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IS THE TRADEMARK OFFICE A RUBBER STAMP?

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ARTICLE

IS THE TRADEMARK OFFICE A RUBBER STAMP?*

Barton Beebe[**]

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* The title is adapted from Mark A. Lemley & Bhaven Sampat, *Is the Patent Office a Rubber Stamp?*, 58 EMORY L.J. 181 (2008).

** Professor of Law, New York University School of Law. I thank Greg Vetter for organizing and Paul Janicke for moderating the 2011 National Conference in Santa Fe, New Mexico, of the Institute for Intellectual Property & Information Law at the University of Houston Law Center, for which this Article was prepared. I also thank Data Foundry, Giganews, and the Yokubaitis family for their financial support of the conference. The Article benefitted from comments from Ann Bartow, Deborah Gerhardt, Michael Grynberg, Laura Heymann, Greg Lastowka, Mark McKenna, and Rebecca Tushnet. Comments welcome: barton@bartonbeebe.com.

I. INTRODUCTION

What proportion of trademark registration applications submitted to the U.S. Patent and Trademark Office (PTO) actually result in registration? Surprisingly, we have long lacked an answer to this very basic question. We thus lack information crucial to assessing, among much else, overall "trademark quality" at the PTO—that is, the reliability of registration status as an indication of actual trademark validity.[1] Furthermore, without some knowledge of trademark application grant rates at the PTO, we remain unable fully to understand the calculus that trademark holders apply in deciding to file—or not to file—a trademark registration application.

Working from a previously unstudied dataset observing each of the some five million trademark registration applications submitted to the PTO from 1981 through 2010, this Article seeks to address this fundamental gap in our knowledge. It reports and analyzes trademark application grant rates at the PTO along a variety of dimensions, including by the year and filing basis of the application; by the type of mark that is the subject of the application and the category of goods or services with which the mark is associated; and by the type and country of origin of the commercial entity applying for registration. While it must be recognized from the start that there is no realistic way of establishing "correct" trademark registration grant rates as baselines against which the reported results may be compared,[2] even a basic understanding of the PTO's grant rates, which has up to now eluded us, will aid in evaluating PTO trademark quality and the motives of trademark applicants.

Part I provides background. It first explains why trademark registration matters: federal registration confers on trademarks

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1. The term is adapted from patent law. *See, e.g.*, R. Polk Wagner, *Understanding Patent-Quality Mechanisms*, 157 U. PA. L. REV. 2135, 2138 (2009) ("Patent quality is the capacity of a granted patent to meet (or exceed) the statutory standards of patentability—most importantly, to be novel, nonobvious, and clearly and sufficiently described."); *see also* Katherine J. Strandburg et al., *Law and the Science of Networks: An Overview and an Application to the "Patent Explosion,"* 21 BERKELEY TECH. L.J. 1293, 1338 (2006) (finding an "increasing stratification of patent citability" and observing that "[a]necdotal and survey evidence suggests that patent quality has been decreasing in recent years, resulting in the issuance of a larger fraction of more trivial—and hence less citable—patents").

2. *Cf.* Mark A. Lemley & Bhaven Sampat, *Is the Patent Office a Rubber Stamp?*, 58 EMORY L.J. 181, 186 (2008) ("We do not, and cannot, know the 'right' grant rate, or how many continuations are being used for abusive as opposed to legitimate purposes. If the grant rate were 97%, that could still be 'too low' if it turned out that every application filed was meritorious. Similarly, a grant rate of 5% could be too high if none were meritorious.").

substantial procedural and substantive advantages. It then briefly reviews the trademark registration process and describes the nature of the dataset. Part II reports the main findings of the study. Part III proposes an interpretation of these findings. Part IV concludes.

II. BACKGROUND

A. *The Significance of Federal Registration*

Use, rather than registration, is the basis of federal trademark rights in the United States. The Lanham Act will protect a trademark owner's exclusive rights in any trademark it is using in commerce, regardless of whether the mark is registered, provided that the unregistered mark otherwise meets the various substantive requirements for registration established by the Act.[3] Conversely, the Lanham Act will not protect a trademark registrant's exclusive rights in its mark if it no longer uses its mark in commerce and cannot prove an intent to resume use in the near future.[4] On this basis, it is often said that the U.S. trademark system is a "use-based" system in contrast to the "registration-based" systems more common around the world.[5] In the United States, registration merely records the preexistence of externally established rights, or so goes the conventional wisdom.[6]

In fact, even in the American use-based system, registration confers significant, substantive advantages on the registered mark, advantages that run far beyond the exclusive rights established by mere unregistered, "common law" use. Most

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3. 15 U.S.C. § 1125(a) (2006); *see also* 15 U.S.C. § 1127 (2006) (defining "trademark").

4. *See* 15 U.S.C. § 1051(d) (2006) (requiring an applicant to submit a statement that the mark is being used in commerce); 15 U.S.C. § 1127 (2006) ("A mark shall be deemed to be 'abandoned' if . . . its use has been discontinued with intent not to resume such use.").

5. *E.g.*, Graeme B. Dinwoodie, *(National) Trademark Laws and the (Non-National) Domain Name System*, 21 U. PA. J. INT'L ECON. L. 495, 496 (2000) ("[F]or over a century the United States has steadfastly resisted adoption of a registration-based system of trademark priority and has adhered instead to a use-based philosophy."); *see also* William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 281–84 (1987) (comparing the American use-based system to other nations' registration-based systems).

6. *See, e.g.*, Keebler Co. v. Rovira Biscuit Corp., 624 F.2d 366, 372 (1st Cir. 1980) ("[F]ederal registration . . . does not create the underlying right in a trademark. That right, which accrues from the use of a particular name or symbol, is essentially a common law property right . . . ."); Landes & Posner, *supra* note 5, at 282 ("Registration under the Lanham Act does not confer a property right without use.").

notably, under section 7(c) of the Lanham Act, federal registration provides the trademark registrant with a "right of priority, nationwide in effect," with respect to the registered mark against anyone else in the nation who uses the mark after the date of application.[7] This right of priority extends nationwide even if, as is often the case, the registrant has not itself used the mark throughout the nation.[8] Indeed, this nationwide right of priority obtains even if, as is explained in the next section, the registrant merely had at the date of application an "intent to use" the mark in the near future somewhere in the nation, but had not yet done so. By contrast, exclusive rights in an unregistered mark extend geographically only so far as the owner is in fact using the mark.[9]

A second substantive advantage that flows from registration is also highly significant, especially for "descriptive" marks.[10] Sections 15 and 33 of the Lanham Act provide that at any time after the fifth year of the mark's registration, the registrant may file a "declaration of incontestability" that limits the grounds upon which the mark's validity may be contested for the remaining life of the registration (which may be renewed in perpetuity).[11] Sections 15 and 33 explicitly list out these grounds; any that are not listed are foreclosed.[12] As the Supreme Court noted in the notorious case of *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, among those grounds not listed is the claim that the registrant's descriptive mark lacks "secondary meaning"[13] as a designation of source.[14] Accordingly, the Court held that under

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7. 15 U.S.C. § 1057(c) (2006).

8. *Id.*

9. *See* Emergency One, Inc. v. Am. Fire Eagle Engine Co., 332 F.3d 264, 269 (4th Cir. 2003) ("[T]he owner of common-law trademark rights in an unregistered mark is not entitled to injunctive relief in those localities where it has failed to establish actual use of the mark.").

