



## Trademark Law Alert: Big Changes Coming to U.S. Federal Trademark Practice

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The Trademark Modernization Act of 2020 (TMA) was signed into law on December 27, 2020 as part of the recently approved second coronavirus relief bill, a/k/a Consolidated Appropriations Act, 2021, H.R. 133, 116th Cong., Div. Q , Title II, Subtitle B (2020), [available here](#).

Perhaps because the TMA was passed as part of the lengthy COVID-19 relief and government funding package, it seems to have received only scant notice or discussion by U.S. and foreign trademark practitioners and brand owners.

However, the TMA introduces big changes into U.S. federal trademark practice that address some of the many challenges faced by the U.S. Patent & Trademark Office (USPTO) and legitimate trademark owners in stopping unabated fraud by unscrupulous parties. We note that while the new rules may indeed help with the fraud problem, they will also surely lead to higher fees and shorter deadlines for all, causing significant additional burdens on applicants, both legitimate and nefarious.

In particular, the TMA addresses a deluge of spurious applications filed with the USPTO by foreign applicants, many China-based, who, for the first time in history are now filing more U.S. trademark applications than are domestic applicants. Numerous such applications include fraudulent specimens of use. Such filings clutter the system and create delays that impede USPTO operations and interfere with bona fide trademark owners' rights.

Before the TMA, the Trademark Laws and Rules already gave the USPTO certain tools to counter this flood, such as auditing Statements and Declarations of Use, requesting additional specimens of use, requiring applicants to provide in-house e-mail addresses, and requiring foreign trademark owners to hire U.S. counsel to handle all communications with the USPTO. Furthermore, the USPTO had already increased and introduced new fees for trademark matters (to take effect January 2, 2021), inter alia in connection with use-related issues, such as post-registration maintenance stage audits.



Those measures are certainly helpful, but likely insufficient to stop the deluge of use-related fraud. Hence, the TMA introduced new tools to make the USPTO more efficient, and strengthen trademark protection for legitimate rights owners. These new tools may make U.S. trademark practice more complex and costly for foreign and domestic trademark applicants and registrants alike. However, many of these new tools target use-based applications or registrations, but not Madrid Protocol IR extensions of protection or foreign registration-based marks, which are exempt from the use requirement for registration purposes until three years after registration.

In particular:

The TMA allows the USPTO to shorten the deadline for applicants to respond to Office Actions from the current 6-month period to 60 days. Applicants would be able to request extensions of time up to the maximum of 6 months from the Office Action date, however there would be a fee required to request such extensions. Practically speaking, this provision almost guarantees that trademark prosecution costs will increase and comes on top of other recent USPTO fee increases effective on January 2, 2021.

- Starting on December 27, 2021, the TMA allows third parties to submit evidence for USPTO consideration during a trademark's examination process. The USPTO has two months from the submission of such evidence to determine whether it should be made of record. Such decisions will be final and non-reviewable. This may make it easier for trademark owners to thwart the registration of fraudulent marks or prevent overly broad coverage for competitors' marks, but requires the former to actively monitor U.S. trademark applications in order to take advantage of this new tool. This new rule greatly enhances the fairly limited submissions formerly allowed by Letters of Protest.
- Also starting on December 27, 2021, the TMA introduces two brand new tools to challenge trademark registrations: Ex Parte Expungement and Ex Parte Reexamination. These proceedings will allow third parties—or the USPTO's Director acting sua sponte—to petition to cancel registrations in part or in whole on the basis of non-use. Decisions on whether to institute these proceedings are discretionary with the USPTO and are non-appealable. When a petition is accepted, the USPTO will review the registration under the same standards as apply under Section 12(b). If a registrant cannot show use or excusable non-use for the challenged goods/services, the registration will be cancelled for those goods/services. These decisions to cancel are appealable to the Trademark Trial and Appeal Board (TTAB) and, thereafter, to the U.S. Court of Appeals for the Federal Circuit and the U.S. Supreme Court. Finally, neither concurrent nor subsequent proceedings regarding the same registration and goods/services will be allowed.

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Ex Parte Expungements to determine whether a mark was ever in use will be available from three to ten years after registration (and for three years after the TMA's enactment) and Ex Parte Reexaminations to determine whether a mark was in use at the time of application (for Section 1(a) registrations) or time of amendment to allege use (for Section 1(b) registrations) will be available within five years of registration. Neither of these proceedings will interfere with parties' current rights to file inter partes challenges to registered trademarks for non-use. These new ex parte proceedings offer challengers less expensive methods of knocking out a competitor's registration for non-use than is currently available through cancellation proceedings. However, due to their limited window of availability, once again, companies that do not actively monitor the US Trademark Register may miss out.

- Finally, the TMA clarifies that all trademark holders seeking court injunctions against infringers are now entitled to a rebuttable presumption of irreparable harm. This provision resolves a split in the law between different federal court circuits and should make it easier for plaintiffs to obtain injunctions in U.S. federal courts.

These sweeping changes have been introduced as the latest part of a multi-year campaign by the USPTO to discourage applicants from filing federal trademark applications with overly broad specifications, to remove the deadwood of currently unused registrations from the federal trademark register, and to make the federal trademark system more efficient in protecting those marks that are actually in use in U.S. commerce.

As a aside, the TMA includes provisions that purport to clarify that TTAB judges are "inferior officers" under the US Constitution by giving the USPTO's Director discretionary power to accept, reject or modify TTAB decisions, which may insulate them from attacks similar to those leveled against Patent Trial and Appeal Board (PTAB) judges in *USA v. Arthrex, Inc.*, no. 19-1434, which currently is pending before the U.S. Supreme Court. In this connection, we note that our firm has been active in seeking to protect the rights of our clients who have an interest in preserving the integrity of the TTAB and PTAB, and we have filed an amicus brief in the Arthrex case ([read more.](#))

We will report on further developments as the regulations governing these new mechanisms are promulgated by the USPTO. In the meantime, please feel free to contact us if you have any questions about how the passage of the TMA may impact your rights.



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