Paper Correspondence Incoming, Sept. 13, 2012,

<https://tsdr.uspto.gov/documentviewer?caseId=sn77141789&docId=IPC20121226124331#docIndex=21&page=1> [https://perma.cc/7RTG-6N7N] (letter from the clerk of the Second Circuit).

¹¹⁵ See Tushnet, *supra* note 7574 (discussing the advantages of a substantive approach to registration).

well.¹¹⁶ I remain agnostic on this point—I see the appeal of the “quiet title” argument, at least as long as the standards for granting registrations in the first instance are carefully enforced. If the PTO is careful about ensuring that descriptive terms and product designs can only be registered when they truly have secondary meaning, then an additional five years of unchallenged use post-registration might be a reasonable proxy for continuing distinctiveness. If registrations are granted too easily, on the other hand, then incontestability will also be granted too easily. But getting rid of incontestability wouldn’t help the underlying problem of poor screening at the registration phase, and if we took both registration and incontestability more seriously we would be better off overall.

Fundamentally, no one should be made better off by providing inaccurate information to the PTO. Unfortunately, it is currently possible to benefit from doing so. The PTO’s changes to its practices for registration and renewal are positive steps towards making it less likely that affiants will inadvertently misrepresent the facts. Incontestability also offers low-hanging fruit for improving the accuracy of the trademark register and the courts’ understanding of what registration means.

¹¹⁶ Cf. Kenneth L. Port, *The Illegitimacy of Trademark Incontestability*, 26 IND. L. REV. 519 (1993) (arguing that incontestability has no place in American trademark law).