To amend the Trademark Act of 1946 to provide for third-party submission of evidence relating to a trademark application, to establish expungement and ex parte proceedings relating to the validity of marks, to provide for a rebuttal presumption of irreparable harm in certain proceedings, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 2020

Mr. JOHNSON of Georgia (for himself, Mr. COLLINS of Georgia, Mr. NADLER, and Mrs. ROBY) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend the Trademark Act of 1946 to provide for third-party submission of evidence relating to a trademark application, to establish expungement and ex parte proceedings relating to the validity of marks, to provide for a rebuttal presumption of irreparable harm in certain proceedings, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Trademark Modernization Act of 2020” or the “TM Act of 2020”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.
Sec. 3. Providing for third-party submission of evidence during examination.
Sec. 4. Providing for flexible response periods.
Sec. 5. Expungement; Ex parte reexamination.
Sec. 6. Rebuttable presumption of irreparable harm.
Sec. 7. Report on decluttering initiatives.

SEC. 2. DEFINITIONS.

In this Act:

(1) DIRECTOR.—The term “Director” means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

(2) TRADEMARK ACT OF 1946.—The term “Trademark Act of 1946” means the Act entitled “An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes”, approved July 5, 1946, as amended (15 U.S.C. 1051, et. seq) (commonly referred to as the “Trademark Act of 1946” or the “Lanham Act”).
SEC. 3. PROVIDING FOR THIRD-PARTY SUBMISSION OF EVIDENCE DURING EXAMINATION.

(a) Amendment.—Section 1 of the Trademark Act of 1946 (15 U.S.C. 1051) is amended by inserting at the end the following new subsection:

“(f) A third party may submit for consideration for inclusion in the record of an application evidence relevant to a ground for refusal of registration. The third-party submission shall identify the ground for refusal and include a concise description of each piece of evidence submitted in support of each identified ground for refusal. Within two months after the date on which the submission is filed, the Director shall determine whether the evidence should be included in the record of the application. The Director shall establish by regulation appropriate procedures for the consideration of evidence submitted by a third party under this subsection and may prescribe a fee to accompany the submission. If the Director determines that the third-party evidence should be included in the record of the application, only the evidence and the ground for refusal to which the evidence relates may be so included. Any determination by the Director whether or not to include evidence in the record of an application shall be final and non-reviewable, and shall not prejudice any party’s right to raise any issue and rely on any evidence in any other proceeding.”.
(b) **DEADLINE FOR PROCEDURES.**—Not later than one year after the date of the enactment of this Act, the Director shall establish the appropriate procedures described in section 1(f) of the Trademark Act of 1946, as added by subsection (a).

(c) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect one year after the date of the enactment of this Act.

**SEC. 4. PROVIDING FOR FLEXIBLE RESPONSE PERIODS.**

Section 12(b) of the Trademark Act of 1946 (15 U.S.C. 1062(b)) is amended to read as follows:

“(b)(1) If the applicant is found not entitled to registration, the examiner shall notify the applicant thereof and of the reasons therefor. The applicant may reply or amend the application, which shall then be reexamined. This procedure may be repeated until the examiner finally refuses registration of the mark or the application is abandoned as described in paragraph (2).

“(2) After notification under paragraph (1), the applicant shall have a period of six months in which to reply or amend the application, or such shorter time that is not less than sixty days, as prescribed by the Director by regulation. If the applicant fails to reply or amend or appeal within the relevant time period, including any extension under paragraph (3), the application shall be deemed to
have been abandoned, unless it can be shown to the satis-
faction of the Director that the delay in responding was
unintentional, in which case the application may be revived
and such time may be extended. The Director may pre-
scribe a fee to accompany any request to revive.

“(3) The Director shall provide, by regulation, for ex-
tensions of time to respond to the examiner for any time
period under paragraph (2) that is less than six months.
The Director must allow the applicant to obtain extensions
of time to reply or amend aggregating six months from
the date of notification under paragraph (1) when the ap-
plicant so requests. However, the Director may set by reg-
ulation the time for individual periods of extension, and
prescribe a fee, by regulation, for any extension request.
Any request for extension must be filed on or before the
date on which a reply or amendment is due under para-
graph (1).”.

SEC. 5. EXPUNGEMENT; EX PARTE REEXAMINATION.

(a) Ex Parte Expungement.—The Trademark Act
of 1946 (15 U.S.C. 1066) is amended by inserting after
section 16, the following new section:

“SEC. 16A. EX PARTE EXPUNGEMENT.