10. A descriptive mark "immediately conveys information concerning a quality or characteristic of the product or service." *In re* MBNA Am. Bank, N.A., 340 F.3d 1328, 1332 (Fed. Cir. 2003). For this reason, U.S. trademark law assumes that consumers unfamiliar with such a mark will perceive the mark as a mere description of the product to which it is affixed rather than as a designation of the source of that product. *See id.* ("The perception of the relevant purchasing public sets the standard for determining descriptiveness."). However, if the mark holder can show that the mark has developed over time a "secondary meaning" as a designation of source, then U.S. trademark law will afford protection—and registration—to the mark. *See* Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 162–63 (1995) (explaining that U.S. trademark law will extend protection to non-inherently distinctive marks that have developed secondary meaning).

11. 15 U.S.C. §§ 1065, 1115(b) (2006).

12. *Id.*

13. For a discussion of secondary meaning, see *Qualitex*, 514 U.S. at 162–63. *See also* Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 851 n.11 (1982) ("To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself.").

14. Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 196, 201 (1985).

the clear terms of the Act, the incontestable—and clearly descriptive—mark PARK 'N FLY for airport parking services could not be challenged on the ground that it lacked secondary meaning, notwithstanding that the record below strongly suggested that the mark lacked secondary meaning at the time of registration in 1971 and still lacked secondary meaning when the case was being litigated in the early 1980s.[15] In his lengthy dissent, Justice Stevens expressed his dismay that the decision of a single trademark examiner in an ex parte proceeding a decade earlier, followed by the registrant's perfunctory filing of a declaration of incontestability, could somehow prevent the Court from striking from the Principal Register an "inherently unregistrable" mark.[16] He also added his own opinion of trademark quality at the PTO for good measure.[17]

Registered marks also enjoy significant procedural advantages. Section 33 of the Lanham Act specifies that registration is "prima facie evidence of the validity of the registered mark[,] . . . of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration."[18] While the various circuits apply Section 33 differently,[19] many hold that, in addition to shifting the burden of production on the issue of validity to the defendant,[20] registration establishes a "strong presumption" of the validity of the mark.[21]

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15. *Compare id.* at 203 ("[W]e do not believe that [the Lanham Act] encompasses a substantive challenge to the validity of an incontestable mark on the grounds that it lacks secondary meaning."), *with* Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 718 F.2d 327, 331 (9th Cir. 1983) ("We conclude that Park 'N Fly's mark used in the context of airport parking is, at best, a merely descriptive mark. . . . [It] would not be entitled to continued registration but for its incontestable status."), *rev'd*, 469 U.S. 189 (1985).

16. *Park 'N Fly, Inc.*, 469 U.S. at 206–07 (Stevens, J., dissenting).

17. *See id.* at 212 ("No matter how dedicated and how competent administrators may be, the possibility of error is always present, especially in nonadversary proceedings." (footnote omitted)). In a footnote to this statement, Justice Stevens quoted a PTO official who testified to Congress that "at any one time, about 7 percent of our 25 million documents are either missing or misfiled." *Id.* at 212 n.12 (quoting *Hearing Before the Subcomm. on Patents, Copyrights & Trademarks of the S. Comm. on the Judiciary*, 98th Cong. 5 (1983) (statement of Gerald J. Mossinghoff, Assistant Secretary and Comm'r of Patents and Trademarks)).

18. 15 U.S.C. § 1115(a) (2006).

19. *See, e.g.*, Joan L. Dillon, *The Effect of "Incontestability" in Trademark Litigation*, 68 DENV. U. L. REV. 277, 278, 280–81 (1991) (describing different courts' approaches to the Section 33 incontestability defense).

20. *See, e.g.*, OBX-Stock, Inc. v. Bicast, Inc., 558 F.3d 334, 342 (4th Cir. 2009) ("[E]ntry on the Principal Register does not shift the burden of persuasion on validity, merely the burden of production.").

21. Reno Air Racing Ass'n v. McCord, 452 F.3d 1126, 1135 (9th Cir. 2006) ("[R]egistered marks are endowed with a strong presumption of validity . . . ."); Church of

B. The Registration Process

Because the limited purpose of this Article is to report ultimate trademark registration grant rates at the PTO, we need not detail every aspect of the process that leads to registration. Nevertheless, a brief (and necessarily noncomprehensive) review of certain features of this process will aid the reader in interpreting the results reported below.

To apply for trademark registration, the applicant must specify the statutory "basis" for its application—and as we will see, grant rates vary significantly across certain of these bases. The Lanham Act currently sets forth five filing bases, of which the first two are by far the most commonly used: (1) current use of the mark in commerce under section 1(a);[22] (2) a bona fide intent to use the mark in commerce under section 1(b);[23] (3) a claim of priority based on an earlier filed foreign application under section 44(d);[24] (4) ownership of a registration of the mark in the applicant's country of origin under section 44(e);[25] and (5) extension of protection of a "Madrid system" registration under section 66(a).[26] Two details of this scheme are worth emphasizing. First, the first four filing bases are not mutually exclusive;[27] 66(a), by contrast, may not be combined with any other filing basis.[28] Second, the Sections 1(b) and 66(a) filing bases are relatively recent innovations. While the Sections 1(a), 44(d), and 44(e) filing bases have been available since the effective date of the original Lanham Act on July 5, 1947, the 1(b) intent-to-use (ITU) filing basis became available with the effective date of the

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Scientology Int'l v. Elmira Mission of the Church of Scientology, 794 F.2d 38, 42 (2d Cir. 1986) ("As holders of numerous federally registered trademarks and service marks, appellants are entitled to a strong presumption of their marks' validity and of ownership."); Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1529 (4th Cir. 1984) (quoting *Coca-Cola Co. v. Overland, Inc.*, 692 F.2d 1250, 1254 (9th Cir. 1982), for the proposition that registration endows the mark with "a strong presumption of validity"). Another significant advantage that flows from registration is that, pursuant to 15 U.S.C. § 1124, the registrant may file its registration with the U.S. Customs Service to prevent importation of infringing foreign goods. 15 U.S.C. § 1124 (2006).

22. 15 U.S.C. § 1051(a) (2006).

23. 15 U.S.C. § 1051(b) (2006).

24. 15 U.S.C. § 1126(d) (2006).

25. 15 U.S.C. § 1126(e) (2006).

26. 15 U.S.C. § 1141f (2006).

27. U.S. PATENT & TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 806.02(a) (8th ed. 2011) [hereinafter TMEP]; *see also* 37 C.F.R. § 2.34(b)(1) (2010) ("[A]n applicant may claim more than one basis, provided the applicant satisfies all requirements for the bases claimed.").

28. 27 C.F.R. § 2.34(b)(3) (2010).

Trademark Law Revision Act (TLRA) on January 1, 1989,[29] and the 66(a) filing basis became available with the effective date of the Madrid Protocol Implementation Act on November 2, 2003.[30]

A successful application proceeds through at least five stages: application, examination, publication, opposition, and registration.[31] Since October of 1998, the PTO has accepted trademark applications filed electronically,[32] and applicants can now quite easily file online with a credit card.[33] In contrast to the patent application process, trademark registration filing fees are relatively low. A basic application might cost approximately $500.[34] This helps to explain the curious—and increasingly notorious—phenomenon of what might be termed "meme mark" filings, in which all manner of applicants rush to register various words and phrases (such as "Let's Roll"[35] or "Seal Team 6"[36]) very soon after their appearance in the media.

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29. Trademark Law Revision Act of 1988, Pub. L. No. 100-667, § 206, 102 Stat. 3935, 3960 (codified at 17 U.S.C. § 119 note (2006)).

30. Madrid Protocol Implementation Act, Pub. L. No. 107-273, § 13403, 116 Stat. 1913, 1920–21 (2002) (codified at 15 U.S.C. § 1141 note (2006)).

31. *Section 1(a) Timeline: Application Based on Use in Commerce*, U.S. PAT. & TRADEMARK OFF., http://www.uspto.gov/trademarks/process/tm_sec1atimeline.jsp#2 (last modified Mar. 19, 2010). *See generally* 37 C.F.R. § 2 (2010) (explaining in depth the process of trademark registration).

