RESOLVED, That the American Bar Association supports, in principle, a transparent administrative process or processes to remove trademark registrations from the U.S. Patent and Trademark Office's Principal or Supplemental Register, provided that:

(a) invalidation of a targeted registration is conditioned on proof that the registered mark was not used in commerce by any of the following relevant dates: (1) the claimed date of first use; (2) the filing date of an amendment to allege use; or (3) date of registration;

(b) the USPTO independently verifies the evidence of such non-use;

(c) there is a clear definition of what qualifies as sufficient evidence to prove such non-use as of the relevant date;

(d) registrants domiciled in the United States are not disadvantaged vis-à-vis registrants domiciled outside the United States, including with regard to the timing of the process(es) and any mechanisms by which registrations are invalidated;

(e) such process(es) before the USPTO should be stayed in the event of an adversarial proceeding before a tribunal with competent jurisdiction in which there is a claim or defense that the registration should be cancelled on the ground of such non-use on or before the relevant date; and

(f) registrants receive the right to appeal adverse determinations by civil action or by appeal to the U.S. Court of Appeals for Federal Circuit, as set forth in 15 U.S.C. § 1071.
I. Introduction

Consumer protection is the cornerstone of the Lanham Act, 15 U.S.C. § 1051 et seq., and the accuracy and validity of the records of federally registered marks maintained by the U.S. Patent and Trademark Office (USPTO) is critical to furthering this purpose. In recent years, the USPTO has seen a massive influx of trademark applications (primarily by foreign applicants) based on false (and often fraudulent) sworn averments by applicants. This flood of bogus filings has affected the integrity of the trademark registers and affected the ability of legitimate mark owners to register their trademarks.

Currently, the only viable methods for clearing the trademark registers of these problematic filings are: (1) an adversarial proceeding before the Trademark Trial and Appeal Board (TTAB) of the USPTO challenging the pending application or registration; or (2) a counterclaim for cancellation in a civil action in which the claim at issue has been asserted against the counterclaimant. TTAB proceedings, held before a panel of non-Article III administrative law judges, can be quite costly and burdensome to litigate and often take many months or years to receive a final determination on the merits; litigation before federal and state courts has the same disadvantages.

To combat these suspect filings, Congress has proposed amendments to the Lanham Act\(^1\) to create new, abbreviated proceedings that would be adjudicated by the Director of the USPTO. The Resolution proposes certain conditions that should be present in any such legislation to preserve the integrity of the trademark registers and prevent abuse of any new proceedings. While an expedited and abbreviated proceeding before the Director may present the opportunity to clear the register of deadwood registrations more efficiently than currently possible, at the same time it may allow nefarious actors to abuse the process by harassing and/or otherwise unscrupulously attacking otherwise valid registrations for business and/or legal gain. Safeguards therefore should accompany any such legislative amendment to prevent abuse of the new proceedings.

II. The Significance of Use in Commerce to the Trademark Registration Process

When filing a federal trademark application under Section 1(a) of the Lanham Act, 15 U.S.C. § 1051(a), an applicant domiciled in the United States must aver, under oath, that it has used its mark in interstate commerce and must submit a specimen demonstrating use on or in connection with the goods or services being offered. If the applicant is domiciled outside of the United States, the applicant may follow the same procedure, or it may avail itself of the Paris Convention or Madrid Protocol and rely upon a registration issued by its own national trademark office. If it takes the latter approach, it must aver a bona fide intent to use its mark in commerce.\(^2\)

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2 See Section 44(e) and 66 of the Lanham Act, 15 U.S.C. §§ 1126(e), 1141.
The USPTO has seen an increase in the number of (somewhat recently issued) registrations apparently arising from false averments that the applied-for marks are used in interstate commerce. Thus, the problem is that in certain situations, applicants are declaring, under oath and penalty of perjury, that their marks are used in interstate commerce when, in fact, they are not.

Within the first five years after a trademark registration is issued by the USPTO under Section 1(a), the registration may be challenged as void ab initio for want of use in interstate commerce as of the date of an averment of use in commerce during the registration process. 15 U.S.C. § 1064. Although the Lanham Act authorizes federal and state courts of competent jurisdiction to order the cancellation of registrations, this type of challenge most often takes the form of an inter partes cancellation proceeding before the TTAB and, as mentioned previously, may take months or years to receive a final determination on the merits.