“(a) Petition.—Notwithstanding sections 7(b) and
22, and subsections (a) and (b) of section 33, any person
may file a petition to expunge a registration on the basis
that the mark has never been used in commerce on or in connection with some or all of the goods or services recited in the registration.

“(b) CONTENTS OF PETITION.—The petition, together with any supporting documents, shall—

“(1) identify each registration at issue;

“(2) identify each good or service recited in the registration for which it is alleged that the mark has never been used in commerce;

“(3) include a verified statement that sets forth the elements of the reasonable investigation the petitioner conducted to determine that the mark has never been used in commerce on or in connection with the goods and services identified in the petition, and any additional facts that support the allegation that the mark has never been used in commerce on or in connection with the identified goods and services;

“(4) include any supporting evidence on which the petitioner relies; and

“(5) be accompanied by the fee prescribed by the Director.

“(c) INITIAL DETERMINATION; INSTITUTION.—

“(1) PRIMA FACIE CASE, INSTITUTION, AND NOTIFICATION.—The Director shall determine whether
the petition sets forth a prima facie case of the mark having never been used in commerce on or in connection with each good or service identified in the petition, institute the ex parte expungement proceeding for each good or service for which the Director determines that the prima facie case has been set forth, and notify the registrant and petitioner of the determination of whether to institute the proceeding. If the Director determines that an expungement proceeding should be instituted based on a petition, the Director shall transmit or make available that petition and any supporting evidence from the petitioner to the registrant as part of the institution notice.

“(2) REASONABLE INVESTIGATION GUIDANCE.—The Director shall promulgate regulations regarding what constitutes a reasonable investigation under subsection (b)(3) and the general types of evidence that could constitute a sufficient showing of a mark having never been used in commerce under subsection (b)(4), but the Director shall retain discretion to determine whether a prima facie case is set out in a particular case.

“(3) DETERMINATION BY DIRECTOR.—Any determination by the Director whether or not to insti-
tute a proceeding under this section shall be final
and non-reviewable, and shall not prejudice any par-
ty’s right to raise any issue and rely on any evidence
in any other proceeding.

“(d) EX PARTE EXPUNGEMENT PROCEDURES.—The
procedures for ex parte expungement shall be the same
as those for examination under section 12(b), except that
the Director shall promulgate regulations establishing and
governing a proceeding under this section, which may in-
clude setting response and extension times particular to
this proceeding, which, notwithstanding section 12(b)(3)
need not be extendable to six months, setting limits gov-
erning the timing and number of petitions filed for a par-
ticular registration or by a particular petitioner or real
parties in interest, and defining the relation of a pro-
ceeding under this section to other proceedings concerning
the mark.

“(e) Registrant’s Evidence of Use.—A reg-
istrant’s documentary evidence of use must be consistent
with when ‘a mark shall be deemed to be in use in com-
merce’ as defined in section 45, but shall not be limited
in form to that of specimens as provided in section 1(a).

“(f) Excusable Nonuse.—During an expungement
proceeding, for a mark registered under section 44(e) or
an extension of protection under section 66, the registrant
may offer evidence showing that any nonuse is due to special circumstances that excuse such nonuse. In such a case, the examiner shall determine whether the facts demonstrate excusable nonuse and shall not find that the registration should be cancelled under subsection (g) for any good or service for which excusable nonuse is demonstrated.

“(g) EXAMINER’S DECISION; ORDER TO CANCEL.—For each good or service for which it is determined that a mark was never in use in commerce, and for which the provisions of subsection (f) do not apply, the examiner shall find that the registration should be cancelled for each such good or service. A mark may not be found to never have been in use in commerce if there is evidence of use in commerce by the registrant that temporally would have supported registration at the time the application was filed or the relevant allegation of use was made, or after registration, but before the petition to expunge is filed or the Director, on his own initiative, institutes an expungement proceeding in accordance with subsection (h). Unless overturned on review of the examiner’s decision, the Director shall issue an order cancelling the registration, in whole or in part, after the time for appeal has expired or any appeal proceeding has terminated.
“(h) Ex Parte Expungement by the Director.—

“(1) In General.—The Director may, on the Director’s own initiative, institute an ex parte expungement proceeding if the Director discovers information that sets forth a prima facie case of a mark having never been used in commerce on or in connection with any good or service covered by the registration. The Director shall promptly notify the registrant of such determination, at which time the expungement proceeding shall proceed according to the same procedures for expungement established pursuant to subsection (d). If the Director determines, based on the Director’s own initiative, to institute an expungement proceeding, the Director shall transmit or make available the information that formed the basis for that determination as part of the institution notice sent to the registrant.