32. TMEP, *supra* note 27, § 301; 1999 U.S. PAT. & TRADEMARK OFF. ANN. REP. 14, *available at* http://www.uspto.gov/about/stratplan/ar/1999/99trademarks.pdf.

33. Press Release, U.S. Patent & Trademark Office, USPTO Accepts Credit Card Payments (June 5, 2000), *available at* http://www.uspto.gov/news/pr/2000/00-35.jsp.

34. 37 C.F.R. § 2.6 (2010); *see also* Casey P. August & Michael J. Buchenhorner, *Strategies for Developing Intellectual Property Portfolios in the Global Environment: Protection of Intellectual Property in Hostile Environments*, 21 CAN.-U.S. L.J. 261, 267 (1995) ("[T]rademark registration is usually much less expensive than solicitation of patents.").

35. *See* LET'S ROLL, Registration No. 2,691,610 (LET'S ROLL for charitable fundraising services); *Flight 93 Charity Seeks "Let's Roll" Trademark*, CNN (Feb. 2, 2002), http://articles.cnn.com/2002-02-02/us/beamer.trademark_1_todd-m-beamer-foundation-trademark-lisa-beamer (noting that five months after the phrase "Let's Roll" was used onboard United Airlines Flight 93, fourteen entities had applied to trademark the phrase). The mark was cancelled on October 3, 2009, after the mark holder failed to file a Section 8 renewal in the sixth year. *U.S. Trademark Application Serial No. 2,691,610 Status Request*, TRADEMARK APPLICATIONS & REGISTRATION RETRIEVAL, http://tarr.uspto.gov (enter U.S. Serial Number 2,691,610, then follow "Request Status" button).

36. *See* U.S. Trademark Application Serial No. 85,310,970 (filed May 3, 2011) (SEAL TEAM 6 for entertainment and education services); Matt Egan, *Disney Trademarks "Seal Team 6" Days After Bin Laden Death*, FOX BUS. (May 16, 2011), http://www.foxbusiness.com/industries/2011/05/16/disney-trademarks-seal-team-6-days-bin-laden-death/print ("Disney filed for trademark applications for 'Seal Team 6' on May 3[, 2011]. The applications include toys, games and playthings; gymnastic and sporting articles (except clothing); hand-held units for playing electronic games; Christmas stockings; Christmas tree ornaments; snow globes; clothing; footwear; headwear and 'entertainment and education services.'"). Disney Enterprises, Inc. subsequently expressly abandoned its application on May 25, 2011. *U.S. Trademark Application Serial No. 85,310,970 Status Request*,

Upon receipt of the application, a PTO Trademark Examining Attorney examines the application to determine whether it meets the procedural and substantive requirements for registration under the Lanham Act.[37] Among these requirements are that the mark possess either inherent or acquired distinctiveness of source,[38] that it not be confusing with some previously used or registered mark,[39] that it not be deceptive[40] or "deceptively misdescriptive"[41] without secondary meaning, and that it not be either scandalous or disparaging of some third party.[42] If the examiner determines that the application fails to meet any of the Lanham Act's requirements, the attorney will issue an "office action," to which the applicant has six months to respond.[43] The examiner and applicant may continue to communicate via office actions and responses (which may result in amendments to the application) until the examiner either approves the mark for publication in the PTO's *Official Gazette* or issues a "final office action" denying registration to the mark.[44] The applicant may appeal the final action to the Trademark Trial and Appeal Board (TTAB), a tribunal within the PTO consisting of administrative judges.[45] If the appeal is successful, the application proceeds to publication.

In the third and fourth stages, the application is published in the *Official Gazette*, after which a thirty-day opposition period begins in which "[a]ny person who believes that he would be damaged by the registration of [the] mark" may file with the PTO

TRADEMARK APPLICATIONS & REGISTRATION RETRIEVAL, http://tarr.uspto.gov (enter U.S. Serial Number 85,310,970, then follow "Request Status" button).

37. *Trademarks—What Happens Next?*, U.S. PAT. & TRADEMARK OFF., http://www.uspto.gov/trademarks/basics/next.jsp (last modified Apr. 26, 2011).

38. 15 U.S.C. § 1052(f) (2006); *see also* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 769 (1992) ("An identifying mark is distinctive and capable of being protected if it is *either* (1) inherently distinctive *or* (2) has acquired distinctiveness through secondary meaning.").

39. 15 U.S.C. § 1052(d) (2006).

40. 15 U.S.C. § 1052(a) (2006).

41. 15 U.S.C. § 1052(e)(1) (2006).

42. 15 U.S.C. § 1052(a) (2006).

43. 37 C.F.R. §§ 2.61–2.62 (2010).

44. *See* 37 C.F.R. §§ 2.61–2.80 (2010) (describing the approval process prior to publication). For applications based on earlier filed foreign applications under Section 44(d), this stage of the registration process includes an additional epicycle. If the examining attorney determines that the application otherwise meets all the requirements of the Lanham Act, she will suspend action on the application until the applicant submits the foreign registration certificate. TMEP, *supra* note 27, § 1003.04(a). If she determines that the application fails to meet certain Lanham Act requirements, the examination process will continue either until approval, pending submission of the foreign certificate of registration, or a final office action rejecting the mark. *Id.*

45. 15 U.S.C. § 1070 (2006); 37 C.F.R. § 2.141 (2010).

a notice of opposition to its registration.[46] The TTAB adjudicates all oppositions.[47]

In the event that no opposition is filed or all oppositions are dismissed by the TTAB, Section 1(a) use-based applications proceed directly to registration, as do Section 44(d), 44(e), and 66(a) applications.[48] In the case of Section 1(b) ITU applications, however, the PTO will issue a notice of allowance, which states that the PTO will register the mark after the applicant has filed a satisfactory statement of use of the mark.[49] The applicant must file its statement of use within six months from the date of the notice of allowance, though this period is extendable for good cause up to an additional thirty months.[50]

The data reveal the amount of time the registration process typically takes. From 1981 to 2004, the process for successful 1(a) use-based applications took an average of 16.7 months (SD=9.8) from the date of application to the date of registration. From 1989 to 2004, successful 1(b) ITU applications took an average of 29.3 months (SD=13.1). The notice of allowance and statement of use process explains the longer period of time for ITU registrations. From 2005 through 2010, the PTO has dramatically quickened the speed of the registration process. For this six-year period, successful use-based applications took an average of 12.0 months (SD=6.0), while successful ITU applications took an average of 21.5 months (SD=9.5). This is a remarkable increase in office efficiency, particularly in light of the fact that the per annum ratio of trademark applications to trademark examiners from 1995 to 2004 was about 770 to 1, while the ratio from 2005 to 2010 was only slightly lower, at about 726 to 1.[51]

C. The Dataset

In June 2010, Under Secretary of Commerce and Director of the PTO David Kappos announced that the PTO would make publicly available bulk patent and trademark data for free

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46. 15 U.S.C. §§ 1062–1063 (2006).
47. 15 U.S.C. § 1067(a) (2006); 37 C.F.R. § 2.101(a) (2010).
48. 37 C.F.R. § 2.81(a) (2010).
49. 37 C.F.R. § 2.81(b) (2010).
50. 15 U.S.C. § 1051(d) (2006).
51. Data on trademark examiners was taken from the PTO's Annual Reports. *USPTO Annual Reports*, U.S. PAT. & TRADEMARK OFF., http://www.uspto.gov/about/stratplan/ar/ (last modified Nov. 30, 2010). Note that the PTO's fiscal year ends on September 30, while this study focuses on calendar years. The ratios are rough estimates.

download from Google,[52] which agreed to host the data at its *Google Patents Beta* website.[53] Among the trademark data made available is the *USPTO Bulk Downloads: Trademark Application Text* dataset.[54] This dataset currently consists of two parts: a "front file" updated daily that covers trademark applications filed in 2011, and a "backfile" dated December 31, 2010, that covers trademark applications filed from 1884 through 2010.[55] This study is based on the 2010 *Trademark Application Text* backfile.

