

A Practical Guide to the Trademark Modernization Act of 2020

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The Trademark Modernization of 2020 (“TMA”) became law on December 27, 2020. It should be fully implemented and take effect on December 27, 2021.

The TMA amends the Lanham Act in three key aspects. First, it institutes new tools to remove USPTO trademark filings that are based on inaccurate claims of use in U.S. commerce. Second, the TMA provides for discretionary shortened response deadlines to office actions, authorizing Examining Attorneys to unclutter the federal register to eliminate applications that will ultimately be abandoned. Third, the TMA restores the rebuttable presumption of irreparable harm in jurisdictions that have dismissed it, increasing the brand owner’s chances of successfully obtaining injunctive relief.

Tools to Remove Inaccurate Claims of Use in U.S. Commerce

The TMA (A) provides for a broader and easier Letter of Protest system, (B) creates a streamlined expungement procedure, and (C) establishes new grounds for re-examination of a registration.

Expanded Letters of Protest

The current USPTO rules restrict Letters of Protest to issues of genericness, prior registrations, ongoing litigation, and examiner error in calculating Paris Convention priority. The rules do not provide a vehicle for addressing fraudulent specimens or non-use issues. The TMA expands the Letters of Protest to allow interested parties to submit evidence of a conflicting prior-registration and evidence that the applied-for mark is not actually in use for the goods or services identified in the application. In other words, brand owners will be able to use a Letter of Protest to submit evidence that relates to any ground on which an examiner can refuse registration under the Trademark Act.

Ex Parte Expungement

Section 16A of the TMA provides a new post-registration procedure for *ex parte* expungement of certain improperly granted registrations. Specifically, under this provision anyone can petition the USPTO to expunge a registration, either in whole or in part, where there are specific goods or services listed in the registration for which the trademark has *never* been used in U.S. commerce. To

institute the expungement proceeding, the complaining party is merely required to supply evidence of a “reasonable investigation” showing that the registered mark was never used for the goods and services identified in the petition. The Director will then, upon finding of a *prima facie* case, provide notice to the registrant. Because the expungement proceeding can only be filed three years after issuance of the registration, when a presumption of abandonment arises, Congress clearly intended for the expungement proceedings to target registrations obtained through the Madrid Protocol and the Paris Convention. These international agreements are frequently used by foreign brand owners, so it is imperative to bear the three-year use deadline in mind when building their U.S. trademark portfolios. Of course, these registrants can always provide evidence showing use or that the non-use was due to special circumstances that should excuse such nonuse in an expungement proceeding.

***Ex Parte* Re-examination**

Under Section 16B, the TMA adds a new ground for invalidation of a registered mark that was not used in U.S. commerce^[1] for some or all of the goods or services listed in the registration as of the “relevant date” in the application process. This section of the TMA defines “relevant date” as any of the following:

1. the filing date for an application in which the mark was claimed to have already been used in U.S. commerce,
2. the filing date for an amendment claiming that the mark was currently in use in U.S. commerce, or
3. the deadline by which a statement of use was due to be filed for applications originally filed based on an “intention to use” the mark in U.S. commerce.

As with Section 16A, the USPTO can initiate re-examination proceedings upon receipt of a petition that is accompanied by a reasonable investigation showing that the mark was not used in U.S. commerce as of the “relevant date.” Because the filings on the “relevant dates” all include sworn statements that the marks were being used in U.S. commerce, the Section 16B proceedings are clearly meant to target registrations that were obtained through false statements. Although fraudulently obtained registrations are the obvious targets of these re-examination proceedings, they also apply to registrations that include innocent misstatements or misunderstandings about what is required for “use” in U.S. commerce. To avoid being a target for such proceeding, brand owners must be scrupulously accurate about any claims that its marks are being used in U.S. commerce. They must be sure that these claims of use are true for *all* the goods and services listed in the applications. In situations where some of the listed goods and services are not going to be offered in U.S. commerce, brand owners should delete such goods and services from any filings made on the “relevant dates.”

Because the request for the re-examination/invalidation must be filed within the first five (5) years after the trademark registration issued, it is critical that the brand owner watch the federal register for problematic filings so that they do not miss this 5-year deadline.

Discretionary Shortened Office Action Response Deadline

Under the USPTO’s current practice, applicants must respond to issued Office Actions within six (6) months from the issuance date to avoid the abandonment of an application. Due to rising concerns

regarding the proliferation of applications and registrations for trademarks that are not actually in use in U.S. commerce, the TMA now authorizes Examining Attorneys to set a much shorter response period, anywhere between two (2) months and six (6) months from the Office Action issuance date. We expect that if the issues raised in Office Actions may be resolved fairly quickly, such as identification amendment and mark description requirements, a discretionary shortened deadline will be triggered. If needed, the applicant may request to extend the shortened response deadline.

This new rule is intended to help unclutter the register, clearing the way for legitimate trademark users waiting in line to obtain registration of their marks. Brand owners must pay attention to each response deadline upon receipt of an Office Action, as we may start seeing much shorter response periods than the accustomed 6-month period.

Restoration of Presumption of Irreparable Harm

Courts require that brand owners seeking an injunction against an infringer must prove that it will be “irreparably harmed” if the infringer is not enjoined from further use of the infringing mark. Before the TMA, there was a circuit split on the standard for injunctive relief in trademark infringement cases following the U.S. Supreme Court’s ruling in *eBay Inc. v. MercExchange*. 547 U.S. 388 (2006). *eBay* eliminated a similar presumption of irreparable harm in patent cases. In trademark cases decided since *eBay*, circuit courts have been inconsistent on whether *eBay* should also apply to trademark infringement cases where injunctive relief was sought, or whether the four equitable factors for obtaining an injunction should be weighed in each case. The split encouraged forum shopping and undermined the consumer protection purposes of the Lanham Act.

The TMA now clarifies that a nationwide uniform standard of presumption of irreparable harm should be applied in trademark cases, reducing the evidentiary burden on brand owners for obtaining injunctive relief to protect their trademark rights. Accordingly, a brand owner who proves infringement will enjoy a legal presumption that the harm caused by continued infringement will be irreparable.

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