TOYOTA

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VIA EMAIL: TMFRNotices@uspto.gov
Commissioner of Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451
Attn: Cynthia C. Lynch

Dear Commissioner:

Toyota Motor Corporation, a Japanese corporation ("Toyota") and Toyota Motor Sales, U.S.A., Inc., a California corporation ("TMS") respectfully submit their comments in response to the Request for Comments Regarding Amending the First Filing Deadline for Affidavits or Declarations of Use or Excusable Nonuse, Docket No. PTO T-2012-0031, published in Federal Register Volume 77, Number 159, pages 49425-49426 on August 16, 2012.

Toyota is one of the world's largest automobile manufacturers. Toyota formed TMS in 1957 to sell, market, and distribute vehicles in the U.S. Toyota vehicles are currently sold in the U.S. under the Toyota, Lexus, and Scion brands through 1,500 franchised dealers. Toyota has directly invested over $18 billion in the U.S. Toyota's manufacturing subsidiary company operates 10 manufacturing plants in the U.S. that produce nearly 800,000 vehicles annually. Toyota is directly and indirectly responsible for creating 365,000 jobs in the U.S.

I am Managing Counsel for TMS with responsibility for U.S. trademark prosecution and other intellectual property matters. I am admitted to the State Bar of California and have practiced trademark law for nearly 20 years, since 1993. Prior to joining TMS in 2007, I practiced trademark and intellectual property law in a law firm setting.

Toyota and TMS have collectively filed nearly 600 trademark applications in the U.S. Patent and Trademark Office ("USPTO") over the years and currently own over 250 live applications and registrations. Most of Toyota's trademark applications are filed based on Section 1(b) intent to use, although some applications include a Section 44 filing basis and mature into registration based solely on Section 44. TMS' trademark applications are filed based either on Section 1(a) actual use or Section 1(b) intent to use.

The USPTO is considering whether the first filing deadline for Affidavits or Declarations of Use or Excusable Nonuse under Sections 8 and 71 of the Trademark Act should be shortened from between the fifth and sixth years to between the third and fourth years after the registration date, plus a six-month grace period thereafter. Below, Toyota and TMS respond to the USPTO's questions.

RESPONSES TO QUESTIONS

1. **Is "deadwood" on the trademark register a concern of yours, and what impact do you believe it has?**

Toyota and TMS conduct hundreds of U.S. clearance searches each year and appreciate the need to maintain an accurate trademark register by removing "deadwood" marks which are no longer used. However, Toyota and TMS believe that the current maintenance schedule strikes an appropriate balance between burdens to trademark registrants and the amount of time "deadwood" marks may be allowed to remain on the register.

While Toyota and TMS may encounter some "deadwood" registrations while conducting clearance searches, the burden to review and analyze these registrations is not significant. Indeed, Toyota and TMS have seen the cost of investigating each possibly "deadwood" registration decrease over the years as more information is readily available on the Internet.

The USPTO refers to research that indicates that a significantly higher percentage of businesses fail during the first two years of their establishment than during the three years that follow. Toyota and TMS understand that some businesses are short lived and some industries are volatile. However, it is impossible to operate a trademark register that is completely accurate at any given moment in time. The current system already provides two early mechanisms to remove deadwood marks by the third year of registration.

First, applicants proceeding based solely on Section 1(b) intent to use must file an Allegation of Use not later than three years after the Notice of Allowance Date, assuming the filing of the maximum number of timely Extension Requests. This period allows a reasonable time for "startup" businesses to put their marks into use. The Section 1(b) deadlines also will cause "deadwood" applications to be removed if no timely Allegations of Use or Extension Requests are filed, such as when an applicant loses interest or a business fails.

Second, interested parties can file cancellation actions based on abandonment at any time after registration. Trademark Act Section 45 defines abandonment as discontinuance of use with intent not to resume use, and provides that nonuse for three consecutive years is *prima facie* evidence of abandonment. The three-year nonuse presumption could be asserted based on the date of first use alleged in a Section 1(a) use-based registration, which would necessarily be earlier than the registration date. The burden on an interested party to file a cancellation based on abandonment is relatively low, particularly if the three-year nonuse presumption applies. Some cancellation respondents simply default or voluntarily surrender the registration. Moreover, registrants can voluntarily surrender a registration at any time.

In contrast, if the proposed change is adopted, "deadwood" registrations may actually increase. There would be no automatic mechanism to remove "deadwood" registrations from the fourth year of registration to the tenth

year of registration. Businesses may fail during this period just as they may fail during the first three years after a registration. If use of a mark ceases after filing a Section 8 affidavit in the third year, the "deadwood" registration would automatically remain on the register for seven years.

