

In an earlier post, we discussed the first two major categories of changes included in the Trademark Modernization Act of 2020 (“TM Act”). Here we take up the third category of changes.

The TM Act included major changes for “canceling” trademark registrations after registration by enacting new procedures for ex parte submission of evidence. These new options are to attempt to expunge a trademark registration, to pursue a cancellation proceeding under new grounds, or to request re-examination of the registration.

Under the new expungement proceeding, any person may seek expungement of a registration or of a good or service that has never been used in commerce, regardless of whether they would be injured by a likelihood of confusion. The challenger files a petition and supporting evidence; the Director then makes a “prima facie case determination” if the allegations are deemed legitimate. The registrant is only required respond after the Director determines there is a legitimate claim. The petitioner’s request must be supported by evidence of non-use and show that the petitioner’s investigation was “reasonable” – a standard to be determined by future rulemaking. The Director’s decision to proceed or not is not reviewable, and once a proceeding is initiated, a second expungement proceeding is prohibited forever. The person tasked with reviewing the proceeding will be a trademark examiner. The standard of evidence for use is lower than the proof required for a statement of use, and seemingly any showing of use will defeat such a proceeding. But, we await the regulations to know exactly what the standard will be.

Although any registration is susceptible to expungement, the main target of these proceedings will be foreign registrations. Due to international treaties, trademarks registered through Sections 45 or 66 of the Lanham Act do not need to prove use in commerce until the five-year anniversary. But this change to the law will allow any foreign registration to be challenged after three years. While they may be entitled to rely on excusable non-use, this change will threaten a lot of foreign registrants.

An interesting note on timing: expungement is allowed only between the third and tenth years of the registration, except that for the first three years after the law takes effect, any registration will be subject to expungement. You would think between the specimen of use filed with the application and the specimen of use filed with the Section 8 renewal after the fifth year of registration, there would not be any grounds for expungement by the end of that period. It will be interesting to see how this plays out.

The TM Act also adds a new ground for cancellation proceedings: the same “never use” assertion as found in the new expungement proceeding. The cancellation grounds is akin to genericism – there is no time limit on asserting this ground for cancellation after the first three-year safe harbor period has lapsed.

The third new component of ex parte cancellation is the ex parte reexamination proceeding. This allows anyone – again, standing of likelihood of confusion is no longer required – to request re-examination of a registration on the grounds that the mark was not in use in commerce with some of the goods or services as of the claimed date of first use. This is slightly different from the expungement proceeding, which applies to marks that have never been used. This proceeding, again, leads to an initial review by the Director to determine whether there is a prima facie case. Then, an examiner reviews the registration as though it were at the application stage again, with the benefit of whatever evidence the petitioner and registrant provide.

This procedure also has a “use-it-or-lose-it” approach: once any good or service is challenged for reexamination and survives, it cannot be challenged again. As for timing, this proceeding can be undertaken any time before the five-year anniversary of registration. Unlike expungement, by the time a registration is eligible for its Section 8 renewal, it will be secure from re-examination. This gives more emphasis to a declaration of incontestability, because the presence of such a declaration will be proof-positive that the mark survived or avoided reexamination.

Finally, while trademarks are the only form of registrable intellectual property not referenced in the Constitution, the TM Act includes a nod to constitutional law nonetheless. Specifically, to avert any dispute on the constitutionality of judges on the Trademark Trial and Appeal Board, the TM Act specifies that the Director of the USPTO has the authority to reconsider, modify, or set aside all decisions by the Board. This seemingly innocuous provision could provide an alternative route of appeal from Board decisions. The change was adopted in light of compelling arguments at the Patent Trial and Appeal Board (and now at the Federal Circuit and Supreme Court) that PTAB judges are unconstitutionally appointed.

This change to the authority of the Director and subordination of the Board to the Director is another crack in the plaster that has normally allowed federal judges to interpret trademark laws under patent precedent, and vice versa. It will be interesting to see if this trend accelerates, where courts stop intertwining precedents, or if these are mere exceptions to the norm.

All in all, these seem to be positive changes for trademark law, to the benefit of trademark holders, and thereby consumers who rely on accurate trademarks. And the changes are positive for trademark practitioners, who have received some new, more efficient avenues of protest, expedited timing, and clarity on legal and constitutional issues related to trademarks. Now, we look forward to the rules the USPTO will issue to effectuate some of these changes to see how they will actually be implemented.