This dataset, which consists of 42 files in .xml format, each of approximately 1.5 gigabytes in size, is an extraordinarily rich resource and deserves further study.[56] It includes 6.2 million observations and approximately 135 variables covering every aspect of the trademark application process. An edited, Stata-compatible version of this dataset is available at www.bartonbeebe.com. It is important to emphasize that the dataset does not appear to cover both accepted and rejected trademark applications for the full extent of the 127-year period from 1884 to 2010. This is apparent from an analysis of annual registration rates (i.e., the proportion of applications filed in a given year that eventually resulted in registration). For the 435,674 observations with a filing date preceding 1980, the registration rate was .99. Beginning in 1980, by comparison, annual registration rates dropped significantly to more reasonable proportions. In 1981, for example, the registration rate was .74, and subsequent annual rates in the 1980s vary only modestly from that level (with a low in 1982 of .71 and a high in 1988 of .79).[57] In light of this clear break in the dataset's annual registration rates, and because this study is interested primarily in recent trademark acceptance rates at the PTO, the study limits its focus to applications made to the PTO from 1981 through 2010.[58]

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52. Press Release, U.S. Patent & Trademark Office, USPTO Teams with Google to Provide Bulk Patent and Trademark Data to the Public (June 2, 2010), *available at* http://www.uspto.gov/news/pr/2010/10_22.jsp.

53. *USPTO Bulk Downloads: Trademarks*, GOOGLE PATS. BETA, http://www.google.com/googlebooks/uspto-trademarks.html (last visited Nov. 12, 2011).

54. *Id.*

55. *USPTO Bulk Downloads: Trademark Application Text*, GOOGLE PATS. BETA, http://www.google.com/googlebooks/uspto-trademarks-recent-applications.html (last visited Nov. 12, 2011).

56. *Id.*

57. 1985 produced a registration rate of .791, as did 1987. 1988 produced a registration rate of .793.

58. For 1980, the dataset reports an annual registration rate of .84, while for the ten-year period from 1970 to 1979, the overall rate is .98. Because the registration rate for 1980 is ambiguous, the focus of the study begins in 1981.

III. DESCRIPTIVE STATISTICS

A. *Total Applications*

Figure 1 shows general trends in the number of trademark registration applications filed at the PTO per year from 1981 through 2010. Over this thirty-year period, total trademark applications at the PTO have more than quintupled, with 47,633 applications in 1981 rising to a high of 306,370 in 2007. As Figure 1 shows, the upward trend in annual trademark applications tracks the expansion of U.S. GDP. The dramatic spike in total applications in 1999 and 2000 coincides with the Internet bubble.[59] As stated above, the Section 1(b) intent-to-use filing basis became available on November 16, 1989. By 1992, it had overtaken the Section 1(a) use-based filing basis as the most common basis for filing.[60] The annual number of Madrid System applications received at the PTO remains disappointing, with at best a meager 15,368 applications claiming a Section 66(a) filing basis in 2008.

Figure 1
Applications Per Year By Filing Basis, 1981-2010

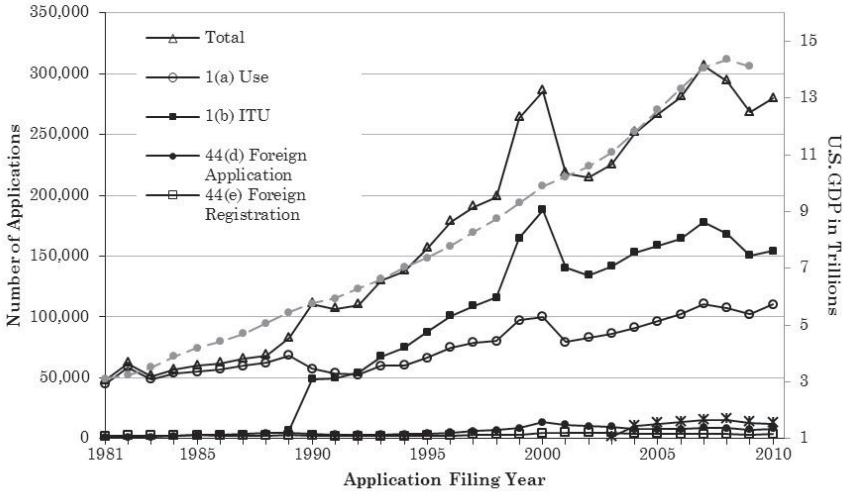


Table 1 reports the leading sixteen countries of origin of applicants at the PTO from 1981 through 2010. The

59. *See generally* ROGER LOWENSTEIN, ORIGINS OF THE CRASH: THE GREAT BUBBLE AND ITS UNDOING 101–26 (2004) (discussing the Internet bubble during the period 1998–2000).

60. Figure 1 reports, for each filing basis, the number of applications that claimed that filing basis either as their only filing basis or as one among several filing bases. For the period 1981 through 2010, 192,033 applications (3.8%) claimed two filing bases, 10,084 applications (0.20%) claimed three filing bases, and 506 applications (0.01%) claimed four filing bases.

overwhelming majority of applications during this period listed the United States as their country of origin.

Table 1
Leading Sixteen Countries of Origin for Trademark Applications at the PTO, 1981–2010

Country	Number of Applications	%
United States	4,270,230	84.92
Canada	119,662	2.38
Germany	76,783	1.53
Great Britain	66,056	1.31
Japan	62,066	1.23
France	52,801	1.05
Italy	35,271	0.70
Switzerland	33,180	0.66
Australia	26,956	0.54
Taiwan	20,187	0.40
Netherlands	20,172	0.40
Mexico	18,893	0.38
China	15,614	0.31
Spain	15,645	0.31
South Korea	14,920	0.30
Sweden	13,820	0.27
Other	166,179	3.30
Total	5,028,435	100.00

B. Registration Rates

The overall registration rate for all applications filed from 1981 up to November 16, 1989, was .77. The rate then dropped to .53 for all applications filed from November 16, 1989, through 2007.[61] As Figure 2 shows, the emergence of the intent-to-use filing basis explains this pronounced break. The overall registration rate for all use-based applications filed from 1981 through 2007 was .75; for ITU-based applications filed from November 16, 1989, through 2007,[62] the rate was .37. As I will discuss more fully in the next section, this difference results not from the PTO's rejection at the examination stage of a relatively large proportion of ITU applications, but rather

61. The period of study ceases in 2007 in order to filter out applications that were still active (i.e., not rejected, accepted, or abandoned) as of 2010. The registration rate portion of the study does not include marks that ended up on the Supplemental Register.

