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Client Alert: Strengthening Trademark Rights: Protecting Your Brand Just Got Easier Under the Trademark Modernization Act

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The Trademark Modernization Act of 2020 ("TMA"), signed into law on December 27, 2020, allows a trademark owner to more easily protect its trademark rights. Here's what you need to know about the three (3) key provisions of the TMA.

1. Formalizing the procedure for challenging a trademark application prior to publication:

First, the TMA formalizes the letter or protest procedure and appears to expand the issues that may be raised. A third party, with no standing requirement, may submit evidence relevant to a ground of refusal of an application, such as likelihood of confusion or descriptiveness, to the Director of the United States Patent and Trademark Office ("USPTO") during the examination of a pending application. The Director then has two months to review the evidence to determine whether or not to include it in the record of the application for consideration by the examining attorney. Previously a rarely used, informal process, the new letter of protest procedure may prove a less expensive option to a formal opposition proceeding in the Trademark Trial and Appeal Board (TTAB).

Key Take Away: Trademark owners should discuss with their attorney setting up a trademark watch service to be alerted when potentially conflicting marks are filed. This form of early intervention has the potential to significantly reduce the cost of challenging trademarks.

2. Establishing new *ex parte* processes for cancellation of existing registrations for non-use under certain circumstances:

Second, the TMA establishes two *ex parte* petition options for eliminating registrations not in use to rid the Register of "deadwood."

Under Section 16A, any person may submit a petition for *ex parte* **Expungement**, three years after registration, to challenge a registration on the basis that the mark was never properly used in commerce. The petitioner must submit evidence that they conducted a “reasonable investigation.” The Director may then initiate expungement proceedings and provide notice to the registrant. The Director may also institute an Expungement proceeding on his own initiative. This streamlined process provides a cost-effective alternative to a formal cancellation proceeding in the TTAB.

Under Section 16B, any person may petition the Director for an *ex parte* **Reexamination** of a registration, within five years of registration, to delete some or all of the recited goods or services on the basis that the mark was not in use in commerce on, or in connection with, those goods or services at the time it registered. The new process provides for cancellation of a registration where the application was based on a false, but not necessarily fraudulent, declaration of use.

Key Take Away: The purpose is to combat the flood of fraudulent trademark registrations from China. For U.S.-based registrations, it remains important to continue using your mark. Non-use for three consecutive years subjects your registration to cancellation. It is also important to know your options when dealing with a potentially fraudulent mark. If you have reason to believe a competitor’s trademark was not in use at the time of its registration, it may be worth investigating a petition for reexamination. The expungement proceeding specifically targets foreign trademark owners who have obtained U.S. registrations based on foreign registrations. Foreign trademark owners will need to begin using the mark in the U.S. within three years, or your registration is more susceptible to challenge.

3. Restoring the presumption of irreparable harm for injunctive relief:

Third, the TMA restores and confirms the presumption of irreparable harm for trademark owners seeking a preliminary injunction and/or other injunctive relief. Until now, because of a circuit-split stemming from the Supreme Court’s opinion in *eBay Inc. v. MercExchange LLC*, 547 U.S. 388 (2006), a patent case, it was unclear whether trademark owners could presume irreparable harm, a key factor when seeking injunctive relief. Absent such a presumption, proving irreparable harm is both difficult and expensive, further complicated by the uncertainty caused by disagreement amongst appellate courts.

Key Take Away: With the presumption of irreparable harm restored nationwide, trademark owners have won a key victory in their efforts to obtain injunctive relief and/or apply leverage in settlement negotiations. Note, however, that defendants may still rebut and overcome this presumption.

The full text of the bill can be found [here](#).