

Trademark Modernization Act – A Summary

by Michelle Ciotola, Sofya Nadgorny, and Stacy Stewart
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A BILL

To amend the Trademark Act of 1946 to provide for third-party submission of evidence relating to a trademark application, to establish expungement and ex parte proceedings relating to the validity of marks, to provide for a rebuttal presumption of irreparable harm in certain proceedings, and for other purposes.

The Trademark Modernization Act or “TMA” is a series of amendments to the Trademark Act of 1946, otherwise known as the Lanham Act. The TMA is designed to improve and strengthen the accuracy and integrity of the United States Federal Trademark Register.

The TMA is a piece of bipartisan legislation that was part of the omnibus Consolidated Appropriations Act of 2021. The TMA impacts proceedings in the United States Patent and Trademark Office (USPTO), Trademark Trial and Appeal Board (TTAB), and in federal court litigation by: (1) providing for new nonuse *ex parte* post-registration mechanisms, (2) new ground for a Trademark Trial and Appeal Board (TTAB) cancellation (3) codifying the Letter of Protest; (4) allowing for flexible response periods in office actions; and (5) providing for a rebuttable presumption of irreparable harm in certain proceedings. These amendments will allow for removal of fraudulent marks and “deadwood” from the USPTO in an efficient manner. The improved integrity of the federal trademark register will allow businesses to make informed decisions with respect to their brands and marketing.

Important Dates:

- Signed into law December 27, 2020
- Notice of Proposed Rulemaking is expected Spring 2021
- Deadline for implementation is December 27, 2021

Summary of Key Provisions:

New *Ex Parte* Post-Registration Mechanisms to Cancel Unused Trademarks

The new *Ex Parte* Post-Registration Mechanisms may be initiated by **any person** or the USPTO **director**.

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The two new mechanisms are as follows:

- **Expungement** – allows a petitioner to challenge a registration on the ground that the mark has never been used in commerce with some or all the goods or services listed in the identification.
 - Petition to the USPTO Director
 - What may be challenged: Sections 1, 23, 44 or 66
 - Filed between **3-10 years after registration***
 - ***EXCEPTION:** *for a period of three years after the date of enactment of the TMA, a petition for expungement of a registration may be filed by a petitioner or the Director may institute on the Director's own initiative an ex parte expungement proceeding of a registration at any time following the expiration of three years after the date of registration.*
- **Re-examination** – allows a petitioner to challenge a registration on the ground that the mark was not in use in commerce with some or all the goods or services listed in the identification on or before the filing date of the application or the amendment to allege use. Does not apply to foreign registrations.
 - Petition to the USPTO Director
 - What may be challenged: Sections 1 or 23
 - Filed between 0-5 years after registration

The Requirements for Expungement or Re-examination require the petitioner to:

- Identify:
 - Registration Number
 - Goods or services being challenged
- Include:
 - Verified statement that a reasonable search was conducted
 - Supporting evidence
- Pay fee

New Ground for a Trademark Trial and Appeal Board (TTAB) Cancellation

- **Cancellation** – allows a petitioner to challenge a registration on the ground that the mark has never used in commerce with some or all of the goods or services listed in the identification.
 - Institute at the TTAB
 - What may be challenged: all registered trademarks*
 - Filed any time 3 years after registration
 - Does not limit the timing applicable for any other ground for cancellation
 - *A registration under Sections 44(e) or 66 cannot be cancelled under this new ground if the registrant demonstrates that any nonuse is due to special circumstances that excuses such nonuse.

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Letter of Protest

The TMA Codifies the Letter of Protest process which allows third parties to protest a *pending* trademark application on “any reasonable ground” for refusal appropriate in *ex parte* examination.

- Letter of Protest is Submitted to the Director of USPTO
- Fee associated with submitting Letter of Protest: \$50 USD
- Time frame from receipt: 2 months
 - Director of USPTO has two months to determine whether to include evidence from Letter of Protest in the record of the application.
- Decision of Director to include the evidence is final and non-reviewable
- If evidence is entered into the record, applicant has the opportunity to address the grounds for refusal

Flexible Office Action Response Times

The TMA gives the USPTO flexibility in setting times to respond to office actions during examination and is intended to increase examination efficiency.

- Response Time:
 - Before TMA: USPTO required to provide 6-month period to respond to office action
 - TMA: USPTO may set response periods of 60 days to 6 months
 - Extensions will be available for a fee

Rebuttable Presumption of Irreparable Harm

The TMA resolves a circuit split and restores the rebuttable presumption of irreparable harm for injunctive relief in a trademark infringement case.

Conclusion

While the amendments to the Lanham Act promise to provide brand owners with new tools to challenge problematic applications and registrations, among other changes, further guidance from the USPTO for many of these new mechanisms is still expected. The Notice of Proposed Rulemaking is expected in the Spring 2021 and as of this writing has not yet been released.

About the authors:

- Michelle P. Ciotola is Partner and Vice Chair of the Trademark & Copyright Department at Cantor Colburn LLP, mciotola@cantorcolburn.com.
- Sofya Nadgorny, Associate Counsel, Trademarks & Domain Names at Warner Music Group, Sofya.Nadgorny@wmg.com.
- Stacy Stewart is Associate General Counsel, Trademarks - Consumer Beauty at Coty, Inc., Stacy_Stewart@cotyinc.com.