62. For purposes of strict comparison, note that the overall registration rate for use-based applications filed from November 16, 1989, through 2007 was .74.

from the failure of a large proportion of ITU applicants to file a statement of use after the PTO has approved the application for publication. As for filing bases not shown in Figure 2, Section 44(e) applications based on a prior foreign registration boasted a registration rate of .87 for the period 1981 through 2007, while the proportion for 44(d) applications was .72. For the period November 2, 2003, through 2007, the proportion for 66(a) applications was .76. Trademark examination standards are roughly similar among the trademark registration offices of the world, so it makes sense that 44(e) applications would enjoy such success at the PTO.[63] Finally, Figure 2 shows a slight dip in registration rates for use-based and ITU-based applications filed in 1999 and 2000. This is not surprising. In these years, the PTO received a flood of dubious trademark registration applications.[64]

Figure 2
Proportion of Use-Based and ITU-Based Applications Published and Registered by Application Filing Year, 1981-2007

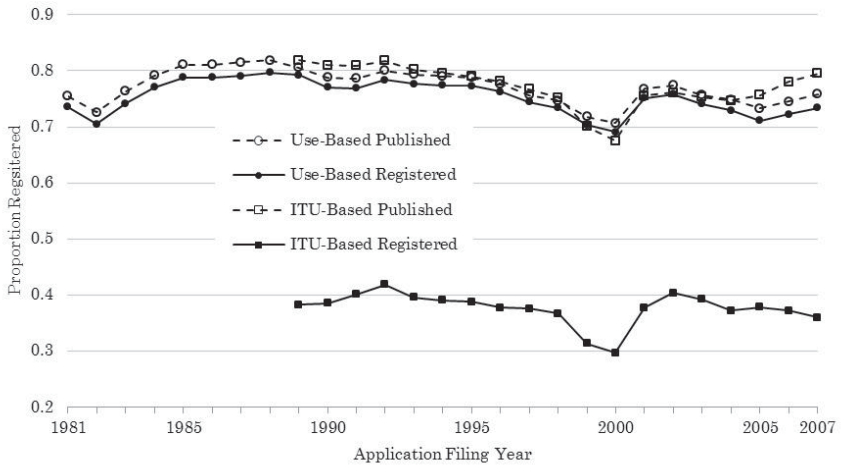


Table 2 shows registration rates by mark type and filing bases for the period November 16, 1989, through 2007. In

63. *See* Kevin K. McCormick, *"Ding" You Are Now Free to Register that Sound*, 96 TRADEMARK REP. 1101, 1110 (2006) (noting that the Lanham Act and the European Union's Trade Marks Directive and Trade Mark Regulation are "[v]ery similar . . . in breadth").

64. *See* Glenn A. Gunderson, *Trademark Applications Take a Dive with Economy*, 24 NAT'L L.J., May 13, 2002, at C4 (recounting the rush to register trademarks in the early 2000s and the subsequent abandonment of some of those marks); *cf.* PHILIPP SANDNER, THE VALUATION OF INTANGIBLE ASSETS: AN EXPLORATION OF PATENT AND TRADEMARK PORTFOLIOS 25 (2009) (discussing an increase in failed applications in 1999 and 2000 at the Office of Harmonization for the Internal Market, which is responsible for registering Community Trade Marks in the European Union).

general, certification mark applications did particularly poorly, perhaps because of the relatively strict examination standards applied to such applications.[65]

Table 2
Registration and Publication Rates by Mark Type and Filing Basis, 1989–2007*

Filing Basis	Mark Type	Number of Applications	% of Total Applications	Pub. Rate	Reg. Rate
Use	Trademark	718,980	20.26	.77	.75
	Service Mark	561,162	15.81	.75	.73
	Collective Trademark	71	0.00	.80	.80
	Collective Service Mark	46	0.00	.74	.70
	Collective Membership Mark	2,052	0.06	.80	.79
	Certification Mark	2,308	0.07	.70	.68
	Multiple	52,126	1.47	.77	.75
	Subtotal Use Applications	1,336,745	37.67	.76	.74
ITU	Trademark	1,295,807	36.51	.78	.38
	Service Mark	553,311	15.59	.71	.35
	Collective Trademark	91	0.00	.78	.58
	Collective Service Mark	29	0.00	.79	.62
	Collective Membership Mark	988	0.03	.59	.37
	Certification Mark	2,970	0.08	.63	.35
	Multiple	98,766	2.78	.72	.29
	Subtotal ITU Applications	1,951,962	55.00	.76	.37
Other	Trademark	174,212	4.91	.76	.69
	Service Mark	42,280	1.19	.62	.54
	Collective Trademark	10	0.00	.80	.80
	Collective Service Mark	7	0.00	.71	.71
	Collective Membership Mark	69	0.00	.38	.36
	Certification Mark	220	0.01	.59	.53
	Multiple	43,216	1.22	.73	.66
	Subtotal Other Applications	260,014	7.33	.73	.66
	Total Applications	3,548,721	100.00	.76	.53

*This table excludes 3,072 observations not indicating a filing basis or a mark type.

65. *See* TMEP, *supra* note 27, § 1306 (providing a general discussion of certification marks).

Table 3 shows the registration rates for use-based and ITU-based applications filed from November 16, 1989, through 2007 from the leading sixteen countries of origin listed in Table 1. Applications from a wide variety of foreign countries enjoy registration rates substantially higher than do applications from the United States. It is unclear why this should be the case. Perhaps foreign applicants filing in the United States are, on average, more sophisticated than domestic filers, given the effort, costs, and knowledge required to file from abroad. For related reasons, foreign filers may hesitate to apply to register marks that are less likely to succeed.

Table 3
Registration Rates by Leading Sixteen Countries of Origin for Trademark Applications at the PTO, 1989–2007*

			Registration Rate		
Country	Number of Applications	%	Use-Based	ITU-Based	Other
United States	3,020,478	85.04	.74	.36	.36
Canada	85,666	2.41	.77	.38	.56
Germany	53,949	1.52	.85	.44	.82
Great Britain	47,398	1.33	.82	.40	.71
			Registration Rate		
Country	Number of Applications	%	Use-Based	ITU-Based	Other
Japan	44,532	1.25	.89	.45	.80
France	34,684	0.98	.83	.40	.83
Italy	23,045	0.65	.85	.48	.81
Switzerland	22,844	0.64	.85	.42	.82
Australia	18,693	0.53	.74	.37	.69
Taiwan	15,141	0.43	.78	.53	.62
Netherlands	14,548	0.41	.85	.41	.77
Mexico	13,292	0.37	.73	.34	.62
China	9,118	0.26	.77	.53	.74
Spain	10,757	0.30	.85	.43	.78
South Korea	10,234	0.29	.67	.44	.66
Sweden	9,636	0.27	.86	.41	.78
Other	117,778	3.32	.73	.37	.66
Total	3,551,793	100.00	.74	.37	.66

*This table excludes 2,282 observations not indicating a filing basis.

Table 4 shows registration rates by the five most common entity types and by filing basis for applications filed from November 16, 1989, through 2007. Unsurprisingly, applications filed by individuals did comparatively poorly, but it is not clear why partnerships did equally as badly.

Table 4
Registration and Publication Rates by Filing Entity Type, 1989–2007*

Filing Basis	Mark Type	Number of Applications	% of Total Applications	Pub. Rate	Reg. Rate
Use	Corporation	958,073	26.97	0.78	0.76
	Individual	174,189	4.90	0.67	0.65
	Limited Liability Co.	88,490	2.49	0.76	0.74
	Partnership	23,277	0.66	0.68	0.66
	Limited Partnership	13,296	0.37	0.80	0.78
	Other	79,434	2.24	0.76	0.74
	Subtotal Use Applications	1,336,759	37.64	0.76	0.74
ITU	Corporation	1,364,505	38.42	0.78	0.38
	Individual	294,046	8.28	0.68	0.27
	Limited Liability Company	147,751	4.16	0.78	0.37
	Partnership	27,096	0.76	0.67	0.29
	Limited Partnership	21,616	0.61	0.80	0.41
	Other	96,979	2.73	0.71	0.38
	Subtotal ITU Applications	1,951,993	54.96	0.76	0.37
Other	Corporation	144,109	4.06	0.73	0.65
	Individual	27,722	0.78	0.60	0.51
	Limited Liability Company	16,749	0.47	0.80	0.72
	Partnership	2,945	0.08	0.58	0.52
	Limited Partnership	2,647	0.07	0.78	0.73
	Other	68,869	1.94	0.74	0.70
	Subtotal Other Applications	263,041	7.41	0.72	0.65
	Total Applications	3,551,793	100.00	0.76	0.53

*This table excludes 2,282 observations not indicating a filing basis.

