



LEGISLATIVE UPDATE:

The Trademark Modernization Act: What Does it Do and Why Should Brand Protection Professionals Care?

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On December 27, 2020, the **Trademark Modernization Act (TMA)** was signed into law as part of a COVID-19 omnibus appropriations bill ([H.R. 6196](#)). The TMA seeks to improve the accuracy and integrity of the Federal Trademark Register by making significant changes to the way in which registrations may be cancelled and by formally recognizing certain registration procedures.

What does the TMA do?

It creates two new streamlined cancellation proceedings

The TMA creates two distinct *ex parte* procedures

for cancelling registrations based on non-use outside of the traditional Trademark Trial and Appeal Board (TTAB):

1) **expungement** and 2) **reexamination**.

Expungement: An expungement refers to the removal of a trademark registration for certain goods and services.

To request that a registration be expunged, anyone may file a petition to the U.S. Patent and Trademark Office (USPTO) arguing that a mark was *never* used in commerce for the goods or services covered by the registration. The petition must contain a statement establishing that a reasonable investigation was conducted, provide relevant supporting evidence, and include any associated fees. The Director of the USPTO may also file a petition for expungement *sua sponte* if he or she discovers information indicating that the mark was never used in commerce.

Once the petition is received, the Director will evaluate it, and if warranted, initiate an expungement proceeding, giving the trademark owner a chance to provide evidence of use in commerce or a reasonable excuse for non-use. Based on the results of the proceeding, the Director will decide whether expungement of the registration for all or some of the goods and services is appropriate.

If a registration is expunged, the trademark owner may appeal the decision to the TTAB (and, after that, to the U.S. Court of Appeals for the Federal Circuit).

While this process is considerably easier and more

cost effective than a traditional cancellation action, expungement is only available from three to ten years after the date of registration.

Reexamination: The process for reexamination is quite similar to expungement, but refers to a narrower situation where anyone, including the Director, petitions for reexamination of a registration because the mark has not been used in commerce *as of a particular relevant date* (as opposed to never). The relevant date depends on the **filing basis** for the registration, but usually refers to either the application date or the date when a “Statement of Use” is filed. The reexamination procedure is particularly intended to target registrations obtained based on illegitimate specimens.

Unlike expungement, reexamination is available *immediately* after the registration issues, but may only be brought within the first five years after the date of registration.

It codifies the “Letter of Protest” procedure into law

The TMA allows anyone to submit relevant evidence to the USPTO for consideration as to why an application should be refused registration (this is known as a **Letter of Protest**). The USPTO recently issued rules and procedures for these submissions (effective as of January 2, 2021) including a \$50 fee. [37 C.F.R. §2.149](#) and [TMEP §1715](#).

Upon receiving the Letter of Protest, the Director of the USPTO has a two-month period to determine whether or not to make the evidence of the record of the application. This decision is final and non-reviewable.

It gives the USPTO more flexibility in setting deadlines for Office Actions

While an applicant is usually given six months to respond to an Office Action, the USPTO may set Office Action deadlines that are shorter than six-months, but not less than 60 days. Applicants may request extensions, and the Director can create rules governing how these extensions work.

It creates a uniform rule establishing a rebuttable presumption of irreparable harm.

In the past, trademark owners seeking injunctive relief were entitled to a presumption of irreparable harm if they could show of likelihood of confusion. However, in 2006, the Supreme Court held in a patent infringement case, *eBay, Inc. v. MercExchange*, that a plaintiff needs to affirmatively prove irreparable harm in order to obtain injunctive relief.

After the *eBay* case, the circuit courts were split as to whether a presumption of irreparable harm would still apply in trademark cases. The TMA resolves this split once and for all.

The TMA clears up this confusion by amending the Lanham Act to state that a rebuttable presumption of irreparable harm *does* apply when infringement is found in the permanent injunction context, or when a likelihood of success on the merits is found in the context of preliminary injunctive relief.

What does the TMA mean for brand protection professionals?

The new procedures for expungement and reexamination are arguably the most innovative parts of the TMA and potentially the most effective new tool for brand protection professionals. The fact that trademark registrations can be obtained by foreign applicants based upon the Paris Convention and the Madrid Protocol, without the need to prove use of the mark in U.S. commerce, has long increased the amount of deadwood on the Federal Register. The problem has recently been compounded by applicants, particularly from China, who file use-based applications

with illegitimate specimens in order to more quickly obtain registration for submission to the Amazon Brand Registry, and to benefit from financial incentives provided by the Chinese government to locals who obtain foreign trademark registrations.

A Trademark Register crowded with registrations of marks not actually in use in the U.S. marketplace makes it exceedingly difficult for brand protection professionals to clear new brands for use and registration. With expungement and reexamination proceedings coming by year end, brand protection professionals will have more options for testing the validity of obstacles and clearing a pathway to registration. Additionally, the availability of quicker and less expensive *ex parte* proceedings should help to reduce the backlog of cases at the TTAB, which should speed up trial of more traditional *inter partes* cases. At the same time, legitimate brand owners will need to step up their game to respond to Office Actions with shorter deadlines. They will also need to make sure that their marks are in fact commercialized when claiming use and to avoid over-applying for goods and services they do not actually intend to offer. Maintaining a record of actual use information and plans to use the mark could prove handy in the event of expungement or reexamination proceedings.

For more information, read: [USPTO, 2020](#).

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