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What You Need To Know About the Trademark Modernization Act of 2020

On Dec. 18, 2021, the U.S. Patent and Trademark Office (“PTO”) rules implementing the Trademark Modernization Act of 2020 (the “TMA”) will go into effect. There are several notable changes to the Lanham Act governing U.S. trademark law which will impact how trademark law is practiced before the PTO.

One of the biggest pushes to change and update the Lanham Act is the increase in suspicious submissions, which range from inaccurate to fraudulent, many of which originate from overseas applicants. Considering marks for adoption has frequently been frustrating for trademark owners, and options for canceling or challenging what may be fraudulent use of a mark in registration have been limited. Now, with the TMA implementation, trademark owners and practitioners will have more robust options for challenging third-party use of a registered mark instead of relying on the more costly and time-consuming *inter partes* (between parties) cancellation proceedings.

Also, conversely, trademark owners should consider an audit of their own trademarks and registrations and consider taking proactive steps at the time of registration maintenance or renewal to delete goods and/or services from registrations that are no longer in use to avoid a non-use challenge.

Two new options for *ex parte* (one party) procedures for challenging a registration based on non-use of a trademark in a registration are Reexamination and Expungement. The filing requirements and considerations for each option follow.

Expungement

- Procedure directed at trademark registrations on the basis that a registered mark has never been in commercial use on some or all of the goods or services listed in the registration.
- Challenge can be filed between the third and tenth anniversaries of the registration. Until Dec. 27, 2023 (two years after the proposed rules go into effect), a proceeding may be requested for any registration at least three years old, regardless of the ten-year limit.
- Successful challenge will result in removal of any goods or services not in use under the trademark.
- Section 44 and 66 registrants (typically foreign trademark owners who register marks relying upon a home-country registration or application and not upon actual use of a mark in the United States) can establish excusable non-use for the first five years of registration.
- Expungement procedure is a difference in the timing of the use by a registrant rather than the current cancellation proceeding use basis (i.e., a presumption of

abandonment arises if no use for three years with no intent to resume).

- A verified statement establishing that a reasonable investigation was conducted to determine the trademark has not been used in commerce with the specific goods and services.

Reexamination

- Procedure directed at trademark registrations that issued based on the alleged use of a trademark and evidence is submitted to show that the trademark was not in use either as of the date the underlying application was filed or as of the date a statement of use was filed. The proceeding would address the date the underlying use-based application was filed, the date an amendment to allege use was filed, and the expired period of time for filing a statement of use.
- Challenge must be filed before the fifth anniversary of the registration.
- A verified statement establishing that a reasonable investigation was conducted to determine the trademark has not been used in commerce with the specific goods and services.
- A successful challenge will result in the removal of any goods or services not in use under the trademark.
- The Director of the PTO may institute reexamination on its own.

Additional Information

- \$400.00 filing fee per class for both proceedings.
- No co-pending proceedings are allowed, and you only get one chance!
- Reasonable investigation is an appropriately comprehensive search likely to reveal the use of the mark in commerce on or in connection with the relevant goods and/or services if such use was, in fact, made. The elements of a petitioner's investigation should demonstrate that a search for use in relevant channels of trade or advertising for the identified goods and/or services did not reveal any relevant use. A search using a single Internet search engine will not be considered sufficient evidence.
- How both proceedings will work:
 1. Petition to request reexamination or expungement is submitted to PTO Director.
 2. PTO Director will review to determine for instituting



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a proceeding whether the petitioner has submitted evidence sufficient to establish a prima facie case (such evidence as will prevail unless contradicted and overcome by other evidence) that the trademark was not used. PTO Director's determination is final and non-reviewable. At this point petitioner's involvement ends.

3. If a proceeding is instituted, a PTO Examining Attorney will issue an Office Action notifying the registrant (or its Attorney) about the proceeding. The registrant will have three months to respond with a one-month extension available for \$125.00. Registrant may respond by providing appropriate evidence of use and/or deleting from the registration some or all of the goods or services at issue.
4. The Examining Attorney will then consider all of the evidence and render a decision.
5. An appeal or request for reconsideration may be filed by the registrant after the decision.

Now is the time for all trademark owners and, in particular, non-US trademark owners to be proactive and consider a review of their U.S. trademark registrations. If a mark is not in use in U.S. interstate commerce and is more than three years old, a new application should be considered. Pending applications should also be considered as to when the trademark may be used in the United States and how possibly to delay registration grant by not relying on a foreign registration but instead relying on an intent-to-use basis, and then extended the time for three years from the Notice of Allowance date.

Trademark owners should also be ready for shorter Office Action response deadlines beginning December 2022. The significant change is that applicants and registrants will be required to respond to Office Actions within three months, excluding Madrid Section 66(a) applicants. A single three-month extension of time for \$125.00 to the initial three-month period is proposed and must be received within the first three-month period.

Stradley Ronon IP attorneys stand ready to help trademark owners navigate the new rules and procedures, initiate any non-use proceedings, and review existing trademark portfolios to minimize any potential issues concerning non-use.