

Publication

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Client Alert: Trademark Modernization Act Provisions Take Effect

As we wrote in January 2021, the Trademark Modernization Act of 2020 (TMA) brought significant changes to trademark law and practice. The TMA clarified the standard for brand owners seeking injunctions against infringers in trademark cases by reinstating — after a longstanding Circuit split on the issue — the presumption of irreparable harm once a trademark owner has demonstrated that its trademark is being infringed. Because a finding of irreparable harm is a prerequisite to obtaining injunctive relief against an infringer, the TMA has effectively made it easier for brand owners to obtain injunctions where their trademarks are being infringed.

Several additional provisions of the TMA, however, were the subject of a year's worth of rulemaking by the USPTO, and in late November 2021, the USPTO issued rules implementing these remaining TMA provisions. Those rules largely took effect December 18, 2021, except for provisions shortening the response period for Office Actions, which will not take effect until December 1, 2022.

Proceedings Alleging Nonuse

Arguably the most important of the changes from December 18, 2021 will introduce two new mechanisms aimed at reducing “dead wood” on the U.S. trademark registry. The USPTO has seen a recent uptick in the number of use-based registrations for marks that are not in fact properly used in U.S. commerce, cluttering the

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trademark register and making it more difficult for legitimate businesses to obtain trademarks, which serve important market and consumer protection purposes.

The first of these mechanisms, *ex parte* reexamination, provides a vehicle for any interested party or the Director of the U.S. Trademark Office to allege that a mark was not in use in commerce *as of the filing date of the application or as of the filing date of a statement of use*. The reexamination proceeding must be brought within five years after a mark's registration. The second, *ex parte* expungement, provides a vehicle to allege that a mark was *never* actually used in commerce and primarily concerns U.S. registrations that are based on foreign registrations. The expungement proceeding must be brought between three and ten years after a mark's registration. In addition, expungement proceedings will be available for *any* marks older than three years until December 27, 2023.

As the USPTO notes, the procedural and evidentiary requirements for the mechanisms are essentially identical, requiring evidence demonstrating that the petitioner conducted a reasonable investigation into nonuse of the mark. Accordingly, proceedings involving the same registration may be consolidated for USPTO review. What constitutes a "reasonable" investigation by a party requesting these actions will vary case-by-case, but the USPTO suggests that a reasonable investigation is more than a single internet search and less than complete exhaustion of all avenues of possible commerce. Readers interested in commencing such proceedings are advised to consult with their NGE attorneys to determine the necessary scope of investigation in each case.

In an effort to protect legitimate registrants from abuse of these mechanisms, the rule provides that the registrant of a challenged mark does not participate until the Director finds sufficient—or, *prima facie*—evidence of

nonuse and institutes a proceeding in which the USPTO carries the burden of proving nonuse by a preponderance of the evidence; after initiation of the proceeding, the petitioner has no further involvement. The USPTO reserves authority to place a limit on the number of expungement or reexamination proceedings brought against any given mark, should current safeguards against the harassment of legitimate registrants prove insufficient. Finally, any cancellation resulting from these proceedings will only apply to the relevant goods or services for which nonuse has been demonstrated, and will not necessarily apply to the entire registration.

In addition to the reexamination and expungement proceedings authorized by the TMA, the USPTO also created a new nonuse ground for cancellation petitions, which ground is available at any time after the three-year anniversary of a registration.

Additional Changes

Other changes, while less significant, will also alter U.S. trademark law and practice. For example, the U.S. Director of Trademarks may choose to insert evidence presented in a third-party letter of protest into the relevant application.

Finally, the USPTO has amended its rules to shorten the response period to Office actions issued in most trademark applications to three months, with an extension of an additional three months available by the applicant's request (and fee). These changes do not affect applications requesting U.S. registration of foreign-registered marks under Lanham Act § 66(a) ("Madrid" applications), as the USPTO has found that the prosecution of such marks is procedurally and legally more complex and often requires more time. As noted above, changes to Office action response deadlines will



not take effect until December 1, 2022. The full text of the new rules is available [here](#).

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