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Trademark Modernization Act of 2020: Three New Year's Gifts for Brand Owners



The Trademark Modernization Act of 2020 (TMA) was signed into law on December 27, 2020, making several changes to the Lanham Act that have important effects on trademark owners' brand protection programs. Consistent with the U.S. Patent and Trademark Office's (PTO) efforts over the years to reduce deadwood trademark filings, the TMA introduces entirely new *ex parte* proceedings that may be used to challenge the validity of registrations. These new proceedings are intended to reduce the effort required for interested parties, including the PTO, to remove abandoned marks from the register. In addition, by clarifying a trademark owner's burden in litigation, the TMA makes injunctive relief more accessible. Finally, the TMA introduces changes to quicken the pace of U.S. prosecution of pending applications and to increase the integrity of the application review process by codifying the process and procedures for third-party participation in the review of pending trademark applications.

### **New Petitions to Remove Deadwood Marks**

The TMA introduces two new petition procedures for expungement and reexamination intended to provide a quicker path to removal of registrations than existing cancellation actions for registered marks that are not in use. These changes follow PTO efforts over recent years to improve the integrity of the U.S. trademark register by reducing the number of registrations for which there is no use of the mark in commerce. Recent PTO data had shown that submission of fraudulent statements of use and manipulated specimens was on the increase. Among other responses to this trend, the PTO introduced a post-registration audit program for affidavits of ongoing use as well as channels through which the public could report fake or suspicious specimens to the PTO. Further, in August 2019, the PTO implemented a rule requiring applicants or registrants whose domicile is not located

within the United States or its territories to be represented by a U.S.-licensed attorney.

The TMA continues efforts to boost the integrity of the trademark register by authorizing new procedural mechanisms to remove registrations from the register where the trademark either has never been in use in commerce or was not in use as of the date of filing of an affidavit claiming use of the mark. These proceedings do not require a showing of standing and may also be initiated by the PTO. First, a new *ex parte expungement* proceeding permits a party to file a petition to expunge a registration where the mark has never been used in commerce with all or some of the goods or services in the registration. This *ex parte expungement* petition may be filed at any time following three years after the date of registration and before the expiration of 10 years following the date of registration. Under the new *ex parte reexamination* proceeding, any party may file a petition to expunge a registration on the basis that the mark was not used in commerce with all or some of the goods or services in the registration on or before the *relevant date*. The *relevant date* is defined as the date that the application was filed, (1) if the application was filed on the basis of Section 1(a), or (2) on the date that an amendment to allege use was filed, if the application was filed on the basis of Section 1(b). An *ex parte reexamination* petition may be filed at any time up to five years after the date of registration of a mark based on use in commerce.

For either of these new proceedings, the petition need only identify the registration, each good or service where the mark has been or was not in use, and a verified statement that sets forth the elements of the investigation conducted and facts supporting the allegation of non-use of the mark. Final regulations for this process are still pending. For example, the TMA directs the PTO to establish what constitutes a reasonable investigation as well as the general types of evidence that could support a petition that a mark has never been used in commerce or was not in use as of the relevant date. The TMA also requires the PTO to set the timelines of the proceeding. The TMA's provisions for this new type of proceeding will take effect one year from enactment and will apply to all registrations, regardless of when registered.

These new expungement and reexamination procedures offer small businesses and other new market entrants adopting trademarks with new, and potentially more streamlined, tools to remove blocking registrations where marks are not in use. While complete regulations have yet to be developed, these procedures will likely offer quicker and less expansive results under certain circumstances in clearing older, unused marks compared to existing cancellation actions available under Section 14 of the Lanham Act. The threat of their use may also encourage trademark applicants and registration owners, including foreign trademark owners using Section 44(e) and 66(a) bases, to narrow their goods or services to their actual use in commerce so that they can avoid the burden of responding to these proceedings.

## **Presumption of Irreparable Harm Restored**

The TMA also codifies a rebuttable presumption of irreparable harm in requests for injunctive relief in trademark infringement litigation. Prior to the U.S. Supreme Court's decision in *eBay, Inc. v. MercExchange LLC*, 547 U.S. 388 (2006), most courts applied such a presumption at both the permanent and preliminary injunction stages. Following *eBay*, however, courts split on whether the presumption was still applicable, and courts that required affirmative proof of irreparable harm did not clearly articulate how trademark plaintiffs could meet that requirement. The May 2017 [INTA board resolution](#) provides helpful background on the history and trademark owners' concerns.

The TMA resolves these concerns by amending 15 U.S.C. § 1116(a) to insert the following language between the first and second sentences: "A plaintiff seeking any such injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation identified in this subsection in the case of a motion for a permanent injunction or upon a finding of likelihood of success on the merits for a violation identified in this subsection in the case of a motion for a preliminary injunction or temporary restraining order."

This amendment is important to trademark owners for at least three reasons: (1) it resolves the circuit split and therefore eliminates costs related to forum shopping, (2) it further reduces a trademark plaintiff's evidentiary burden and costs associated with establishing entitlement to injunctive relief; and (3) perhaps most importantly, it ensures that trademark owners who successfully establish infringement or a likelihood of success on the merits at the preliminary injunction stage have access to meaningful injunctive relief, often the most important relief at issue in any trademark case.

## **Expanded Letter of Protest Procedures and Flexible Office Action Deadlines**

The TMA also confirms the current Letter of Protest procedure for submitting evidence relevant to the examination of an application. Parties can submit evidence that supports any ground of potential refusal of an application. The Director of the PTO (Director) will then have two months from the filing of the evidence to decide whether to include the evidence in the examination record of the application. The Director will also establish the relevant fees associated with this procedure and the process for reviewing the evidence to determine whether to include such evidence in the examination record. This determination of whether to include the evidence in the examination record is non-reviewable, though not prejudicial against asserting similar claims in, for example, an opposition proceeding.

Finally, the TMA establishes potential new timelines for responding to refusals of applications (Office Actions) issued by Examining Attorneys. Whereas, now, applicants have six months to respond to Office Actions, the TMA allows the Director to set a shorter response timeline of not less than sixty days to respond to certain Office Actions. Applicants will be permitted to secure extensions of time to respond to Office Actions, where Examining Attorneys have set response deadlines of less than six months. However, such extensions of time may require fees and the response must ultimately be filed within six months of issuance of the original Office Action.

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