With respect to applications based upon a foreign (non-U.S.) registration, the subsequent U.S. registration may not be challenged until three years after issuance for abandonment based upon certain treaty obligations. However, abandonment requires showings of both nonuse and an intent not to begin or resume use, 15 U.S.C. § 1127. These same registrations also may be challenged up until five years after their issuance because the applicant did not have the required bona fide intent to use its mark in interstate commerce as of the filing date of the application that matured into registration. Both showings may be difficult because they require inquiries into scienter.

In the context of national trademark registration systems, “deadwood” generally means registered marks that are not in use in the country for which the registration has been issued, or registered marks that are in use but only for some of the goods and services covered by the registrations.” Daniel R. Bereskin & Aaron Sawchuk, Crocker Revisited: The Protection of Trademarks of Foreign Nationals in the United States, 93 TRADEMARK REP. 1199, 1218 n.9 (2003). Regardless of intent, deadwood registrations present several obstacles to the owners or potential owners of similar or identical marks. These obstacles often become present at the early stages of mark consideration or adoption if they are identified either by trademark counsel during the clearance process and/or by a USPTO Examining Attorney who refuses registration to an applied-for mark by citing the mark underlying the deadwood registration as likely to cause consumer confusion. Removing the deadwood from the register to pave the way for the new mark (and

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3 One type of “deadwood” registration which is problematic but is not currently addressed by the proposed legislation involves a mark that was in use in commerce when the registration issued but later fell out of use. This non-use may not be the result of mischief but may simply be the result of such things as a bankruptcy or a conscious decision to re-brand a product or service. In these situations, the mark was legitimately in use at the time that the registration issued but such use in commerce ceased at some point within the first five years following issuance. Currently, this particular type of “deadwood” registration may only be removed via an inter partes cancellation proceeding before the TTAB or via a counterclaim for cancellation in an infringement action. Often, these deadwood registrations remain on the trademark register until the next date for a maintenance filing and can be an obstacle to owners or potential owners of similar or identical marks.
subsequent registration) can be both costly and time consuming and can drain the resources of the TTAB.

III. Requirements To Be Included In Legislation That Preserve The Integrity Of The Trademark Registers And Prevent Abuse Of Any New Proceedings

The Trademark Modernization Act of 2020, introduced in both the House of Representatives and Senate on March 11, 2020, H.R. 6196 and S. 3449, would create two new administrative mechanisms for addressing the deadwood issues, namely:

1) an expungement proceeding targeting registrations of marks that never have been used in commerce; and
2) an ex parte reexamination proceeding targeting registrations of marks not used in commerce before the relevant date required for registration.

While these bills have merit, important safeguards are needed for the administrative mechanisms proposed by the bills.

A. Ensuring That The Proceedings Apply Equally To Domestic And Non-U.S. Registrants

Currently, a party seeking to challenge an existing registration because the registered mark was not in use at the time of filing the application or Statement of Use has no recourse short of initiating a formal TTAB proceeding or asserting a counterclaim to cancel the registration. If Congress amends the Lanham Act to permit an expedited (and abbreviated) proceeding before the Director to remove such registrations from a trademark register, invalidating a registration should be limited to those situations in which the mark can be proven to lack legitimate use in commerce by any of the following relevant dates: (1) date of first use; (2) date of filing an amendment to allege use; or (3) date of registration. Further, the rules underlying any such proceedings should apply equally to both U.S. and non-U.S. registrants (and registrations) to avoid conflict with various trademark-related treaty obligations.

B. Mirroring The Lanham Act’s Current Provision Permitting Appeals To Either The Federal Circuit Or A U.S. District Court

The Lanham Act currently allows an appeal from a TTAB decision either to a United States District Court or to the United States Court of Appeals for the Federal Circuit. See 15 U.S.C. § 1071. Similarly, a party seeking to appeal an adverse decision by the Director should be permitted such recourse to either a district court or the Federal Circuit on all

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4 Under Sections 14(3), 15 U.S.C. §1064, and 1(a), 1(c) and 1(d), id. § 1051, there are numerous grounds for opposing the registration of an application and/or seeking to cancel a registration, including if the registered marks have been abandoned or were not in use at the time of filing the application or Statement of Use, or if the application had been fraudulently filed.

