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**TRADEMARKS AND UNFAIR COMPETITION
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OPPORTUNITIES AND TRAPS UNDER THE NEW TRADEMARK ACT AMENDMENTS

The Trademark Modernization Act of 2020 (“TMA”) became law on December 27, 2020. It makes major changes in United States trademark law that will impact virtually all brand owners and litigants:

- New procedures for removing registrations and applications from the U.S. Patent and Trademark Office (“USPTO”) records;
- Shorter time frame for responding to Office Actions and fees for extensions; and
- Rebuttable presumption of irreparable harm in federal court trademark cases, easing the burden to obtain injunctive relief.

Reexamination, Expungement, and Letters of Protest

The USPTO has recently experienced an influx of applications and registrations that are clogging the Register and are accompanied by fraudulent specimens of use or other defects. The only recourse in the USPTO under prior law was to file a cancellation proceeding. The House Judiciary Committee recognized that this was an expensive and somewhat burdensome procedure and recommended creating other options.

The new reexamination and expungement procedures under the TMA therefore provide cheaper and faster ways of removing fraudulent and "deadwood" registrations.

Ex Parte Reexamination

The TMA authorizes brand owners to file petitions to the USPTO requesting reexamination of registrations of marks that were apparently not in use as of the “relevant date,” i.e., the filing date of the application, amendment to allege use, or statement of use. If a registrant cannot show use, their registration will be cancelled in whole or in part. This procedure is aimed at fraudulent claims of use, although registrations containing innocent errors regarding use are also subject to cancellation on reexamination. Reexamination is available during the first five years of the registration’s life.

Ex Parte Expungement

Any person may file a petition to expunge a registration on the basis that the mark has *never* been used in commerce as to some or all of the goods in the registration. Ex parte expungement is available between 3 and 10 years after a registration issues and is geared toward removing from the Register registrations obtained by foreign parties under the Madrid Protocol or the Paris Convention. Applicants under either the Protocol or the Convention can obtain registrations without having to prove use, but those registrations become vulnerable to a presumption of abandonment after three years. Expungement provides a way to remove the registrations from the Register other than a cancellation.

A petitioner for either reexamination or expungement must aver that it has conducted a “reasonable investigation” to determine that the mark was not in use on a “relevant date” or was never in use, and provide supporting evidence and a fee.

If the USPTO determines that the petition meets its requirements, the registration will be examined in much the same way as for an application, and the registrant will have an opportunity to provide evidence of use. The USPTO Director may also institute reexamination or expungement proceeding *sua sponte*.

The USPTO is required to promulgate rules for the new reexamination and expungement procedures, including explaining what will constitute a “reasonable investigation,” which will go into effect on or before December 27, 2021.

Letters of Protest

A “Letter of Protest” is an ex parte submission of evidence by interested third parties during the application examination process, notifying the USPTO of information that may affect the registrability of the applied-for mark. The TMA has codified this previously informal process, and now provides the Director with two months to review evidence submitted via a Letter of Protest. The USPTO is also required to promulgate regulations as to how to consider the evidence. It is also likely to establish a fee for filing a Letter of Protest.

Shortened Office Action Response Times, More Fees

Under the current law and practice, applicants have six months to respond to Office actions (communications from the USPTO refusing registration or requiring changes to an application). Under the TMA, the Office can shorten the response period to as little as two months. Applicants may request extensions up to six months on payment of a fee.

Restoration of the Presumption of Irreparable Harm.

Before 2006, when considering whether to grant injunctive relief in trademark cases, most courts presumed irreparable harm upon a showing of likelihood of confusion. That changed when the Supreme Court decided a patent case, *eBay, Inc. v. MercExchange L.L.C.*, 547 U.S. 338 (2006). Before *eBay*, the Federal Circuit’s rule was to grant permanent injunctions in patent infringement cases absent “exceptional circumstances.” Hence, once a plaintiff won on the merits, the irreparable harm factor was presumed. Some but not all, courts began to apply

eBay in trademark cases, abandoning the presumption of irreparable harm. This created a circuit split. The TMA resolved the split, restoring the presumption of irreparable harm in trademark cases, and reducing the evidentiary burden on brand owners seeking injunctive relief.

Next Steps

The TMA provides new, and likely very effective, opportunities to attack applications and wrongfully obtained registrations that may block your mark's registration. It also establishes much needed certainty with respect to the burden of proving irreparable harm in trademark litigation.

The TMA also contains some traps for the unwary. The wise applicant will tighten its record-keeping on use of the mark for each item in its application upon filing a use-based application or submitting a Statement of Use.