



WINTERFELDT IP GROUP

CLIENT ADVISORY – MARCH 17, 2021

March 2021 Updates from the Trademark Public Advisory Committee

The Trademark Public Advisory Committee (TPAC), a small group of senior trademark industry professionals who advise the Director of the United States Patent and Trademark Office (USPTO) and the Commissioner for Trademarks, held its first public meeting of the fiscal year on March, 12 2021. This has already been an exceptionally eventful year for the Office, as it prepares for legal and technological changes to confront a still growing “surge” of new trademark application filings. Meanwhile, online misconduct remains a priority both for the Office and for broader legislative efforts to better protect intellectual property. Please find below a summary and analysis of key topics discussed during the recent TPAC meeting.

Implementation of the Trademark Modernization Act (TMA)

The Trademark Modernization Act of 2020 was enacted on December 27, 2020 as part of the Consolidated Appropriations Act of 2021. The TMA had several aims, but its provisions addressing congestion on the trademark register caused by defective applications and registrations are of particular interest to the Office, because they require changes in Office procedure and a round of rulemaking. The initial Notice of Proposed Rulemaking is expected to issue in Spring 2021 and the rulemaking itself must be completed in time to

implement the new procedures by December 27, 2021.

Ex Parte Challenges to Registrations. Among the most notable changes within the TMA are new procedural mechanisms that allow the Office and third parties to challenge a trademark registrations based on nonuse of the mark in connection with identified categories of goods or services.

These procedures are:

- An expungement proceeding whereby any person may petition the Office to remove some or all of the goods or services in a registration because the registrant never used the trademark in commerce with those goods or services. Once it is phased in, this new procedure may be brought between three to ten years after the registration date.
- A reexamination proceeding whereby any person may petition the Office to remove some or all goods or services in a registration on the basis that the trademark was not in use in commerce with those goods or services on or before the relevant claim of use was made. This new procedure must be brought within the first five years after the trademark registers and is generally directed at registrations where a questionable specimen showing use in commerce of the trademark was submitted during examination of the underlying application.

The party requesting expungement or reexamination must include, among other things, a verified statement attesting that a reasonable investigation was conducted regarding the registrant's lack of use of the trademark with certain goods and services and any supporting evidence to that effect. The Director will also have the opportunity to institute these proceedings *sua sponte* using its own evidence.

The USPTO was charged by Congress through the TMA to establish rules and regulations as outlining what would be deemed a reasonable investigation or acceptable evidence. This might, at the Office's option, also include procedures concerning timing of responses, limitations on the number of petitions a single party may bring and the relationship of these proceedings to others, such as *inter partes* cancellation.

Statutory Letters of Protest. The TMA provides a statutory basis for the USPTO's previously "informal" Letter of Protest practice. The mechanism no longer exists purely at

the Office's discretion, but instead Congress has not guaranteed that third parties may submit evidence regarding the registrability of an application. The Office does not intend to do any additional rulemaking regarding protest practice; it has decided that its previously published informal policies satisfy the explicit requirement that it "establish by regulation appropriate procedures." Nevertheless, the Office should now be accountable to the two-month statutory deadline to determine whether a letter will be granted and evidence will be entered into the record of the application. Meanwhile, the Office now has authority to collect fees for letters of protest, which it has set at \$50.

Flexible Office Action Response Deadlines. The TMA gives the USPTO the authority to set office action response deadlines that are shorter than the current six-month response time but no shorter than 60 days. However, the applicant must have the option to request extensions up to the full six-month period. The Office will need to engage in rulemaking to ultimately determine how it will exercise this power. So far, representatives for the Office have suggested shorter response periods for relatively simple refusals, in order to reduce application pendency, and when challenging possible instances of bad faith conduct by applicants.

USPTO Operations Updates

Record Trademark Filing Trends Continue. Trademark application filings for the first quarter of 2021 were up approximately 63% from the same period in 2020. This is even more remarkable because new filings in 2020 already set records with a total of 738,000 trademark applications. Commissioner Kelly attributes this continued surge of applications to a number of factors. In part, the policies of Amazon's brand registry and similar registries on other ecommerce platforms are incentivizing even small brand owners to register their marks in order to better promote their products. Furthermore, the subsidies being granted by the Chinese government to its Chinese businesses who want to enter the US market continue to drive trademark filings. The fact that 76% of trademark filings were made by applicants with small businesses and from applicants in China seems to reinforce these assessments.

The Average Time to a First Action Has Increased. The Office has increased target

average pendency times for first office actions from 2.5 to 3.5 months to 2.5 to 4.5 months due to the continued surge in trademark applications. To date, the average pendency for the first quarter of FY 2021 is 3.8 months with February having the highest average pendency time, 4.5 months. The Office is still ramping up its hiring of new Examining Attorneys in order to be able to meet its increased target pendency even though it technically met its newly revised pendency targets. It recently hired 50 new examining attorneys that are set to start in April 2021 and it intends to continue hiring staff throughout the year. Despite these new hires, the Office expects that pendency will increase temporarily while they are trained. The Office plans to publish its pendency times on a monthly basis so that the public can remain informed of the Office's efforts with managing the unprecedented increase in trademark filings. The Office also intends to implement a new feature where users may track the pendency of their own filings, but no concrete details were given as to when this feature might be implemented.

