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December 14, 2021

USPTO Finalizes Rules Implementing the Trademark Modernization Act



When Congress passed the Trademark Modernization Act of 2020 (TMA) on December 18, 2020, giving both the U.S. Patent and Trademark Office (USPTO) and trademark owners additional tools to reduce clutter and improve the integrity of the U.S. trademark register, it imposed a one-year deadline on the USPTO to develop procedures and implement certain changes enacted in the new law. In November, the USPTO published its final rulemaking in the Federal Register, signaling that the office is ready to meet Congress' deadline and implement the changes, most of which will be effective December 18, 2021.^[1] Following publication of the USPTO's draft rules on the TMA's provisions in May 2021, the USPTO received public comments from interested parties. The final rules clarify procedures, and, importantly, the new time periods within which trademark owners will be required to respond to the new nonuse proceedings and to make responses to office actions in substantive examination.

The TMA introduced two new administrative proceedings aimed at clearing unused trademark registrations from the Federal Register, expungement, and reexamination, but left procedures and timing for responses from trademark owners up to the USPTO. The TMA also added expungement for nonuse as a ground for cancellation of a registration with the Trademark Trial and Appeal Board (TTAB). Additionally, the TMA authorized the USPTO to set flexible office action response periods, between 60 days and six months, with options for extensions, and required the USPTO to update its Letter of Protest procedures. The following update focuses on the finalized changes in the Code of Federal Regulations set to be implemented and available on December 18, 2021. Overall, the new regulations will allow both trademark owners and the USPTO to clear unused registered trademarks and give the USPTO the ability to move applications through the registration process more efficiently.

New Proceedings: Expungement and Reexamination

The TMA introduces two new methods to challenge and cancel registrations for nonuse: expungement and reexamination.

- Expungement proceedings challenge a registration on the grounds that the registrant never used the trademark in connection with some or all of the goods and services in the registration. Expungement proceedings are only available between three and ten years after the registration issues.^[2]
- Reexamination proceedings request that the USPTO go back and reexamine the allegations regarding use of the trademark made during the application process. For applications that filed based on use, the relevant date will be the filing date of the application. For intent-to-use applications, the pertinent date is the deadline to file the Statement of Use (or the filing date of an Amendment to Allege Use, if the application was converted prior to allowance). Reexamination procedures are available up to the fifth anniversary of registration.

Expungement and reexamination proceedings begin with a petition to the USPTO director containing (1) a verified statement establishing that a reasonable investigation was conducted and containing a concise statement of the basis for the petition, (2) evidence supporting the prima facie case of nonuse, and (3) a \$400 fee per class sought to be cancelled. Importantly, once the USPTO institutes an expungement or reexamination proceeding, the USPTO's final rules provide that trademark owners must respond with use evidence within three months, with a one-month extension available for a \$125 fee. The final rules also clarify that the USPTO will not require a petition for expungement or reexamination to identify the real party in interest but give the director discretion to request identification of the real party in interest information in individual cases.

New Grounds for Cancellation With the TTAB: Expungement

Separate from the new expungement and reexamination petitions to the director, the TMA creates a new inter partes cause of action that permits a challenge to a registration on the grounds that the trademark has never been in use in U.S. commerce in connection with some or all of the goods and services. This new expungement claim requires establishing that the mark has never been used in U.S. commerce, but, in contrast to traditional abandonment proceedings, it does not require establishing that the registrant has no intent to resume use of the mark. Expungement proceedings become available three years after registration, and registrations do not become invulnerable to this challenge after ten years.

New, Shorter Three-Month Response Periods for office actions

Beginning December 1, 2022, applicants (except for applications filed under the Madrid Protocol) will have three months to respond to an office action, with a single three-month extension available at a cost of \$125, rather than the six-month period that has long been applicable in U.S. practice. Applications filed under the Madrid Protocol will continue to have a six-month office action response period.

Letter of Protest Decisions Must Be Issued Within Two Months

The TMA provides express statutory authority for the USPTO's existing Letter of Protest procedure, requires that Letter of Protest decisions from the director will issue within two months of filing, and establishes that any determination by the director will be final and nonreviewable. Letters of Protest are submitted to the director to alert the USPTO of evidence that a trademark application should not be registered. The director makes a determination about whether to submit the evidence contained in a Letter of Protest to the examining attorney. The USPTO has now set a requirement in the final rules that the director is required to make the determination within two months on whether a Letter of Protest contains relevant evidence for an examination.

Endnotes

[1] 86 Fed. Reg. 64,300-64,334 (Nov. 17, 2021).

[2] Until December 27, 2023, expungement proceedings can be requested of any registration over three years old.

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