5 Treaty examples include the Paris Convention and Madrid Protocol.
appeals of re-examination and expungement proceedings because the contrary presupposes that the various federal district courts are not equally capable of adjudicating such proceedings. For decades, trademark litigants have relied on federal district courts to adjudicate complex trademark issues, and case law proves that the courts are quite adept at rendering well-reasoned decisions in trademark law. Moreover, forcing a registrant or petitioner to incur travel expenses to appeal an adverse decision by the Director when a local (federal) district court would be the more convenient venue for one or both parties seems heavy handed and unnecessary, under the circumstances. Additionally, permitting an appeal to be brought before a federal district court would allow the registrant and petitioner the opportunity to present new and/or more detailed evidence than might not have been presented earlier due to the limited nature of the proceeding before the Director. If appellate jurisdiction were restricted to only the Federal Circuit, the parties would be limited to only the evidence put forth on the record before the Director. Further, if a party appeals a decision from a re-examination or expungement proceeding, thereby being willing to invest tens or hundreds of thousands of dollars in pursuing the matter, it is likely important enough to deserve the full life cycle of a district court case rather than being decided based on the limited information allowed for submission during a re-examination or expungement proceeding.

C. Safeguards Necessary To Prevent Abuse Of The New Proceedings

i. Transparency Of The Proceeding

While the Lanham Act contains a standing requirement for initiating a cancellation proceeding before the TTAB, the new proposed proceedings before the Director may be filed by anyone who presents a petition alleging a prima facie case of non-use. This lack of a standing requirement opens the door for someone with malicious intentions to file a petition that meets the minimum standard for a prima facie case and effectively hide behind the anonymity of a filing that remains hidden away from public view. Thus, it is imperative that any petitions, including the identity of the petitioner, filed under the proposed new proceedings should be made part of the public record, fully accessible by the registrant and anyone else in the public, via the USPTO’s online filing systems.

ii. Setting Forth A Clear Standard For What Constitutes Sufficient Proof Necessary To Cancel A Registration For Non-Use

One such area for abuse is the potential ability of a party to weaponize the proceeding against a competitor by filing a meritless petition to the Director simply to cast doubt and uncertainty upon the validity of the competitor’s registration. Thus, whether the proceeding before the USPTO is requested by the USPTO or by another party, the evidence of such non-use can and must be verified independently by the USPTO prior

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6 See Sec. 21(b) of the Lanham Act, 15 U.S.C. §1071(b).
7 “A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125(c) of this title, by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905…” 15 U.S.C. § 1064.
to instituting the proceeding. Moreover, any such legislation (and corresponding rules) should clearly define what constitutes sufficient proof of such non-use by the relevant date to avoid a scenario where there is an inconsistent and unclear standard by which a registration is cancelled for non-use under the proceeding.

iii. Staying A Proceeding Where A Corresponding Federal Court Action Has Been Instituted

Another scenario in which the new proceeding could be weaponized by a competitor against an otherwise legitimate and unsuspecting brand owner is in the context of a federal court action for trademark infringement or counterfeiting.8 Suppose, for example, that a plaintiff files a complaint and motion for preliminary injunction in court based upon a claim of infringement of a registered trademark under Section 32 of the Lanham Act, 15 U.S.C. §1114, and a re-examination proceeding is initiated against the plaintiff's trademark registration shortly after the filing of the complaint. The re-examination of plaintiff's presumptively valid and subsisting registration would cast a dark cloud over plaintiff’s rights. Therefore, the court may be less inclined to grant the plaintiff's preliminary injunction in light of the pending re-examination proceeding. The court also might defer a decision on the motion for preliminary injunction pending the outcome of the re-examination proceeding. The extensive delay caused by the re-examination proceeding alone could reduce the likelihood that the court would grant preliminary injunctive relief. This delay could be felt even more profoundly in a case of counterfeiting of a registered mark where the counterfeit goods are being advertised and sold on the open market and, in some cases, may involve counterfeit products that pose a significant risk to public health or safety (e.g., counterfeit pharmaceuticals, sub-standard electronics, medical devices or diagnostic equipment.)9

Accordingly, these new proceedings before the Director should be automatically stayed if an adverse proceeding is brought before a tribunal with competent jurisdiction in which a claim or defense that the registration should be cancelled on the ground of non-use as of the relevant date could have been brought. As a result, the ultimate question of validity of the registration will be or could have been before the court, which has the inherent power to cancel the registration if the mark was never in use at the time of filing (i.e., the same standard under the proposed re-examination and expungement proceedings). This is consistent with the current TTAB practice that when “a party or parties to a case pending before it are involved in a civil action that may have a bearing on the Board case, proceedings before the Board may be suspended until final determination of the civil action.”10

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8 Section 32 of the Lanham Act, 15 U.S.C. § 1114, specifically provides remedies for infringement or counterfeiting of registered trademarks. The unauthorized use of unregistered marks and other false designations of origin (i.e., those at common law) is generally only actionable under Section 43(a) of the Lanham Act. Thus, certain remedies, including ex parte seizure of counterfeit goods, are only available to marks which are registered.