“(2) Rule of Construction.—Nothing in this subsection may be construed to limit any other authority of the Director.

“(i) Time for Institution.—A petition for ex parte expungement may be filed, or the Director may institute on his own initiative an ex parte expungement proceeding,
at any time following the expiration of three years after
the date of registration.

“(j) LIMITATION ON LATER EX PARTE
EXPUNGEMENT PROCEEDINGS.—

“(1) NO CO-PENDING PROCEEDINGS.—With re-
spect to a particular registration, while an ex parte
expungement proceeding is pending, no later ex
parte expungement proceeding can be instituted with
respect to the same goods or services that are the
subject of a pending ex parte expungement pro-
ceeding.

“(2) ESTOPPEL.—With respect to a particular
registration, for goods or services previously subject
to an instituted expungement proceeding for which,
in that proceeding, it was determined that the reg-
istrant had used the mark for particular goods or
services, as relevant, and the registration was not
cancelled as to those goods or services, no further ex
parte expungement proceedings may be initiated as
to those goods or services, regardless of the identity
of the petitioner.

“(k) USE IN COMMERCE REQUIREMENT NOT AL-
TERED.—Nothing in this section shall affect the require-
ment for use in commerce of a mark registered under sec-
tion 1(a) or section 23.”.
(b) New Grounds for Cancellation.—Section 14
of the Trademark Act of 1946 (15 U.S.C. 1064) is amend-
ed—

(1) by striking the colon at the end of para-
graph (5) and inserting a period;

(2) by adding after paragraph (5) the following:

“(6) At any time after the three-year period fol-
lowing the date of registration, if the registered
mark has never been used in commerce on or in con-
nection with some or all of the goods or services re-
cited in the registration;”; and

(3) in the flush left text, by inserting “Nothing
in paragraph (6) shall be construed to limit the tim-
ing applicable to any other ground for cancellation.
A registration under sections 44(e) or 66 shall not
be cancelled pursuant to paragraph (6) if the reg-
istrant demonstrates that any nonuse is due to spe-
cial circumstances that excuse such nonuse.” after
“identical certification mark is applied.”.

(c) Ex Parte Reexamination.—The Trademark
Act of 1946 (15 U.S.C. 1066), as amended by subsection
(a), is further amended by inserting after section 16A, the
following new section:
“SEC. 16B. EX PARTE REEXAMINATION.

“(a) Petition for Reexamination.—Any person may file a petition to reexamine a registration on the basis that the mark was not in use in commerce on or in connection with some or all of the goods or services recited in the registration on or before the relevant date.

“(b) Relevant Date.—In this section, the term ‘relevant date’ means, with respect to an application for the registration of a mark with an initial filing basis of—

“(1) section 1(a) and not amended at any point to be filed pursuant to section 1(b), the date on which the application was initially filed; or

“(2) section 1(b) or amended at any point to be filed pursuant to section 1(b), the date on which—

“(A) an amendment to allege use under section 1(c) was filed; or

“(B) the period for filing a statement of use under section 1(d) expired, including all approved extensions thereof.

“(c) Requirements for the Petition.—The petition, together with any supporting documents, shall—

“(1) identify each registration at issue;

“(2) identify each good and service recited in the registration for which it is alleged that the mark was not used in commerce on or in connection with on or before the relevant date;
“(3) include a verified statement that sets forth the elements of the reasonable investigation the petitioner conducted to determine that the mark was not used in commerce on or in connection with the goods and services identified in the petition on or before the relevant date, and any additional facts that support the allegation that the mark was not in use in commerce on or before the relevant date on or in connection with the identified goods and services;

“(4) include supporting evidence on which the petitioner relies; and

“(5) be accompanied by the fee prescribed by the Director.

“(d) INITIAL DETERMINATION; INSTITUTION.—

“(1) PRIMA FACIE CASE, INSTITUTION, AND NOTIFICATION.—The Director shall determine whether the petition sets forth a prima facie case of the mark having not been used in commerce on or in connection with each good or service identified in the petition on or before the relevant date, institute the re-examination proceeding for each good or service for which the Director determines the prima facie case has been set forth, and notify the registrant and the petitioner of the determination whether or not to institute the proceeding. If the Director determines
that an ex parte reexamination proceeding should be instituted based on a petition, the Director shall transmit or make available that petition and any supporting evidence from the petitioner to the registrant as part of the institution notice.

