

The Trademark Modernization Act and Its Impact on Your Trademark Application

In December 2020, Congress passed the Trademark Modernization Act (the “TMA”), which amends the Lanham Act, in order to fight the now-common practice of registering for trademarks that the owner does not actually intend to use in order to “reserve” the right to use the trademark or prevent others from filing for the trademark. Here, we discuss the four main changes the TMA makes to the Lanham Act.

But first, a quick refresher: in the U.S., every trademark application must be based either on actual use of a trademark in commerce or a “bona fide intent” to use the trademark in commerce in the future. For both types of applications, the applicant has to submit proof of the trademark being used in commerce, known as a “specimen of use,” sooner or later in the application process.

The key changes of the TMA that we address below each give the U.S. Patent and Trademark Office (“USPTO”) and third parties more efficient methods to combat fraudulent trademark applications—*i.e.* trademark applications where the application is not being used in commerce and there is no bona fide intent to use it in commerce.

1. **USPTO Can Now Set Shorter Deadlines to Respond to Office Action Letters.** Under the prior rule, the USPTO gave applicants six months to respond to an office action, such as an initial refusal of a trademark application. The TMA empowers the USPTO to set shorter response deadlines as it sees fit, with deadlines now ranging between 60 days and six months. Applicants can request extensions, but they have to pay a fee. This allows the USPTO to prosecute and weed out potentially fraudulent applications more quickly.
2. **Third Parties Can Request an Expedited Review of Registrations That Are Not Used in Commerce.** Under the old regime, a third party seeking to challenge a fraudulent application could initiate formal cancellation proceedings, which entail submission of written evidence and an evidentiary hearing, and thus can be very expensive. The TMA creates two new types of proceedings:
 - a. “expungement” proceedings, which must be requested between 3 and 10 years after a trademark is registered and can be brought by a third party alleging that the mark was never used in commerce; and
 - b. “reexaminations” proceeding, which must be requested within 5 years of registration of a mark, and can be brought by a third party alleging that the mark was not actually being used in commerce on the date that the registrant claimed it was.

Both proceedings are quicker and cheaper than a formal cancellation proceeding, including because they are *ex parte*, meaning that these requests can be granted without participation or a response from the trademark owner.

3. **Plaintiffs Can Get Injunctions More Easily.** To obtain an injunction—*i.e.* to have a court order that the defendant stop its infringement—a plaintiff has to show that allowing the defendant to continue using the mark will cause “irreparable harm” that cannot be adequately compensated through the payment of money. For example, injury to a

company's reputation resulting from another company's use of its trademarks in connection with illegal products or services would likely constitute irreparable harm. Under the TMA, there is now an automatic presumption of irreparable harm if the plaintiff can show infringement, which makes it much easier for a plaintiff to get an injunction.

4. **Third Parties Can Officially File “Letters of Protest.”** Previously, the USPTO informally allowed third parties to file a “Letter of Protest” to challenge a trademark application even before it was published. (The publication period is when most third-party oppositions are filed.) Under the TMA, Letters of Protest are now formally permitted, and any evidence submitted with a Letter of Protest indicating that the applied-for trademark should not be registered—for example, because it infringes another party's rights—can be taken into account by the USPTO when it is conducting its own examination of the application.

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Each of the above points makes it easier for third parties to challenge fraudulent trademarks. To mitigate the risk of the TMA being wielded against you, always: (1) submit high quality specimens of use showing the use of your trademark in commerce; and (2) include detailed explanations in your trademark application about what the specimens show and how the mark is used in commerce.

Please contact us at hello@klukfarber.com or (646) 850–5009 with any questions—we look forward to hearing from you!

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