
IRREPARABLE HARM, I PRESUME?

THE TRADEMARK MODERNIZATION ACT AND OTHER CHANGES IN TRADEMARK LAW

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With intellectual property growing in importance in the modern economy, exciting changes are afoot for trademark owners and practitioners. The Trademark Modernization Act (TMA), signed into law on December 27, 2020, set forth several noteworthy changes, many of which were implemented on December 18, 2021. First, trademark owners now enjoy a rebuttable presumption of irreparable harm in claims for injunctive relief. Second, the TMA provides new methods for removing deadweight third-party registrations from the United States Patent and Trademark Office's (USPTO) principal trademark register. Third, various procedural and administrative changes at the USPTO are of interest. And, there has even been a call for consolidation of the USPTO and Copyright Office. This article briefly examines each of these changes.

Rebuttable Presumption and Seeking Injunctive Relief in Trademark Infringement Cases

Trademark infringement cases often seek injunctive relief because monetary damages alone may be insufficient: monetary damages may not cure the harm to the brand or result in the infringer ceasing use. Prior to the Supreme Court's decision in *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006), federal appellate courts routinely granted preliminary and permanent injunctions on the basis that trademark plaintiffs would be irreparably harmed by continued infringement. In fact, it was not wholly uncommon for courts to find "trademark infringement amounts to irreparable injury as a matter of law." *Kos Pharms., Inc. v. Andrex Corp.*, 369 F.3d 700, 726, 732 (3d Cir. 2004) (emphasis added).

The Supreme Court in *eBay* determined there was no presumption of irreparable harm in the patent infringement context. A patent infringement plaintiff also had to prove irreparable harm to obtain permanent injunctive relief. The case gave rise to a circuit split as to whether the same held true in the trademark infringement context. For its part, the Ninth Circuit joined other circuits in holding the *eBay* principle applied in the trademark context. See, e.g., *Herb Reed Enters., LLC v. Fla. Ent. Mgmt., Inc.*, 736 F.3d 1239, 1249 (9th Cir. 2013) ("We now join other circuits in holding that the *eBay* principle—that a plaintiff must establish irreparable harm—applies to a preliminary injunction in a trademark infringement case."):

In theory, the TMA resolves this split, making clear that "[a] plaintiff seeking any

such injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation [] in the case of a motion for a permanent injunction or upon a finding of likelihood of success on the merits . . . in the case of a motion for preliminary injunction or temporary restraining order." H.R. 6196, 116th Cong. (as reported by H.R. Comm. on the Judiciary, Dec. 14, 2020; emphasis added). See also 15 U.S.C. § 1116(a). However, case law interpreting the presumption is still evolving. While some Ninth Circuit cases have cited the TMA in granting injunctions, some courts appear to stop short of automatically affording trademark plaintiffs the benefit of the irreparable harm presumption.

Given the very recent adoption of the TMA, time will tell whether the circuit split is in fact resolved for good.

USPTO Administrative Sanctions

After a surge in improper and fraudulent filings, the USPTO adopted new administrative processes for investigating submissions that appear to violate the Trademark Rules of Practice, and sanctions may be issued for such violations. See Trademarks Administrative Sanctions Process, 87 Fed. Reg. 431 (Jan. 5, 2022). This new process aims to guard the integrity of the federal register of trademarks.

Violations warranting sanctions may include submitting papers for a fraudulent or improper purpose, entering signatures for others, falsifying domicile information, unauthorized practice of law, and other representation issues. See 37 C.F.R. §11.18. If an investigation confirms that a violation has

occurred, the USPTO has the authority to issue appropriate sanctions that can include striking submissions, precluding parties from appearing before the USPTO, terminating USPTO.gov accounts, and even terminating proceedings. *Id.* at 11.18(c)(5).

