In Case You Missed It: Trademark Modernization Act of 2020



By:Sean D. Detweiler
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Signed into law at the end of 2020, the Trademark Modernization Act (TMA) is intended to improve and strengthen the federal registration process and register. The TMA includes a number of provisions, some of which are intended to provide U.S. companies with better information as it relates to marketing and branding rights in the United States.

Trademark infringement plaintiffs more likely to gain injunctions

The TMA establishes a rebuttable presumption of irreparable harm when assessing injunctive relief in trademark litigation[1]. This resolves considerable judicial uncertainty regarding whether the Supreme Court's decision in *eBay v. MercExchange, L.L.C.* (a patent infringement case) eliminated the long-recognized presumption in trademark cases (547 U.S. 388 (2006)). Before *eBay*, a plaintiff providing proof of likelihood of confusion was sufficient to establish both a likelihood of success on the merits and irreparable harm. After *eBay*, the Supreme Court's language caused some courts to determine that liability for trademark infringement no longer presumptively supported injunctive relief and that irreparable injury had to be shown independently. The TMA eliminates the different standard among the courts following *eBay* and clarifies that a rebuttable presumption of irreparable harm applies for trademark violations. This returns the law to how it was prior to *eBay*, making it more likely that a plaintiff alleging infringement would be able to get an injunction to halt the allegedly infringing use to avoid irreparable harm.

Potential for shorter prosecution timelines

The TMA also requires the Director of the US Patent and Trademark Office (USPTO) to implement regulations to establish a number of new processes by the end of 2021. One process is a flexible office action response period. Currently, the period for responding to a trademark office action is six months. Under new rules, trademark examiners will be allowed to set office action response deadlines for less than six months from issuance of an office action, but not less than 60 days. Applicants may request extensions of time to respond to any deadline that is less than six months from issuance of the office action. This should serve to shorten the timeline of trademark application prosecution.

Ability for third parties to submit evidence against registrability

During examination of a trademark application for registration, the TMA requires establishment of a process for third-party submission of evidence that may challenge whether the applicant should be granted the registration. Once effective, third parties will be able to submit evidence and arguments supporting refusal of others' trademark applications. The submission must be

reviewed to determine whether to include the evidence in the application file. The determination is final and non-reviewable. This will enable registrants that monitor their marks with watch services to act quickly when a new application is filed that the registrant considers may be likely to cause confusion in the marketplace with their registered mark, and submit evidence to bring the potential for confusion, or actual confusion, to the examiner's attention. The USPTO currently provides an option for third party submissions to patent examiners reviewing patentability of patent applications. This appears to be the same or similar option now available on the trademark side.

Two new tools for challenging trademark registrations

In addition, there are two new ways in which an existing trademark registration can be challenged, namely, *ex parte* expungement and reexamination procedures for nonuse. Under these provisions, parties will be able to file petitions to the Director to expunge a registration at any time between three and ten years after registration on the basis that the registered mark was never used in connection with specified goods or services identified in the registration[2]. This is likely to be referred to as a 66A challenge. Parties will also be able to file petitions to reexamine a registration at any time before five years after registration on the basis that the registrant was not using the registered mark on the relevant date that the registrant alleged use of the mark[3]. This is likely to be referred to as a 66B challenge. Both of these previsions appear to target a substantial problem currently within the trademark register of foreign origin trademark applications being filed in the U.S. with fake evidence of use.

A third party filing either of these petitions must set forth facts showing the petitioner's reasonable investigation of the registrant's use and any supporting facts and evidence. The registrant may submit contrary evidence showing use of its mark or excusable non-use for marks registered under Section 44(e) or Section 66 of the Lanham Act[4]. If the Director concludes that the petitioner sets out a *prima facie* case, which is a final and non-reviewable conclusion, the Director shall institute a proceeding for a USPTO examiner to determine if the registration should be cancelled in whole or in part. The examiner's decision is appealable to the Trademark Trial and Appeal Board.

Good news for the quality of trademark register

In summary, these TMA provisions serve to:

- potentially shorten the timeline of trademark prosecution,
- allow third parties to put evidence in front of a trademark examiner during examination of the application that may be relevant to the mark being registrable or not, and
- provide third parties with two new forms of challenge to marks that have been registered but such registration may have been based on false or unsubstantiated evidence of use of the mark in interstate commerce.

With these new provisions in place, it seems hopeful that the quality of the trademark register may be improved.

If you have any questions about any of these provisions, if you wish to challenge another's registration of a trademark, or if you have a trademark related to a brand that you would like to federally register, please contact Trademark Attorney and Practice Leader, Sean Detweiler, with any questions.

Footnotes

1. 15 U.S.C. § 1116(a)

2. 15 U.S.C. § 1066A

3. 15 U.S.C. § 1066B

4. 15 U.S.C. §§ 1126(e), 1141f