September 9, 2019

Honorable Hank Johnson  
Chairman  
Subcommittee on Courts, Intellectual Property and the Internet  
Committee on the Judiciary  
U.S. House of Representatives  
Washington, D.C. 20515

Honorable Martha Roby  
Ranking Member  
Subcommittee on Courts, Intellectual Property and the Internet  
Committee on the Judiciary  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Johnson and Ranking Member Roby:

This letter is on behalf of the American Bar Association (ABA) Section of Intellectual Property Law (the “Section”) submitting comments for the official record of the hearing held on July 18, 2019 by the House Judiciary Committee’s Subcommittee on Courts, Intellectual Property, and the Internet on Counterfeits and Cluttering: Emerging Threats to the Integrity of the Trademark System and the Impact on American Consumers and Businesses. The views expressed herein are presented on behalf of the Section of Intellectual Property Law. They have not been approved by the House of Delegates or the Board of Governors of the American Bar Association and, accordingly, should not be construed as representing the position of the Association.

Since 1894, the ABA-IPL Section has advanced the development and improvement of intellectual property laws and their fair and just administration. As the forum for rich perspectives and balanced insight on the full spectrum of intellectual property law, the Section serves within the ABA as a highly respected voice within the intellectual property profession, before policy makers, and with the public.

As the Judiciary Committee reviews the information gleaned from the hearing, the Section would like to bring the Committee’s attention to several relevant issues for which the Section has developed consensus positions: 1) the need for flexible deadlines during the trademark registration process; 2) the possibility of creating a re-examination process for registered trademarks; 3) an expungement process; and 4) confirming the presumption of irreparable harm when determining injunctive relief.
Flexible Deadlines

The ABA-IPL Section has become aware of suggestions to amend 15 U.S.C. §1062(b) to provide the U.S. Patent and Trademark Office (“the Office”) the discretion to set response times for responding to specific Office Actions during the trademark registration process. Currently, 15 U.S.C. §1062(b) mandates that the Office provide a six-month period to respond to Office Actions.

Given the Office’s recent focus and attention on pendency statistics, the Section anticipates that the Office may be interested in having some flexibility to shorten the response times permitted in connection with a narrow subset of non-substantive refusals, such as Office Actions issued in connection with the Office’s recent rule mandating that foreign applicants and registrants engage U.S.-admitted attorneys to represent them in matters before the Office, or in connection with disclaimers or minor identification clarification issues. The Section appreciates that any such shortening of these statutory deadlines would not be left to the discretion of individual examining attorneys, but instead would be subject to consistent rules set by the Office through its normal rulemaking process, including through the publication of notices of proposed rulemaking and the solicitation of feedback from stakeholders to identify and discuss any potential unintended consequences that might result from shortening a specific response time period. The use of the Office’s normal rulemaking process to develop such rules is important to ensure shortened response times are applied consistently.

Currently, the Lanham Act requires applicants to respond to an examining attorney’s Office Action within six months after the date of issuance.1 The Office has no discretion to shorten or extend this six-month response period. If an applicant fails to reply, amend or appeal within this statutory time frame, the application for registration will be deemed abandoned in due course (unless the applicant successfully petitions to reopen the application explaining that the delay was unintentional).2

Under its current pendency goals, the Office aims to process a trademark application from the date of filing to Notice of Abandonment, Notice of Allowance, or registration within twelve months or less. With exception of a small dip in Q4 of 2018, total pendency has been slowly increasing from an average of 9.5 months in Q4 of 2017, up to an average of 10 months in Q2 of 2019 (excluding applications that were previously suspended or were involved in inter partes proceedings at the Trademark Trial and Appeal Board (TTAB)).3 While the pendency of an application approved upon first action (i.e., without issuance of an Office Action) rose from 2.7 months in Q4 of 2018 to 3.4 months in Q1 of 2019, it has now drastically fallen so that applicants can currently expect a case to be resolved in a mere 2.6 months. The Office’s data, therefore, reflect a huge disparity between the pendency of an application approved upon first action and those subject to at least one Office Action.

