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A “Stimulus” to “Modernize” Intellectual Property

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On December 27, 2020, President Trump signed the “Consolidated Appropriations Act, 2021” into law. Most referred to this as the Coronavirus Relief Bill and thought that it only contained a stimulus package. However, within it, were also changes to intellectual property law. The bill included the passage of the Trademark Modernization Act (“TM Act”)¹ and the Copyright Alternative in Small-Claims Enforcement Act (“CASE Act”)²—both of which will significantly impact intellectual property law going forward.

Trademark Modernization Act

The TM Act was designed to “modernize” trademark prosecution, and to combat the vastly growing numbers of trademark registrations that are not in use and that are preventing others from using and obtaining such trademarks. Some of the most notable changes are:

- **Third-Party Submission of Evidence During the Application Process.** The TM Act codifies the ability of third parties to submit evidence relevant to grounds for refusal of a trademark registration during the examination stage. While this is common practice through Letters of Protest, it now provides the Director of the United States Patent and Trademark Office (“Director”) with the ability to establish procedures for consideration of such evidence and the gives the Director the final say in the inclusion of such evidence on the record. A submission here does not preclude a third party from filing an opposition.
- **Flexible Response Periods During the Application Process.** Currently, during prosecution of a trademark, when a Trademark Examining Attorney (“Examiner”) issues an action, applicants are provided with a six-month window to respond. Now, Examiners are able to set response times between sixty days and six months. Applicants can request extensions up to six months for a fee.
- **Ex Parte Cancellations of Trademark Registrations.** Currently, third parties may only seek to cancel trademark registrations through an adversarial process before the Trademark Trial and Appeal Board (“TTAB”) or federal district court. Often times, these procedures are very

¹ The text of the bill may be found at: <https://www.congress.gov/bill/116th-congress/house-bill/6196/text>

² The text of the bill may be found at: <https://www.congress.gov/bill/116th-congress/house-bill/2426/text>

costly, and take quite a bit of time. The TM Act provides third parties two new ex parte mechanisms to challenge trademark registrations:

- The first is an ex parte expungement that would provide for challenges to a trademark registration that was never used in commerce. This is primarily targeted at trademark registrations that were obtained on the basis of foreign registrations that do not require proof of use to obtain a registration.
- The second is an ex parte re-examination process which provides for challenges to a trademark registration on the basis that the mark was not in use in commerce on or in connection with some or all of the goods listed in the registration on or before use was alleged.
- **Presumption of Irreparable Harm.** This clarifies current law. In a trademark infringement lawsuit, a plaintiff is now given a rebuttable presumption of irreparable harm when it is seeking an injunction to remedy a trademark violation. As a result, an injunction can be issued based on the plaintiff's trademark rights without the plaintiff having to establish that it suffered irreparable harm due to the infringement of its trademark.

These new changes to the law require trademark registrants and applicants to be more vigilant in how they allege use of their marks. It is in line with the USPTO's more stringent renewal policies (as seen through its audits of proof of use in the renewal of trademark registrations). It also arms trademark applicants with more tools to obtaining marks that may otherwise not have been available.

Copyright Alternative in Small-Claims Enforcement Act

This establishes the Copyright Claims Board that will serve as an alternative forum in which parties may voluntarily seek to resolve copyright claims. This is aimed at copyright disputes that are valued under \$30,000. Essentially, it creates a "small claims court" for copyrights. Current ways of enforcing copyrights—through lawsuits—are very costly and time consuming. This provides for a presumably more streamlined and affordable way of settling smaller disputes.

While this presents an alternative to copyright disputes, this could give rise to significantly more copyright claims. Thus, businesses should be more careful as it pertains to the use of copyrighted materials, especially, as it pertains to social media. Businesses that do not have training or guidance in place with regard to using images found online should implement standards and training in doing so. Additionally, agreements with photographers, artists, and others who create copyrights for businesses should be examined and possibly amended in order to protect against potential claims.

Conclusion

The passage of these bills represents significant changes to trademark and copyright law. Businesses should be prepared for these changes and be more diligent in how they prosecute, use, and maintain their trademarks, and how they use copyrighted materials. Businesses should be mindful of these considerations, as well as the increases in official USPTO fees, going forward. For additional guidance, contact an experienced intellectual property attorney.



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