"Deadwood" is not a significant concern to Toyota and TMS. The current removal mechanisms are sufficient and, in any event, shortening the first Section 8 and 71 deadline will not necessarily result in a more accurate register.

2. Do you favor or oppose an amendment to shorten the first filing deadline for Affidavits or Declarations of Use or Excusable Nonuse under Sections 8 and 71 as a means of ensuring the accuracy of the trademark register?

Toyota opposes an amendment to shorten the first filing deadline for Affidavits or Declarations of Use or Excusable Nonuse under Sections 8 and 71 for the reasons summarized below.

a. The Proposed Change Would Increase Costs and Burdens to Registrants.

Under the current system, Toyota and most eligible registrants typically file combined Affidavits of Use and Incontestability under Sections 8 and 15 between the fifth and sixth year of the registration.

The proposed change would mean that most registrants would have three separate filings during the first 10 years of registration:

- Required Section 8 Affidavit of Use between third and fourth year
- Optional Section 15 Affidavit of Incontestability after the fifth year
- Required Section 8 and 9 Affidavit of Use and Renewal between the ninth and tenth year

The proposed change would be burdensome and costly to registrants such as Toyota and TMS who maintain hundreds of registrations. Eligible registrants would be making three filings over a ten year period instead of two. Each of these filings requires the registrant to docket and monitor dates, assess use as the date approaches, gather and review evidence of use, and review and sign the Affidavits. Registrants also must either prepare and file the Affidavits themselves or communicate with outside counsel and review and sign the Affidavits prepared by outside counsel. Even though use evidence is not required with a Section 15 Affidavit filing, past and current use must still be assessed and reviewed to ensure that the mark has been in continuous use for the preceding five years to be entitled to file a Section 15 Affidavit. By adding a third filing, the proposed change would increase burdens to registrants by 50% during the first 10 years of registration.

The proposed change also increases costs to registrants. Even if the government fees for a Section 8 Affidavit and a Section 15 Affidavit remain at current levels, registrants who use outside counsel would likely incur additional attorney fees and costs for docketing, gathering and reviewing use evidence, communication with clients, and preparation and filing of an additional document over the first 10 years of the registration. Registrants whose outside counsel firms charge hourly would certainly face higher costs with an additional filing. Even registrants whose firms charge flat fees for filing may charge a higher combined amount for a separate Section 8 and a separate Section 15 filing than they would for a combined Section 8 and 15 filing.

b. The Proposed Change Would Disproportionately Impact Section 44 Registrants.

Under current law, registrants who obtain a U.S. registration based on a foreign registration under Section 44 are not required to submit evidence of use in U.S. commerce or an allegation of excusable nonuse until the first Section 8 and 71 deadline, currently due between the fifth and sixth year of registration, plus a six-month grace period thereafter.

The USPTO has not asserted that Section 44 registrations pose a higher chance of becoming "deadwood", yet shortening the Section 8 and 71 deadline would disproportionately impact Section 44 registrants.

Many Section 44 registrants are multinational businesses like Toyota who may need time to obtain regulatory approvals, develop products designed for the U.S. market, develop distribution channels, and take other steps before they may begin using the mark in the U.S. It may be more difficult for these registrants to achieve all of these steps during a period of time that is two years less than the current period.

Moreover, there is already a mechanism to remove "deadwood" Section 44 registrations before the first Section 8 and 71 deadline. Interested parties may challenge Section 44 registrations based on the statutory nonuse presumption three years after the registration date or earlier based on evidence of nonuse with intent not to resume use.

3. If you favor shortening the deadline, what time period do you believe would be most appropriate for the first filing deadline?

This question is not applicable, as Toyota and TMS do not favor shortening the deadline.

4. Are you concerned that an amendment to the first Section 8 and 71 deadline would foreclose the ability to combine the filing with the filing of an Affidavit or Declaration of Incontestability under Section 15? What impact do you believe separating these filings would have?

As discussed in Section 2 above, the burden and cost to Toyota, TMS, and other registrants would increase significantly if such registrants were required to file an earlier first Section 8 affidavit and were unable to combine the first Section 8 filing with a Section 15 filing.

For the above reasons, the first Section 8 and 71 filing deadline should not be shortened and the present post-registration filing schedule should remain in effect. The USPTO is invited to contact the undersigned directly if further comments are desired.

Respectfully submitted,

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Toyota Motor Sales, U.S.A., Inc.
Legal & Corporate Responsibility