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2 Id.
The Section supports amending the Lanham Act to remove the mandatory six-month response period and to allow the Office to set flexible deadlines using its rulemaking authority, provided that such proposed rules as may be developed will be published for public comment and that such proposed rules will be applied uniformly across the same types of Office Actions, and not arbitrarily on a case-by-case basis to only certain applications. While the Section has some concerns about the implementation of this policy, the Section believes that by modifying the statutorily mandated six-month response time in the case of certain limited types of Office Actions, the pendency of trademark applications could be reduced, allowing applications to mature to registration more expeditiously.

Currently, the Office is dealing with an influx of fraudulent applications, including those with false or altered specimens of use. When these applications are received by the Office, examining attorneys are statutorily required to provide applicants with the full six-month response time, thereby increasing the pendency on a host of applications and allowing applications that may ultimately be rejected as fraudulent to clutter the Trademark Register and block legitimate applications (perhaps confusingly similar to the fraudulent-but-earlier-filed applications) from proceeding through the process.

Along the same lines, modifying the response time to Office Actions for a limited number of scenarios may lead to increased accuracy in clearance searches. For example, limiting the response time for applicants to revise the applicable list of goods/services will lead to less uncertainty for other applicants wishing to register trademarks that would otherwise be refused. While recognizing the value and importance of properly classifying one’s trademark within the proper goods and services, limiting the amount of time to take responsive action after receiving an Office Action requesting the clarification of the identification of goods and services in the application could help clear up any potentially blocking applications more quickly and ensure that applicants for registration of marks actually in use in commerce could prosecute their trademark applications without delays due to overly broad (or inaccurate) registrations. More importantly, limiting the response time in this situation helps to ensure that the Trademark Register accurately reflects marks that are being used in commerce along with their corresponding goods/services. Moreover, allowing applicants who have received Office Actions with reduced response times to request extensions up to the six-month statutory period (in order to address specific issues) would satisfy both the Office’s interest in ensuring that applications are being prosecuted actively by applicants, and were not simply filed to reserve rights in marks not intended to be used in U.S. commerce, as well as any due process concerns that may be created by shortening the statutorily provided six-month response times.

For all of the foregoing reasons, the Section supports efforts to amend the Lanham Act to remove the statutorily-required six-month window in which to respond to certain Office Actions, and likewise to allow the Office to narrow some of these response times (upon proper notice to the public and receipt of feedback).
Re-examination

The ABA-IPL Section also has become aware of certain proposals to amend the Lanham Act to allow for re-examination of previously approved registrations. However, the current inter partes procedure for challenging the validity of a trademark registration already provides parties the ability to seek cancellation of a registered trademark. Under the Lanham Act, any person who believes it is or will be damaged by registration of a mark has standing to file a Petition to Cancel after the registration issues or a Notice of Opposition during the prosecution of the application. A party can file a Petition to Cancel on many of the same grounds where the Section believes ‘re-examination’ may apply, including the rare situations where the Office believes that a registration never should have issued. While parties with standing can bring some claims for up to five years after the registration date, e.g., a likelihood of dilution, other claims, including fraud, can be brought at any time.

The Section understands that TTAB proceedings can be expensive to prosecute and defend for all parties involved. However, the TTAB’s rules follow, in large part, the Federal Rules of Civil Procedure and permit all parties to seek and serve discovery, submit testimony, and participate in oral argument before a final decision is made. The Supreme Court has held that some final decisions by the TTAB may have a preclusive effect on future litigation between the parties. Further, the TTAB’s motion practice allows parties to move for the dismissal of frivolous or malicious claims and for sanctions against bad-faith actions before the TTAB. Accordingly, the Section submits that any claim by a third party that a registration was improperly issued can be adequately addressed by proceedings before the TTAB or a federal district court and not by an ex parte process involving only the Office.

The Section believes that the trademark registration process should be transparent, fair and predictable. Trademark owners often weigh the risks in launching new brands or expanding on advertising and marketing for existing brands based on a number of factors, including, in many cases, the registration of that mark with the Office. Parties also enforce their rights based on the presumptions and benefits provided by a federal registration that was reviewed by a licensed U.S. government attorney who has been specially trained to examine trademark applications for registrations. To this end, the proposed policy may have unanticipated consequences for litigants relying on federal trademark registrations in court proceedings.