“(2) Reasonable investigation guidance.—The Director shall promulgate regulations regarding what constitutes a reasonable investigation under subsection (c)(3) and the general types of evidence that could constitute a sufficient showing that the mark was not in use in commerce on or before the relevant date, but the Director shall retain discretion to determine whether a prima facie case is set out in a particular case.

“(3) Determination by Director.—Any determination by the Director whether or not to institute a reexamination proceeding under this section shall be final and non-reviewable, and shall not prejudice any party’s right to raise any issue and rely on any evidence in any other proceeding.

“(e) Reexamination Procedures.—The procedures for reexamination shall be the same as those established under section 12(b) except that the Director shall promulgate regulations establishing and governing a proceeding under this section, which may include setting re-
response and extension times particular to this proceeding, which, notwithstanding section 12(b)(3) need not be extendable to six months, setting limits governing the timing and number of petitions filed for a particular registration or by a particular petitioner or real parties in interest, and defining the relation of a reexamination proceeding under this section to other proceedings concerning the mark.

“(f) Registrant’s Evidence of Use.—A registrant’s documentary evidence of use must be consistent with when ‘a mark shall be deemed to be in use in commerce’ as defined in section 45, but shall not be limited in form to that of specimens as provided in section 1(a).

“(g) Examiner’s Decision; Order to Cancel.—For each good or service for which it is determined that the registration should not have issued because the mark was not in use in commerce on or before the relevant date, the examiner shall find that the registration should be cancelled for each such good or service. Unless overturned on review of the examiner’s decision, the Director shall issue an order cancelling the registration, in whole or in part, after the time for appeal has expired or any appeal proceeding has terminated.

“(h) Reexamination by Director.—
“(1) IN GENERAL.—The Director may, on the Director’s own initiative, institute an ex parte reexamination proceeding if the Director discovers information that sets forth a prima facie case of the mark having not been used in commerce on or in connection with some or all of the goods or services covered by the registration on or before the relevant date. The Director shall promptly notify the registrant of such determination, at which time reexamination shall proceed according to the same procedures established pursuant to subsection (e). If the Director determines, based on the Director’s own initiative, to institute an ex parte reexamination proceeding, the Director shall transmit or make available the information that formed the basis for that determination as part of the institution notice.

“(2) RULE OF CONSTRUCTION.—Nothing in this subsection may be construed to limit any other authority of the Director.

“(i) TIME FOR INSTITUTION.—A petition for ex parte reexamination may be filed, or the Director may institute on his own initiative an ex parte reexamination proceeding, at any time not later than five years after the date of registration of a mark registered based on use in commerce.
“(j) LIMITATION ON LATER EX PARTE REEXAMINATION PROCEEDINGS.—

“(1) NO CO-PENDING PROCEEDINGS.—With respect to a particular registration, while an ex parte reexamination proceeding is pending, no later ex parte reexamination proceeding can be instituted with respect to the same goods or services that are the subject of a pending ex parte reexamination proceeding.

“(2) ESTOPPEL.—With respect to a particular registration, for any goods or services previously subject to an instituted ex parte reexamination proceeding for which, in that proceeding, it was determined that the registrant had used the mark for particular goods or services before the relevant date, and the registration was not cancelled as to those goods or services, no further ex parte reexamination proceedings may be initiated as to those goods or services, regardless of the identity of the petitioner.

“(k) SUPPLEMENTAL REGISTER.—The provisions of subsection (b) apply, as appropriate, to registrations under section 23. Nothing in this section shall be construed to limit the timing of a cancellation action under section 24 of the Act.”.

(d) APPEAL.—
(1) Appeal to Trademark Trial and Appeal Board.—Section 20 of the Trademark Act of 1946 (15 U.S.C. 1070) is amended by inserting “or from any order to cancel a registration, in whole or in part, arising from an ex parte expungement proceeding or ex parte reexamination proceeding” after “registration of marks”.

(2) Appeal to Courts.—

(A) Expungement or Ex Parte Reexamination.—Section 21(a)(1) of the Trademark Act of 1946 (15 U.S.C. 1071(a)(1)) is amended by striking “or an applicant for renewal” and inserting the following: “an applicant for renewal, or a registrant subject to an order to cancel arising from an expungement or ex parte reexamination proceeding”.

(B) Exception.—Section 21(b)(1) of the Trademark Act of 1946 (15 U.S.C. 1071(b)(1)) is amended by inserting after “authorized by subsection (a) of this section” the following: “, other than a registrant subject to an expungement proceeding or ex parte reexamination”.
(c) Technical and Conforming Amendments.—

The Trademark Act of 1946 (15 U.S.C. 1051 et seq.) is amended—

(1) in section 15 by striking “paragraphs (3) and (5)” and inserting “paragraphs (3), (5) and (6)”; and

(2) in section 26 by adding at the end the following: “Registrations on the supplemental register are subject to ex parte expungement and ex parte reexamination under sections 16A and 16B, respectively.”.