Budget and Spending. Year-to-date fee collections from trademark applications are 28% above projected levels and above 9% above of what was projected for collections from renewals. Some of this might be attributable to early filings made before fee increases that came into effect in January. However, if current collection trends were to continue and spending targets were to be met, the Office's operating reserves might exceed its calculated optimal levels by FY 2024. In addition, the Office intends to return focus to updating its internal and external platforms. It is currently collecting proposals from possible vendors that could assist with developing tools to replace the aging Trademark Electronic Application System, Trademark Status and Document Retrieval system and Electronic System for Trademark Trials and Appeals, among others. To avoid some of the obstacles earlier programs encountered, this renewed effort will be led by a small, dedicated team with greater authority and an agile approach to software development.

Continued Efforts to Address Clutter and Fraud

Misleading/Scam Solicitations. The USPTO continues to combat scam solicitations sent to trademark applicants and registrants. Even though it has limited legal authority to act

against scam solicitations, its education and outreach efforts have been important for those agencies that are tasked with combating these fraudulent schemes. It has created webpage resources that lists known solicitation scams, has warned filers about potential fraudulent solicitations and maintains a dedicated mailbox where the public can report solicitation directly: TMScams@uspto.gov.

TTAB Developments

TTAB Filing Trends. The number of appeals, and petitions to cancel have increased between 3.1% and 4.6% percent while opposition filings have gone down compared to FY2019. FY 2020 in total saw a decrease in the number of cases ready for decision, suggesting a somewhat diminished workload for TTAB officials. The continued decline in the number of cases throughout the end of FY 2020 supports the theory that the significant increase in new Board proceedings at the end of the FY2019 was just an anomaly.

TTAB Performance for Q1 FY 2021. Pendency times for the first quarter of FY 2021 have mainly remained within target despite the upswing of Board filings during the last quarter of FY 2020 and the first quarter of 2021. The average pendency times for motions, appeals and trial decisions range from 9.8 weeks to 11.2 weeks. Chief Administrative Trademark Judge Gerard Rogers noted that the amount of filings at the TTAB seem to have stabilized and that pendency times should be improving throughout the upcoming quarters.

TTAB IT Updates. The Board launched a Reading Room that replaced the e-FOIA webpage in August 1, 2020 that improves the search of TTAB precedents and final decisions. The Board has received very positive feedback from various stakeholders, but continues to urge the public to provide feedback regarding any technical difficulties related to this new feature via TTABFeedback@uspto.gov.

Policy & International Affairs Update

Hearing on SHOP SAFE Act of 2020 (HR 6058). The House Judiciary IP Subcommittee will hold a hearing on the Stopping Harmful Offers on Platforms by Screening Against Fakes

in E-Commerce (SHOP SAFE) Act on March 18, 2021. The bill would make ecommerce platforms contributorily liable when a third-party sells a counterfeit product that poses a risk to consumer health or safety unless they comply with new safe harbor requirements. Currently, common-law theories of contributory liability, only apply if the platform intentionally induced the third party to engage in counterfeiting or continued to supply its services while knowing or having reason to know that sellers were engaging in counterfeiting. If the SHOP Safe Act were enacted, platforms would be liable unless they qualified for a new safe-harbor provision by collecting information from sellers, ensuring sellers are accountable to the platform, proactively screening for and addressing misconduct and ensuring that sellers are accountable to United States brand owners. This bill was originally introduced in the previous Congress in 2020, and will need to be formally reintroduced in the current session of Congress to move forward.

Enactment of the Copyright Alternative in Small-Claims Enforcement Act of 2019 (“CASE Act”). The TPAC briefly discussed the signing into law of the CASE Act of 2019. The CASE Act establishes a three-“judge” tribunal called the Copyright Claims Board (CCB) within the U.S. Copyright Office that provides an alternative forum to adjudicate, among other things, copyright claims and counterclaims no larger than \$30,000 in actual or statutory damages and issue declaratory judgment of non-infringement. However, proceedings before the CCB are completely voluntary. Respondents may opt out of proceedings before the Board by providing written notice of their choice to opt out to the Board within 60 days of service of a notice and claim by the claimant. The CASE Act requires the Copyright Office to establish the CCB by December 27, 2021 unless a 180-day delay is sought by the Copyright Office.

Swearing In of New TPAC Members

The TPAC meeting also included the swearing in of David Cho, Tracy L. Deutmeyer and Jomarie Fredericks as new members of the TPAC. Mr. Cho is the Assistant Vice President Senior Legal Counsel–Trademarks and Copyrights at AT&T. Earlier in his career, Mr. Cho was a trademark examining attorney at the USPTO. Ms. Deutmeyer practices trademark law at Fredrikson & Byron. Ms. Deutmeyer is also a leader in the American Bar Association’s Section of Intellectual Property Law. Ms. Fredericks is the Deputy General Counsel and Chief Intellectual Property and Brand Counsel at Rotary International and the

Rotary Foundation. Ms. Fredericks is also the 2020 Vice President of the International Trademark Association (INTA) Board of Directors.

Please feel free to reach out with any questions or comments about the work being done by the Trademark Public Advisory Committee and we would be pleased to share your feedback with the United States Patent and Trademark Office. If any of the above topics are of interest and you would like more information, we would be delighted to hear from you. Otherwise, we look forward to sharing updates from the next TPAC meeting, which will take place on June 4, 2021, as well as to keeping you apprised of other intellectual property developments.

For further information regarding the content of this article, or to discuss this or other intellectual property matters, please contact any of the following Winterfeldt IP Group team members:

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