As a practical matter, the Section believes that ongoing training and enhanced supervision of examining attorneys may be more effective in combating the registration of trademarks that should not have been registered in the first place. Once a registration issues, a registrant should be entitled to rely on it as prima facie evidence of the validity of the registration, the registrant’s ownership of the mark, and the exclusive right to use the mark in commerce. Registrants should also be able to rely on the registration as

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4 See 15 U.S.C. §§ 1063, 1064; 37 C.F.R. §§ 2.101(b), 2.111(b); TBMP § 309.03(b).
prima facie evidence of priority since the application filing date,\(^8\) and constructive notice
of the registrant’s claim of ownership and the presumption of nationwide rights.\(^9\)

The Section intends to further consider the issue of reexamination proceedings in
light of the new details recently provided by House Judiciary Staff.

**Expungement**

The ABA-IPL Section is aware that the Committee may be considering an
expungement proposal for removing unused goods and services from trademark
registrations. The Section generally supports the goal of assessing and promoting the
accuracy and integrity of the Trademark Register through the use of expungement
mechanisms to expunge unused goods and services from trademark registrations.
However, as reflected in its attached October 24, 2016 letter to the Office, the Section has
expressed a few concerns with the Office’s expungement proposal made at that time.

**Presumption of Irreparable Harm**

The ABA-IPL Section also supports legislation to amend the Lanham Act to
expressly recognize a presumption of irreparable harm, rebuttable by a preponderance of
the evidence and testimony, if a trademark owner seeks injunctive relief on a likelihood-
of-confusion claim and there is a finding that liability is probable (for a preliminary
injunction) or an actual finding of liability (for a permanent injunction). In *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006), the Supreme Court identified four showings a
plaintiff must make to be entitled to injunctive relief, the first of which is that the plaintiff
will suffer an irreparable harm in the absence of an injunction.

Prior to *eBay*—a case addressing allegations of utility patent infringement—
courts held with near uniformity that success on the merits of a trademark claim in the
permanent injunction context or a showing of likely success on the merits in the
preliminary injunction context created a presumption of irreparable harm sufficient to
satisfy the first prerequisite for relief.\(^10\)

Subsequent to *eBay*, however, some courts have questioned the viability of that
presumption in trademark cases, while others have continued to apply it.\(^11\) Because the

\(^8\) *Id.* at §§ 1052, 1065, 1115(b)(5).
\(^9\) *Id.* at § 1072.
\(^10\) See, e.g., *Eli Lilly & Co. v. Natural Answers Inc.*, 233 F.3d 456, 469 (7th Cir. 2000)
of confusion would create a presumption of irreparable harm, and thus a plaintiff would not need
to prove such harm independently.”); *Opticians Ass’n of Am. v. Ind. Opticians of Am.*, 920 F.2d
187, 196–97 (3d Cir. 1990) (once a showing of likely confusion is made, the “inescapable
conclusion is that there was also irreparable injury”); *Gen. Mills, Inc. v. Kellogg Co.*, 824 F.2d
622, 625 (8th Cir. 1987) (irreparable injury is presumed once the moving party demonstrates
probable success in proving a likelihood of confusion).
\(^11\) Compare *Abraham v. Alpha Chi Omega*, 708 F.3d 614, 627 (5th Cir. 2013) (“All that must be
proven to establish liability and the need for an injunction against infringement is the likelihood
of confusion—injury is presumed.”) *with Herb Reed Enters. v. Fla. Entm’t Mgmt., Inc.*, 736 F.3d
Supreme Court has declined to resolve this split, the Section urges the Committee to take up legislation to confirm the existence of the presumption in appropriate cases involving the violation of trademark and service mark rights. There are several reasons why the Committee should do so.

First, trademarks inform consumers and protect them against mistaken purchasing decisions in the marketplace. They do so by reducing consumer search costs as consumers learn over time to recognize and rely on certain marks and brands as representations of quality and favorable products or services. Trademark law shields consumers from unscrupulous actors by guaranteeing that the products or services they purchase under particular trademarks encompass certain qualities and attributes they expect. This is a particularly compelling consideration where goods bearing counterfeit imitations of marks are concerned. Trademark litigation therefore implicates the public interest in ways that litigation involving other intellectual property rights does not.