Finally, Table 5 sets forth registration rates by the class of goods or services for which the application sought to register the mark for applications filed from November 16, 1989, through 2007. The PTO's forty-five classes of goods and services are taken from the Nice Union's *International Classification of Goods and Services for the Purposes of the Registration of Marks*.[66] The Nice scheme, which is based on a classification scheme first

66. TMEP, *supra* note 27, § 1401.02(a); *see generally* Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks art. 1, June 15, 1957, 23 U.S.T. 1336 (establishing an international classification scheme).

established in 1935,[67] is highly idiosyncratic, almost laughably so—Class 26, for example, is "Fancy Goods," Class 34 is "Smokers' Articles," and Class 20 is "Furniture and Articles Not Otherwise Classified."[68] Nevertheless, it does allow some insight, however limited, into registration rates associated with certain categories of goods and services. Clothing (Class 25) and telecommunications (Class 38) show the lowest use-based application registration rates, each at .65 as compared to the mean of .74. Apparel-fashion and internet-related applications may explain this difference. The highly specialized sectors filing in rubber goods (Class 17) and machinery (Class 7) show the highest use-based application registration rates, at .84 and .82 respectively.

Table 5
Publication and Registration Rates by International Class, 1989–2007*

				Use		ITU		Other	
	International Class	Number of Apps.	%	Pub. Rate	Reg. Rate	Pub. Rate	Reg. Rate	Pub. Rate	Reg. Rate
1	Chemicals	43,636	1.23	.83	.81	.83	.48	.84	.80
2	Paints	13,762	0.39	.81	.79	.83	.49	.83	.78
3	Cosmetics and Cleaning Preparations	111,504	3.14	.76	.74	.79	.39	.77	.71
4	Lubricants and Fuels	13,254	0.37	.78	.76	.80	.40	.79	.74
5	Pharmaceuticals	140,302	3.95	.77	.75	.82	.32	.81	.72
6	Metal Goods	27,954	0.79	.80	.79	.82	.49	.82	.77
7	Machinery	53,081	1.50	.83	.82	.84	.53	.83	.79
8	Hand Tools	17,958	0.51	.78	.76	.78	.45	.76	.71
9	Electrical and Scientific Apparatus	435,340	12.26	.75	.73	.76	.38	.72	.65
10	Medical Apparatus	68,953	1.94	.81	.80	.82	.43	.82	.76
11	Environmental Control Apparatus	55,159	1.55	.81	.80	.82	.49	.81	.75
12	Vehicles	51,384	1.45	.77	.75	.80	.43	.80	.74
13	Firearms	6,768	0.19	.79	.77	.80	.50	.81	.77

67. WORLD INTELLECTUAL PROP. ORG., INTERNATIONAL CLASSIFICATION OF GOODS AND SERVICES FOR THE PURPOSES OF THE REGISTRATION OF MARKS (NICE CLASSIFICATION), pt. 1, at v (9th ed. 2006).

68. *See* TMEP, *supra* note 27, § 1401; *cf.* JORGE LUIS BORGES, *The Analytical Language of John Wilkins*, *in* BORGES: A READER 141, 142 (Emir Rodriguez Monegal & Alastair Reid eds., 1981) (discussing the classification scheme set forth in the *Celestial Emporium of Benevolent Knowledge*).

				USE		ITU		Other	
	International Class	Number of Apps.	%	Pub. Rate	Reg. Rate	Pub. Rate	Reg. Rate	Pub. Rate	Reg. Rate
14	Jewelry	40,312	1.14	.74	.72	.77	.36	.75	.69
15	Musical Instruments	6,346	0.18	.79	.78	.78	.47	.74	.69
16	Paper Goods and Printed Matter	182,051	5.13	.77	.75	.77	.37	.69	.62
17	Rubber Goods	19,579	0.55	.85	.84	.83	.51	.86	.82
18	Leather Goods	26,736	0.75	.78	.75	.82	.36	.78	.71
19	Non-metallic Building Materials	31,575	0.89	.79	.78	.81	.49	.80	.74
20	Furniture and Articles Not Otherwise Classified	55,371	1.56	.79	.77	.81	.42	.77	.71
21	Housewares and Glass	47,920	1.35	.82	.80	.83	.41	.79	.72
22	Cordage and Fibers	6,474	0.18	.81	.80	.83	.46	.80	.73
23	Yarns and Threads	1,956	0.06	.82	.81	.84	.52	.78	.75
24	Fabrics	22,890	0.64	.78	.77	.81	.38	.78	.72
25	Clothing	240,155	6.77	.68	.65	.73	.32	.67	.59
26	Fancy Goods	9,704	0.27	.76	.75	.79	.36	.74	.68
27	Floor Coverings	10,173	0.29	.81	.80	.84	.43	.81	.74
28	Toys and Sporting Goods	157,318	4.43	.78	.77	.80	.37	.71	.62
29	Meats and Processed Foods	50,902	1.43	.78	.77	.76	.38	.74	.68
30	Staple Foods	105,308	2.97	.79	.77	.79	.37	.73	.66
31	Natural Agricultural Products	33,823	0.95	.78	.76	.80	.43	.75	.70
32	Light Beverages	45,132	1.27	.77	.74	.75	.29	.72	.63
33	Wines and Spirits	43,034	1.21	.82	.80	.78	.38	.76	.71
34	Smokers' Articles	13,553	0.38	.75	.71	.75	.32	.76	.69
35	Advertising and Business	260,780	7.35	.72	.71	.71	.34	.60	.51
36	Insurance and Financial	162,786	4.59	.77	.75	.74	.41	.67	.59
37	Building Construction and Repair	48,836	1.38	.79	.77	.78	.42	.77	.71
38	Telecommunication	62,744	1.77	.67	.65	.67	.26	.60	.51
39	Transportation and Storage	38,931	1.10	.79	.78	.76	.39	.74	.67

				USE		ITU		Other	
	International Class	Number of Apps.	%	Pub. Rate	Reg. Rate	Pub. Rate	Reg. Rate	Pub. Rate	Reg. Rate
40	Treatment of Materials	26,040	0.73	.80	.79	.80	.40	.78	.70
41	Education and Entertainment	279,799	7.88	.76	.74	.73	.33	.66	.57
42	Computer and Scientific	375,548	10.58	.74	.72	.68	.32	.69	.63
43	Hotels and Restaurants	38,392	1.08	.79	.77	.76	.36	.73	.65
44	Medical, Beauty and Agricultural	36,882	1.04	.79	.77	.77	.40	.75	.67
45	Personal and Legal	19,694	0.55	.79	.77	.78	.38	.72	.64
	Collective Membership Marks	3,488	0.10	.81	.80	.60	.38	.39	.38
	Certification Marks-A	2,468	0.07	.69	.68	.58	.32	.55	.48
	Certification Marks-B	3,734	0.11	.70	.68	.67	.37	.06	.05
	Total	3,549,489	100.0	.76	.74	.76	.37	.73	.66

*This table excludes 2,304 observations not indicating an international class or a filing basis.

C. *Publication Rates*

While the main purpose of this Article is to report trademark registration rates at the PTO, registration rate data do not tell the full story. This is because some applicants fail to register their marks even after the PTO has completed its substantive review of the application and approved the mark for registration. As described above, the trademark registration process proceeds through the substantive examination stage early on in the process.[69] If the examining attorney determines that the application is substantively sound, then the application is published in the *Official Gazette* to give notice to third parties who may wish to oppose the application. Generally speaking, the fact that the mark has been published in the *Official Gazette* shows that that mark has survived PTO examination.[70] For this reason, it is appropriate to

69. *See supra* Part I.B.