(f) Deadline for Procedures.—Not later than one year after the date of the enactment of this Act, the Director shall issue regulations to carry out sections 16A and 16B of the Trademark Act of 1946, as added by subsections (a) and (b).

(g) Effective Date.—The amendments made by this section shall take effect upon the expiration of the one year period beginning on the date of enactment of this Act, and shall apply to any mark registered before, on, or after that effective date.

SEC. 6. Rebuttable Presumption of Irreparable Harm.

(a) Amendment.—Section 34 of the Trademark Act of 1946 (15 U.S.C. 1116) is amended in subsection (a)
by inserting after the first sentence the following new sentence: “A plaintiff seeking any such injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation identified in this subsection in the case of a motion for a permanent injunction or upon a finding of likelihood of success on the merits for a violation identified in this subsection in the case of a motion for a preliminary injunction or temporary restraining order.”.

(b) RULE OF CONSTRUCTION.—The amendment made by subsection (a) shall not be construed to mean that a plaintiff seeking an injunction was not entitled to a presumption of irreparable harm before the date of the enactment of this Act.

SEC. 7. REPORT ON DECLUTTERING INITIATIVES.

(a) STUDY.—The Comptroller General of the United States shall consult with the Director to conduct a study on the efforts of the Director to address inaccurate and false claims of use in trademark applications and registrations. Inaccurate and false claims of use include any declaration of use by a trademark applicant or registrant that cannot be supported by use in commerce as defined in section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) or the regulations relevant to the definition of specimens under section 1 of the Trademark Act of 1946 (15 U.S.C.
1051), as applicable. The study shall cover the period from
18 months after the date of enactment of this Act to 30
months after the date of enactment of this Act.

(b) CONTENTS OF STUDY.—In conducting the study
under subsection (a), the Comptroller General shall assess
the following:

(1) With respect to sections 16A and 16B of
the Trademark Act of 1946, as added by section 5—

(A) the number of petitions filed under
each such section that relate to proceedings
that were not instituted, or were instituted and
have reached their conclusion;

(B) the number of completed proceedings
instituted under each such section, including
any proceedings instituted by the Director’s
own initiative;

(C) the average time taken to resolve pro-
ceedings instituted under each such section, in-
cluding the average time between—

(i) the filing of a petition under each
such section and an examiner’s final deci-
sion under section 16A(g) and 16B(g), or
the last decision issued by the examiner if
the registrant failed to respond to the lat-
est-in-time decision by the examiner; and
(ii) the institution of a proceeding under each such section, including any proceedings instituted by the Director’s own initiative, and an examiner’s final decision under section 16A(g) and 16B(g), or the last decision issued by the examiner if the registrant fails to respond to the latest-in-time decision by the examiner;

(D) the number of appeals of decisions of examiners for each such proceeding; and

(E) an accounting of the final outcome of each such proceeding instituted by identifying the number of goods or services for which such proceedings were instituted, and the number of goods or services for which registrations were cancelled pursuant to such proceedings.

(2) With respect to section 1(f) of the Trademark Act of 1946, as added by section 3—

(A) the number of third-party submissions filed under such section for which the third-party asserts in the submission that the mark has not been used in commerce; and

(B) of those applications identified in paragraph (A) above, the number of applications in
which the third-party submission evidence is included in the application; and

(C) of those applications identified in paragraph (B) above, the number of applications—

(i) refused registration based on an assertion by the examiner that the mark has not been used in commerce; and

(ii) for which the examiner requested additional information from the applicant related to claims of use.

(3) The benefit of—

(A) the proceedings under sections 16A and 16B of the Trademark Act of 1946, as added by section 5, in addressing inaccurate and false claims use claims in trademark registrations; and

(B) any additional programs conducted by the Director designed to address inaccurate and false claims use claims in trademark applications and registrations, including the post-registration use audit, as implemented at the date of enactment of this Act under sections 2.161(h) and 7.37(h) of title 37, Code of Federal Regulations.
(c) Report to Congress.—Not later than three years after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate a report—

(1) on the results of the study conducted under this section; and

(2) that includes any recommendations for any changes to laws and regulations that will improve the integrity of the trademark register to reduce inaccurate and false claims of use based on the results of such study.