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LEGAL UPDATES

Trademark Modernization Act of 2020

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Congress has just passed the bi-partisan Trademark Modernization Act of 2020 (TMA), which amends the Trademark Act to provide new procedures for third-party submission of evidence relating to trademark applications, to establish *ex parte* proceedings for reexamination and expungement of outstanding trademark registrations, and to provide for a rebuttable presumption of irreparable harm in trademark infringement proceedings. The TMA is intended to strengthen the rights of trademark owners and thereby help protect consumers who rely on trademarks to identify the true source of the goods and services they are buying. The TMA is part of the omnibus spending bill passed by Congress and awaiting signature by the President. We expect it will be enacted shortly.

The TMA helps address the problem of trademark registrations for marks that are not actually in use, including the recent flood of fraudulent trademark filings from China, many of which rely on doctored photos to demonstrate use of a mark to obtain or maintain a trademark registration. Companies who encounter potentially conflicting marks when seeking to register and use their own trademarks will have these new tools provided by the TMA to help combat fraudulent registrations.

The TMA codifies the existing Letter of Protest procedure, which allows third parties to submit evidence during examination of trademark applications — including evidence of a conflicting senior registration and evidence that a mark is not actually in use for the goods or services claimed — to avoid the issuance of fraudulent or undeserved registrations. Brand owners will want to consider making third-party submissions to offer evidence during examination of applications filed by their competitors. Evidence can relate to any ground on which an examiner could refuse registration.

The TMA also provides new post-registration procedures for *ex parte* reexamination and expungement of registrations at the U.S. Patent and Trademark Office, to permit third parties to challenge registered trademarks for non-use. Companies will want to consider using these new procedures, instead of pursuing more costly and time-consuming *inter partes* cancellation proceedings before the Trademark Trial and Appeal Board.

Related People

William A. Scofield, Jr.

Counsel
Boston
857.300.4032
william.scofield@lathropgpm.com

Sheldon H. Klein

Senior Counsel
Washington, D.C.
202.295.2215
sheldon.klein@lathropgpm.com

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Better examination practices, and more efficient and timely post-registration procedures, will help brand owners oppose trademark registrations that should not have been issued, or should no longer be maintained.

The TMA also strengthens the remedies available to trademark owners who prevail in infringement lawsuits by creating a statutory rebuttable presumption of irreparable harm, thereby supporting the issuance of injunctive relief against infringers. This will resolve a split among the courts as to whether irreparable harm should be presumed when trademark infringement has been proven. Since this provision may lead to an increase in the issuance of preliminary and permanent injunctions, it is a significant development, both for brand owners who are seeking to enforce their trademark rights, and companies who are defendants in trademark litigation.

There are several less obvious changes authorized by the new TMA. One of the most significant is the grant of authority to the Director of the USPTO to mandate response times for certain Office Actions by examiners of less than six months (the current standard). Another is a statutory fix intended to ward off challenges to the constitutionality of USPTO trademark judges (currently the subject of a case before the U.S. Supreme Court regarding patent judges).

The new USPTO *ex parte* reexamination and expungement procedures authorized by the TMA do not go into effect immediately. The Office is required to issue regulations to implement the new procedures within one year.

It should be noted that other regulations going into effect on January 1, 2021, will also help address the problem of outstanding trademark registrations for marks that are not in use with all the goods and services covered by the registration. Trademark owners who file a Declaration of Use to maintain a registration but do not voluntarily delete goods or services for which the mark is not in use will be assessed a penalty if they are forced to do so in response to an audit by the Trademark Office. All trademark registration owners and companies who file new applications to register trademarks will need to be mindful of these new regulations, as well as the new Trademark Modernization Act.

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

A section-by-section analysis of the bill can be found [here](#).

For more information, please contact [Sheldon Klein](#), [William Scofield](#) or your regular Lathrop GPM contact.