Second, unlike patent law, trademark law protects trademark owners by allowing them to build and maintain positive reputations among consumers through exclusive use of a single source designator for their products or services in the marketplace. When an infringer enters the marketplace, the protections afforded by trademark law are threatened. Consumers encountering new products or services under a recognizable or familiar trademark are naturally likely to believe those products or services emanate from or are related to the original source. This likelihood of confusion reflects the trademark owner’s loss of control over its mark. If the infringer’s products or services do not adhere to the quality or standard that the trademark owner originally imposed, consumers will reconsider their loyalty to the brand. This loss in consumer confidence harms the trademark owner’s investment in its mark and can ultimately destroy or severely damage the trademark owner’s reputation – a loss that in most cases cannot be repaired by monetary relief.

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1239, 1249 (9th Cir. 2013) ("[A]ctual irreparable harm must be demonstrated to obtain a permanent injunction in a trademark infringement action.").

12 Kraft Foods Group Brands LLC v. Cracker Barrel Old Country Store, Inc., 735 F.3d 735, 739, (7th Cir. 2013) ("A trademark’s value is the saving in search costs made possible by the information that the trademark conveys about the quality of the trademark owner’s brand.").

13 Qualitex Co. v. Jacobson Prod. Co., 514 U.S. 159 (1995) ("In principle, trademark law, by preventing others from copying a source-identifying mark, “reduce[s] the customer's costs of shopping and making purchasing decisions,” 1 J. McCarthy, McCarthy on Trademarks and Unfair Competition § 2.01[2], p. 2–3 (3d ed. 1994) . . . for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.").

14 Id. at 162 ("The Lanham Act gives a seller or producer the exclusive right to ‘register’ a trademark, 15 U.S.C. § 1052 . . . and to prevent his or her competitors from using that trademark, § 1114(1)."").

15 AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 354 (9th Cir. 2003) ("The wrong inheres in involuntarily entrusting one’s business reputation to another business.")

16 Juicy Couture, Inc. v. Bella Int’l Ltd., 930 F. Supp. 2d 489, 503 (S.D.N.Y. 2013) ("Irreparable harm exists in a trademark case when the party seeking the injunction shows that it will lose
Finally, a key consideration underlying the outcome in eBay—a case presenting allegations of utility patent infringement—was the Court’s concern with nonpracticing patent “trolls,” i.e., patent owners that own patents “not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees.”17 Because trademark rights under United States law ultimately depend on use of the underlying mark in commerce,18 the opportunity for similar behavior in the trademark context is limited. Further, there is no indication that the Supreme Court intended its decision in eBay to extend beyond utility patent infringement and into trademark infringement.

Congressional confirmation of the presumption of irreparable harm would not preclude defendants from rebutting it by a preponderance of the evidence and testimony. Thus, for example, as was the case prior to eBay, a defendant could defeat a request for preliminary injunctive relief by demonstrating the plaintiff unreasonably delayed in bringing that request.19 Likewise, a showing that a defendant completely ceased all use of an allegedly infringing mark also could have the same effect.20 That confirmation would, however, provide much-needed clarity and consistency to courts and litigants alike, as well as eliminate an opportunity for forum-shopping by the latter.

Thank you for the opportunity to submit these comments for the hearing record. Should you have any questions or would like to discuss these issues further, please do not hesitate to contact me.

Sincerely,

George W. Jordan III
Chair, ABA Section of Intellectual Property Law

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control over the reputation of its trademark ... because loss of control over one’s reputation is neither ‘calculable nor precisely compensable.’” (quoting U.S. Polo Ass’n, Inc. v. PRL USA Holdings Inc., 800 F.Supp.2d 515, 540 (S.D.N.Y.2011)).

17 eBay, 547 U.S. at 396.

18 McCarthy on Trademarks and Unfair Competition § 6:3 (5th ed.) (“Trademark rights grow out of use, not mere invention. To acquire ownership of a trademark, one must actually use the designation in the marketplace as a mark in the sale of goods or services.”)

19 See, e.g., Pharmacia Corp. v. Alcon Labs., 201 F. Supp. 2d 335, 382 (D.N.J. 2002) (“Any claim to irreparable injury is undercut by the plaintiff’s lengthy and inexcusable delay in bringing this action for preliminary injunctive relief.”).