70. ITU applications may fail to survive PTO review, however, after publication in the *Official Gazette* if the statement of use raises issues barring registration, such as that the mark is being used descriptively. *See* 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:51.50 (4th ed. 2011) ("[T]here is, in the vast majority of cases, no way for the applicant to . . . prove the acquisition of distinctiveness through secondary meaning.").

assess not simply applications' registration rates, but also their publication rates.

The overall publication rate for all applications filed from 1989 through 2007 was .76. This proportion holds across the two major filing bases: for use-based applications filed from 1989 through 2007, the rate was also .76, and for ITU-based applications filed from November 16, 1989, to 2007, the rate was again .76. Thus, in contrast to the pronounced difference in registration rates for use-based and ITU-based applications, their publication rates are essentially the same. I explain this parity in publication rates and divergence in registration rates in the next subpart, where I provide data on how applications failed.

Figures 3, 4, and 5 compare the proportion of applications published for opposition during the indicated periods to the number of applications filed. Each figure shows a slight decline over time in publication rates against a marked increase in filings.

Figure 3
Proportion of Applications (All Bases) Published
for Opposition and Number of Applications Filed
by Application Filing Year, 1981-2007

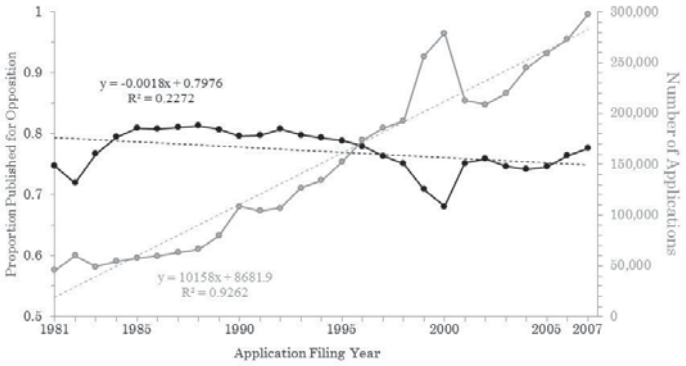


Figure 4
Proportion of Use-Based Applications Published
for Opposition and Number of Use-Based Applications Filed
by Application Filing Year, 1981-2007

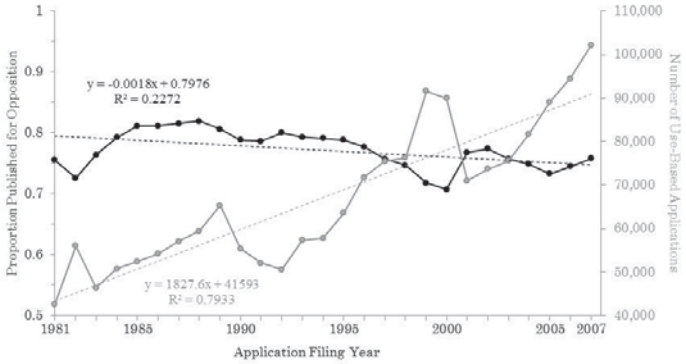
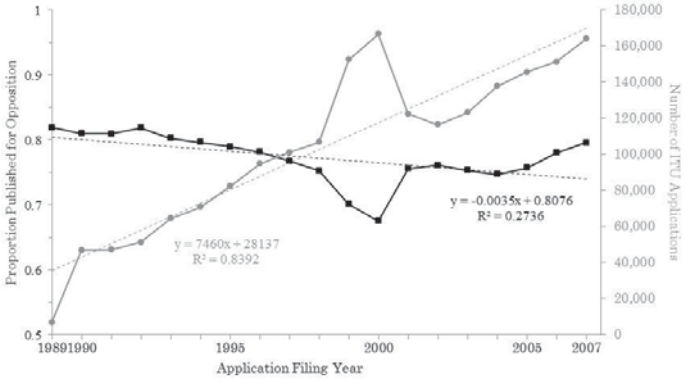
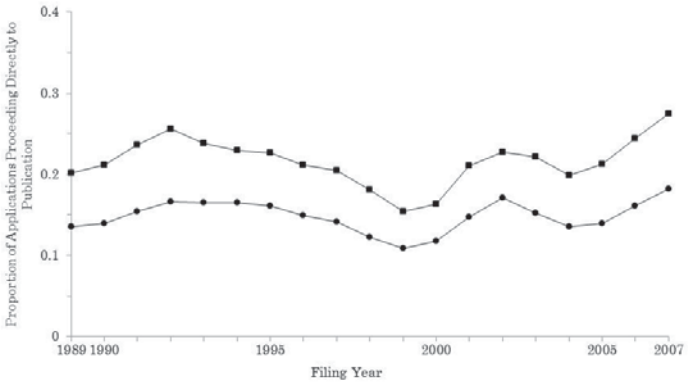


Figure 5
Proportion of ITU Applications Published for Opposition and Number of ITU Applications Filed by Application Filing Year, 1989-2007



Finally, Figure 6 shows the proportion of use-based and ITU-based applications filed from the effective date of the TLRA in 1989 through 2007 in which the PTO issued no office action before approving the application for publication in the *Official Gazette*.[71] The data indicate that approximately 15% of use-based applications and 21% of ITU applications filed during this period proceeded directly from application to approval for publication without any significant intervening PTO action.

Figure 6
Proportion of Use-Based and ITU Applications Proceeding Directly to Publication, 1989-2007



D. *How Applications Failed*

The *Trademark Application Text* dataset does not provide precise information about exactly why any particular application

71. These data were developed based on the "event statements" history of each application, as recorded in the *Trademark Application Text* backfile.

failed. We cannot therefore glean from the dataset what proportion of marks were rejected as, for example, generic, or merely descriptive without secondary meaning, or confusing with a previously registered mark pursuant to section 2(d) of the Lanham Act.[72] However, the dataset does record the final "status code" of each application, which may offer some hints as to why particular applications failed. Tables 6 and 7 set forth the final status codes for use-based applications that failed to survive to publication or to registration, respectively. Tables 8 and 9 do the same for ITU applications. To facilitate like-for-like comparison, Tables 6 through 9 address applications filed from the effective date of the TLRA through 2007.

Applicants filed 1,336,759 use-based applications during this period.[73] Of these, 1,014,386 (75.9%) were published. Table 6 shows that of the 322,373 applications that failed to survive to publication, 4,127 (1.3%) were abandoned after an ex parte appeal—in other words, after what was very likely an unsuccessful appeal to the TTAB of the examining attorney's refusal to publish the application. Of published use-based applications, 991,151 (97.7% of 1,014,386) were registered. Table 7 shows that of the relatively small number of applications that were published but failed to survive to registration, 55.0% were abandoned after what was very likely a successful third-party opposition to the application before the TTAB.

Table 6
Final Status Code of Use-Based Applications that Failed to Survive to Publication, 1989–2007

Status Code	N	%
Abandoned—Failure to respond or late response	293,217	91.0%
Abandoned—Express	16,852	5.2%
Abandoned—After ex parte appeal	4,127	1.3%
Other	8,177	2.5%
	322,373	

72. 15 U.S.C. § 1052(d)–(e) (2006).

73. The total number of ITU applications reported here differs from the number reported in Table 2 because Table 2 excluded observations that failed to indicate a filing basis or a mark type.

Table 7
Final Status Code of Published Use-Based Applications that Failed to Survive to Registration, 1989–2007

Status Code	N	%
Abandoned—After *inter partes* decision	12,760	54.9%
Abandoned—No Statement of Use filed	4,526	19.5%
Abandoned—After publication	3,275	14.1%
Other	2,674	11.5%
	23,235	

Applicants filed 1,951,993 ITU applications from the effective date of the TLRA through 2007. Of these, 1,483,435 (76.0%) were published. With respect to the 468,558 ITU applications that failed to survive to publication, Table 8 shows that 5,971 (1.3%) were abandoned after an ex parte appeal. So far, the use-based and ITU data are remarkably similar. After publication, however, use-based and ITU applications produce very different data. Of ITU applications that were published, only 719,635 (49.0% of 1,483,435) were registered. Table 9 shows that of the large proportion of ITU applications that were published but failed to survive to registration, 84.4% failed because the applicant failed to file a statement of use. ITU applicants who failed to file a statement of use largely account for the severe differences in the publication and registration rates reported in Tables 1 through 5.