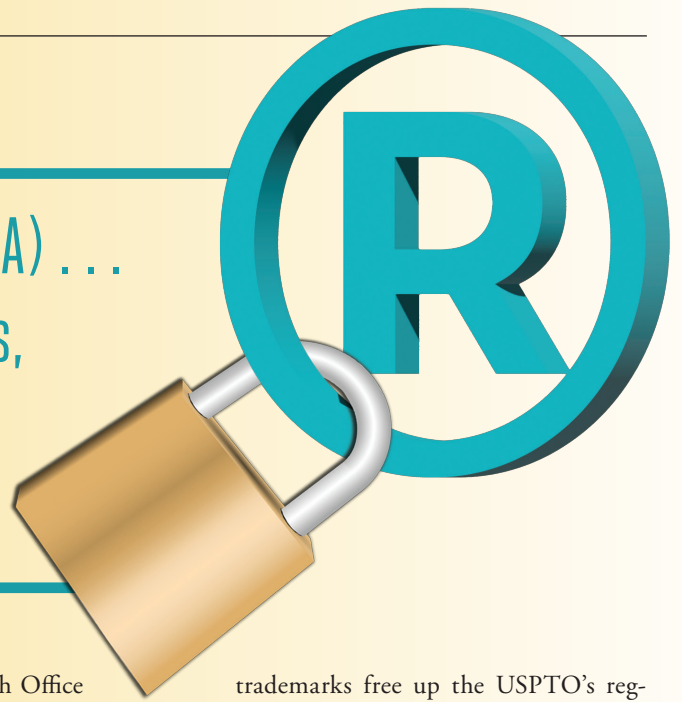
For example, in *In re Zhang*, the USPTO entered a precedential Order for Sanctions against Chinese company Huanyee Intellectual Property Co., Ltd. The company had assisted thousands of applicants in filing U.S. trademark applications, but neither the director of the company nor any of its staff was a licensed U.S. attorney. The USPTO found that Huanyee had engaged in the unauthorized practice of law, provided false domicile addresses, entered others' signatures in filings, and violated the USPTO's Trademark Electronic Application System (TEAS) terms of use. To stop Huanyee and to deter others from engaging in similar behavior, the USPTO terminated all pending applications and post-registration filings by Huanyee, made the administrative proceeding documents part of the public record for each affected trademark application and registration, and permanently barred Huanyee, its director, and its staff members from preparing or presenting any trademark matters before the USPTO. *In re Zhang*, Dec. 10, 2021, Gooder, D., available at <https://www.uspto.gov/sites/default/files/documents/TM-Sanctions-Order-Yusha-Zhang.pdf>.

In Huanyee's case, purported defenses of ignorance and lack of willfulness were unavailing.

New ID Verification Requirements at the USPTO

The USPTO is set to require all trademark owners and practitioners who use TEAS to verify their digital identity. The process is meant to take fifteen minutes or less and is in line with digital-identity guidelines promulgated by the National Institute of Standards and Technology, including those for mitigating privacy risks. The online verification system will include the requirement of a front-facing camera image, government-issued photo-ID, the user's Social Security Number, biometric data, and permission to perform a soft credit check. To protect the user's privacy, the information will be submitted through ID.me, a provider of identity proofing solutions for various governmental agencies. Sensitive personal information is not shared directly with the USPTO. Full

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details are available at the USPTO's website: <https://www.uspto.gov/trademarks/apply/identity-verification>.

Deadwood Trademarks: Freeing Up Space on the Register

The advent of the internet led to an uptick in trademark filings and registrations. The USPTO has “deadwood” trademarks on its register, some of which block would-be registrants or otherwise crowd the register.

The TMA provides two new procedures for removing deadwood marks: (1) Expungement; and (2) Reexamination. Both are *ex parte* proceedings that may be filed by a third-party petitioner. Expungement proceedings are available between the third and tenth anniversaries of the registration and may be appropriate in cases where there is evidence that the mark was never used. Reexamination proceedings are available during the first five years of registration and may be appropriate when there is evidence of non-use of the mark as of the date of first use claimed by the applicant. Time will tell if the USPTO's register becomes less crowded as a result of these new procedures.

Similarly, the TMA provides a new basis for trademark cancellation: cancellation on the ground that the mark was never used in commerce. This is a departure from the non-use cancellation standard that requires not only a showing of non-use, but also no intent to resume use.

Other Changes

The USPTO will no longer issue hard copies of registration certificates, though paper copies and certified copies can still be ordered for a fee. Additionally, the USPTO is short-

ening the timeframe by which Office Action responses are required (the timeframe used to be six months; Applicants filing under section 1 or section 44 will now have only three months to respond to Office Actions, extendable for an additional three months upon the payment of a \$125 fee). Applicants filing under section 66—the portion of the Lanham Act implementing the Madrid Protocol—will still have six months per the terms governing the treaty.


Leadership Change and Suggestion to Consolidate Copyright Office with the USPTO

The USPTO was without a director for over one year. Former Director Andrei Iancu stepped down and the Biden administration nominated Kathi Vidal on October 26, 2021. See <https://www.whitehouse.gov/briefing-room/statements-releases/2021/10/26/president-biden-announces-key-nominations-8/>.

Meanwhile, at least one lawmaker has called for the USPTO and Copyright Office to consolidate—which would be a drastic overhaul. Significant study, research, and proposals would likely be considered before an overhaul of this kind. The concept is discussed in a letter available at: <https://aboutblaw.com/1vU>.

Conclusion

From presumptions afforded under the TMA, to new processes, ID verifications, and more, trademark law practice is evolving. The TMA brings with it significant and important changes. Only time will tell whether the former post-*eBay* circuit split is wholly resolved, whether deadweight

trademarks free up the USPTO's register, and whether a consolidation of the USPTO and Copyright Office may become a reality. Until then, this is an area of law that practitioners and trademark owners are encouraged to follow. 

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