9 Ownership of a federal trademark registration is a prerequisite to successfully asserting a claim of counterfeiting under the Lanham Act. See 15 U.S.C. § 1127.

10 37 C.F.R § 2.117(a).
IV. Conclusion

The Section of Intellectual Property Law urges the House of Delegates to adopt the proposed resolution to: (1) support, in principle, a transparent process by which the Director of the USPTO may invalidate a federal trademark registration either because the mark covered by it was not used in commerce at the time the registrant represented the mark was so used or because the registered mark has not been so used; but (2) condition that support on the conditions set forth above, which will prevent abuse and further the goal of maintaining the accuracy and validity of the trademark registers.

Respectfully submitted,

George W. Jordan, III
Chair, Section of Intellectual Property Law
August 2020
1. **Summary of Resolution**

The proposed policy enumerates conditions necessary to ensure that possible expedited proceedings for the invalidation of federal trademark registrations are not abused. In particular, the conditions would ensure that (1) these proceedings apply equally to domestic and non-U.S. registrants, (2) the proceedings are transparent in identifying the petitioner, (3) there is a clear standard for the proof required to cancel a registration, (4) stays are provided in these proceedings when a corresponding federal court action is pending, and (5) these proceedings permit appeals to either the Court of Appeals for the Federal Circuit or a U.S. District Court.

2. **Approval by Submitting Entity**

The Section of Intellectual Property Law Council approved the Resolution on April 24, 2020.

3. **Has this or a similar resolution been submitted to the House of Delegates or Board of Governors previously?**

No.

4. **What existing association policies are relevant to this Resolution and how would they be affected by its adoption?**

None.

5. **If this is a late report, what urgency exists which requires action at this meeting of the House?**

N/A

6. **Status of Legislation**

The Courts, Intellectual Property and the Internet Committee of the House Judiciary Committee held a series of roundtables with stakeholders in the fall - winter of 2019, to develop this legislation. The resulting Trademark Modernization Act of 2020, H.R. 6196 and S. 3449, was introduced March 11, 2020. Neither the House nor the Senate companion bill has been voted out of committee due to the
current COVID-19 public emergency, but at a minimum the House Judiciary Committee is expected to mark this bill up in the fall of 2020. At this point in time, certain safeguards that the Resolution proposes are not included in the legislation.

7 Plans for implementation of the policy if adopted by the House of Delegates

The policy will provide Association support for legislation addressing the issue.

8 Cost to the Association (both direct and indirect costs).

Adoption of the recommendations will not result in additional direct or indirect costs to the Association.

9 Disclosure of Interest

There are no known conflicts of interest regarding this recommendation.

10 Referrals

The Resolution and Report have been distributed to each of the other Sections, Divisions, Forums, and Standing Committees of the Association in the version accepted and numbered for the agenda by the Rules and Calendar Committee.

11 Contact Person (prior to meeting)

Lisa A. Dunner
Dunner Law PLLC
3243 P Street, N.W.
Washington, DC 20007
202.298.6002
ldunner@dunnerlaw.com

12 Contact Persons (who will present the report to the House)

Lisa A. Dunner
Dunner Law PLLC
3243 P Street, N.W.
Washington, DC 20007
202.298.6002
ldunner@dunnerlaw.com
EXECUTIVE SUMMARY

1. Summary of the Resolution

The proposed policy enumerates conditions necessary to ensure that possible expedited proceedings for the invalidation of federal trademark registrations are not abused. In particular, the conditions would ensure that (1) these proceedings apply equally to domestic and non-U.S. registrants, (2) the proceedings are transparent in identifying the petitioner, (3) there is a clear standard for the proof required to cancel a registration, (4) stays are provided in these proceedings when a corresponding federal court action is pending, and (5) these proceedings permit appeals to either the Court of Appeals for the Federal Circuit or a U.S. District Court.

2. Summary of the Issue that the Resolution Addresses

Congress is proposing the creation of two new expedited proceedings to cancel a federal trademark registration. Absent certain safeguards, these proceedings being created to stem trademark registrations acquired through false statements may open up new avenues for malicious actors to frivolously challenge legitimately acquired trademarks registrations.

3. Please Explain How the Proposed Policy Position Will Address the Issue

The proposed policy would allow the ABA to support federal legislation authorizing the expedited invalidation of deadwood trademark registrations while also conditioning that support on the codification of certain safeguards to prevent abuse of the resulting proceedings.

4. Summary of Minority Views or Opposition Internal and/or External to the ABA Which Have Been Identified

None known at this time.