Table 8
Final Status Code of ITU Applications that Failed to Survive to Publication, 1989–2007

Status Code	N	%
Abandoned—Failure to respond or late response	417,561	89.1%
Abandoned—Express	35,387	7.6%
Abandoned—After ex parte appeal	5,971	1.3%
Other	9,639	2.1%
	468,558	

Table 9
Final Status Code of Published ITU Applications that Failed to Survive to Registration, 1989–2007

Status Code	N	%
Abandoned—No Statement of Use filed	644,974	84.4%
Abandoned—Failure to respond or late response	29,850	3.9%
Abandoned—After *inter partes* decision	28,080	3.7%
Other	60,897	8.0%
	763,800	

IV. ONE VIEW OF THE RESULTS

This study presents two main findings: First, the registration rate for all applications filed from 1981 up to November 16, 1989, was .77, and then the rate dropped dramatically to .53 for all applications filed from November 16, 1989, to 2007. Second, the publication rate for all applications filed from 1981 through 2007 was .76 and remained reasonably steady over the course of that period.

These findings raise a host of questions. Some of these questions go to the objective issue of trademark quality at the PTO. Most importantly, is the PTO's publication rate of .76 unduly high, or indeed, unduly low? Stated more generally, given the standards set by the Lanham Act and the courts, are the PTO's trademark examination practices too permissive or not permissive enough in applying these standards? A second, separate set of questions goes to the issue of applicant strategy at the PTO. Why is the proportion of applications that the PTO accepts for publication not closer to 50%? After all, given the significant advantages that flow from and the relatively low cost of registration, it might make sense for trademark holders to file for registration if they face a better than 50% chance of succeeding. Significantly complicating this question, however, is the fact that since 1989 overall registration rates at the PTO have, in fact, hovered just above 50%.

As to the first set of questions going to trademark quality, it is worth emphasizing that short of reexamining in some sufficiently objective way the validity of every trademark application submitted to the PTO over the past three decades (or some large sample thereof), it is very difficult to establish a

baseline against which the 76% publication figure can be compared. For many years, the PTO has conducted its own internal quality control checks, in which a senior examiner reviews other examiners' processing of applications, and has reported the results.[74] Substantive or procedural errors are typically found in no more than about 3% of applications per year.[75] This internal review process, however, is open to the charge that the internal reexamination may suffer from the same misapplication of the Lanham Act and courts' rulings as the initial examination.

At this stage of our understanding of publication rates at the PTO, it is not probable that a persuasive argument can be that the PTO's trademark application publication rate indicates an over-permissive or under-permissive examination process. On the evidence available to us, we simply do not know—or should at least presume, as I am prone to, that the PTO has gotten it about right. But, hopefully, this Article's reporting of the PTO's publication rates over time may at least help us to begin to understand the issue.

As to the second set of questions going to applicant strategy, here we may at least advance somewhat our understanding of the calculus that trademark holders apply to the decision of whether to file a registration application. In this connection, let us assume that the PTO makes more mistakes than it realizes and that, according to some objective measure, even as low as only 65% (rather than 76%) of recent trademark registration applications actually deserved publication. Even if we accept this extraordinary assumption—which would mean that in 2007, for example, the PTO erred in its examination of nearly 30,000 applications—we are still left with the question of why the publication rate remains significantly higher than 50%. In other words, taking the PTO's examination standards as given, have trademark registration applicants on the whole been too conservative in filing only those applications that are especially likely to meet these standards? Where, in short, is the speculative filing that would drive the publication rate closer to 50%?

The answer may derive from the common law basis of trademark rights in the U.S. system and from the adverse effect

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74. *See* 2009 U.S. PAT. & TRADEMARK OFF. ANN. REP. 37 (discussing the PTO's "in-process review" as a measure for achieving examination quality).

75. *See id.* at 18 (reporting the results of the PTO's internal review of trademark examination quality for Fiscal Year 2009, in which 96.4% of first actions and more than 97% of final decisions "met statutory and compliance rates for quality of decision making and writing").

of a PTO rejection of a trademark application.[76] Recall that federal trademark rights are ultimately based on use rather than registration, so that federal trademark law will protect marks that are used in commerce even if they are not registered.[77] Registration provides a variety of significant advantages, but it is not a prerequisite for protection.[78] Consider, at the same time, that if the PTO rejects an application on substantive grounds, this rejection may function as very strong, if not dispositive, evidence of the invalidity of a mark for which the mark holder might later attempt to claim federal common law protection.[79] Faced with balancing the risk of a rejected application against the benefits of registration, the mark holder may rationally forego the opportunity to register a mark unless it is reasonably certain that the application will succeed. Indeed, for marks on the borderline between validity and invalidity, the mark holder might very well prefer to litigate the issue of validity in the context of an infringement action, where the defendant's bad faith might influence the court's validity determination. This calculus, together with the effort and cost entailed in applying to register, may help to explain why the PTO's publication rates are substantially above 50%.

What then of the overall 53% registration rate for all applications filed from 1989 through 2007? This figure would appear to be consistent with the proposition that applicants engage in speculative filing of even borderline applications. However, in light of the degree to which this figure is influenced by the large proportion of ITU applicants who fail to file a statement of use, it probably tells us little. To be sure, these ITU applicants appear to be engaged in a kind of speculative filing in that they may never actually use the applied-for mark in commerce, but their publication rates suggest that with respect to the consequences of a possible substantive rejection of the

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76. Keebler Co. v. Rovira Biscuit Corp., 624 F.2d 366, 372 (1st Cir. 1980).

77. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992); *Keebler*, 624 F.2d at 372; *see also* 15 U.S.C. § 1125(a) (2006) (establishing civil liability for conduct likely to cause confusion as to "affiliation, connection, or association" or "origin, sponsorship, or approval").

78. *See* A. Samuel Oddi, *The Functions of "Functionality" in Trademark Law*, 22 HOUS. L. REV. 925, 948 (1985) (noting the significant procedural advantages conferred by registering a trademark); *supra* Part II.A (discussing the benefits of registration in the American use-based system).

79. *See* Closed Loop Mktg., Inc. v. Closed Loop Mktg., LLC, 589 F. Supp. 2d 1211, 1217–18 (E.D. Cal. 2008) ("[T]he PTO's evaluation may serve as a persuasive authority indicating that the mark is not protectable."); Schwan's IP, LLC v. Kraft Pizza Co., F. Supp. 2d 1016, 1022 (D. Minn. 2005) (observing that PTO decisions are "admissible as persuasive evidence").

mark, they are on balance as risk averse as those who file on other bases.

V. CONCLUSION

As an empirical matter, this Article has applied straightforward statistical methods to a very authoritative dataset finally to answer the question of what proportion of trademark registration applications are accepted at the PTO, either in the form of the PTO's decision to publish the application in the *Official Gazette* or, more generally, in the PTO's actual registration of the mark. As a theoretical matter, however, this Article has raised many more questions than it has answered: Why is the publication rate so high and so uniform across the major filing bases? Why do such a large proportion of ITU applicants abandon their mark after it has been approved for publication? And why has this proportion varied so little over time? If these ITU applicants in particular are speculative filers, then why is their publication rate nevertheless the same as that for applicants filing under other bases? Hopefully, further research on the PTO's application data will provide persuasive answers to some of these questions.