

IP Frontiers: The Trademark Modernization Act 2021



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Daily Record
Columnist

On Dec. 27, 2020, the Consolidated Appropriations Act 2021 (the “Act”) was signed into law. Despite commonly being thought of as merely a “Coronavirus Relief Bill,” it surprisingly contained much more than COVID-19 relief. One of the lesser-known parts of the Act is the Trademark Modernization Act (“TMA”) which amends the federal trademark statute (the “Lanham Act”). The TMA, effective on Dec. 27, 2021, adds provisions that end the Federal circuit split regarding presumption of irreparable harm in trademark infringement cases, brings greater efficiencies to trademark prosecution before the United States Patent and Trademark Office (USPTO), and adds mechanisms to streamline the process of challenging trademarks to help clear unused trademarks, a/k/a “deadwood,” from the USPTO trademark register.

Presumption of irreparable harm

The TMA restores a rebuttable presumption of irreparable harm in trademark infringement cases. While irreparable harm had been presumed for some time in intellectual property cases, in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006), the Supreme Court held injunctions could not be automatically granted in patent infringement cases. Instead, plaintiffs had to prove irreparable harm and the necessity of injunctive relief in patent infringement cases using a four-factor test. Although

this holding did not explicitly apply to trademark cases, by analogy, a Federal circuit split arose regarding the plaintiff’s burden of proof for irreparable harm in trademark cases. Some circuit courts held that the *eBay* irreparable harm standard in patent cases also applied to trademark cases, thus requiring a plaintiff to undergo the four-factor equitable analysis to determine irreparable harm. Other circuit courts did not apply the patent standard to trademark cases, thus preserving the presumption of irreparable harm. To remedy this circuit split, the TMA amends Section 34 of the Trademark Act of 1946 (15 U.S.C. § 1116(a)) to explicitly restore a presumption of irreparable harm in trademark cases. This presumption, however, is rebuttable, which allows defendants the opportunity to demonstrate that injunctive relief is not appropriate. This provision is effective automatically without further action.

Response Periods During the Trademark Application Process

Prior to the enactment of the TMA, when a USPTO Trademark Examining Attorney issued an objection and/or rejection in what is called an “Office Action,” the applicant automatically obtained a six-month window to respond to the Office Action, free of charge. The TMA amends this response timeframe, providing the USPTO with more flexibility to adjust the response window. Under the TMA, the USPTO has the authority to set response windows between 60 days and six months for non-final Office Actions. If the response time is set under six months, applicants can obtain extensions of time up to a total of six months for applicant to respond

or make amendments. The USPTO may (and likely will) set a fee for these extensions of time. This response framework is akin to the USPTO’s response procedure for patent prosecution, which has been in effect for some time.

Third-Party Submission of Evidence During the Application Process

A third party may only formally object to a pending US trademark application after the USPTO completes its internal review and examination, and the trademark is approved and published for opposition. At that point, a third party has 30 days to file an Opposition Proceeding with the Trademark Trial and Appeal Board (TTAB). However, under a long-standing USPTO policy, a third party can submit informal objections while a trademark application is being examined by submitting a “Letter of Protest.” The TMA codifies the “Letter of Protest” process, providing statutory authority for third-party challenges during the USPTO’s internal examination period. These new procedures allow third parties to submit evidence to the USPTO that is relevant to grounds for refusal. Each submission must include the legal grounds under which an examining attorney should refuse registration or issue a requirement, supporting evidence, and a description of the supporting evidence. This evidence can then be used by the examining attorney during their review of the application for compliance with the appropriate trademark rules. For example, a third party might consider formally providing evidence to the USPTO that would help establish the trademark applicant is not actually using a trademark in interstate commerce, which is a requirement in the U.S. in

order to be granted a trademark registration. Once evidence is submitted, the USPTO has two months to decide whether the evidence should be included.

The USPTO already issued rules confirming and establishing the procedures for third-party submissions, including a \$50 fee for the submissions. The rules went into effect on Jan. 2, 2021.

It is also important to note that submitting evidence under this procedure will not preclude a third party from later filing an Opposition Proceeding.

Ex Parte Cancellation of Trademark Registrations.

Prior to the TMA, a third party could only challenge a registered trademark by filing a formal Cancellation Proceeding with the TTAB or by seeking cancellation in federal court. Cancellation Proceedings before the TTAB are similar to litigation (including the ability to conduct discovery, motion practice, etc.) and can be quite expensive.

To make this process more efficient and cost-effective, and to encourage removal of trademark registrations that are not actually being used, the TMA creates two new ex parte proceedings by which third parties can challenge a trademark registration. The first one is referred to as “Expungement” and the second is called “Re-examination.” See Lanham Act, 15 U.S.C. § 1066 (A) and (B). These ex parte proceedings create new tools for third parties to challenge and/or cancel a trademark registration on non-use grounds that are more efficient and cost effective.

The ex parte Expungement Proceeding allows a third party to file a petition for the expungement (or modification)

of a trademark registration where the trademark has “never been used” on or in connection with some or all of the goods or services in the registration. If the petition is granted, the USPTO can either cancel a registration entirely or remove certain goods or services, whichever is appropriate. This proceeding may be initiated any time between three and 10 years following the date of registration.

The ex parte Reexamination Proceeding is similar to the Expungement Proceeding; however instead of alleging that the trademark has never been used in connection with certain goods or services, the Reexamination Proceeding is used to determine whether a trademark actually was used in commerce on the goods or services by the date alleged in the application or before the registration date. Like the Expungement Proceeding, the Reexamination Proceeding may result in cancellation of a trademark registration entirely, or removal of some of the goods and services. A third party may file a petition for reexamination within five years of the registration date.

An ex parte proceeding to expunge or reexamine a US trademark registration can be initiated by the USPTO once a third party files a petition along with the applicable fees. The request to initiate an ex parte proceeding must establish a prima facie case, which generally requires evidence of non-use and a verified statement that demonstrates a reasonable investigation took place to determine whether the trademark had been used in commerce with the goods or services in question. The USPTO will then decide whether to grant or deny the request. The USPTO also has the power to initiate either proceeding sua sponte

if information is obtained supporting a prima facie case.

If a prima facie case has successfully been made, the USPTO will grant the request and initiate proceedings requiring the registrant to prove use of the trademark or excusable non-use. The USPTO will then consider all the evidence and determine if it is appropriate to remove some or all of the goods or services in the registration. If the USPTO decides in favor of the registrant, they will bar new or further challenges in connection with the same goods or services. If the USPTO decides against the registrant, the registrant will have the opportunity to appeal the decision to the TTAB, and further, the U.S. Court of Appeals for the Federal Circuit.

Conclusion

By introducing substantial changes to the existing trademark laws, the TMA is intended to strengthen the rights of trademark owners. These changes will also help alleviate issues that the USPTO has had with erroneous trademarks, allowing others to use desired marks without encumbrance. However, given the significant modifications to long-standing USPTO procedures, businesses and trademark practitioners will need to quickly become familiar with and implement these new tools, fees, and timeframes to successfully prosecute and maintain US trademarks.

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