

Subtitle B—Trademarks

SEC. 221. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This subtitle 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 subtitle is as follows:

Subtitle B—Trademarks

Sec. 221. Short title; table of contents.

Sec. 222. Definitions.

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Sec. 226. Rebuttable presumption of irreparable harm.

Sec. 227. Report on decluttering initiatives.

Sec. 228. Amendments to confirm authority of the Director.

SEC. 222. DEFINITIONS.

In this subtitle:

(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 (15 U.S.C. 1051 et. seq) (commonly referred to as the “Trademark Act of 1946” or the “Lanham Act”).

SEC. 223. 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 adding at the end the following:

“(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. Not later than 2 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 a determination to include or to not include evidence in the record 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 1 year after the date of 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 1 year after the date of enactment of this Act.

SEC. 224. 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 6 months in which to reply or amend the application, or such shorter time that is not less than 60 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 satisfaction 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 prescribe a fee to accompany any request to revive.

“(3) The Director shall provide, by regulation, for extensions of time to respond to the examiner for any time period under paragraph (2) that is less than 6 months. The Director shall allow the applicant to obtain extensions of time to reply or amend aggregating 6 months from the date of notification under paragraph (1) when the applicant so requests. However, the Director may set by regulation the time for individual periods of extension, and prescribe a fee, by regulation, for any extension request. Any request for extension shall be filed on or before the date on which a reply or amendment is due under paragraph (1).”.

SEC. 225. EX PARTE EXPUNGEMENT; EX PARTE REEXAMINATION; NEW GROUNDS FOR CANCELLATION.

(a) EX PARTE EXPUNGEMENT.—The Trademark Act of 1946 is amended by inserting after section 16 (15 U.S.C. 1066) the following:

“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 of a mark 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.—A petition filed under subsection (a), together with any supporting documents, shall—

“(1) identify the registration that is the subject of the petition;

“(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—

“(A) 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

“(B) 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 DETERMINATION, INSTITUTION, AND NOTIFICATION.—The Director shall, for each good or service identified under subsection (b)(2), 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 such good or service, institute an ex parte expungement proceeding for each good or service for which the Director determines that a prima facie case has been set forth, and provide a notice to the registrant and petitioner of the determination of whether or not the proceeding was instituted. Such notice shall include a copy of the petition and any supporting documents and evidence that were included with the petition.

“(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 support a prima facie case that a mark has never been used in commerce, but the Director shall retain the discretion to determine whether a prima facie case is set out in a particular proceeding.

“(3) DETERMINATION BY DIRECTOR.—Any determination by the Director whether or not to institute a 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, except as provided in subsection (j).

“(d) EX PARTE EXPUNGEMENT PROCEDURES.—The procedures for ex parte expungement shall be the same as the procedures for examination under section 12(b), except that the Director shall promulgate regulations establishing and governing a proceeding under this section, which may include regulations that—

“(1) set response and extension times particular to this type of proceeding, which, notwithstanding section 12(b)(3), need not be extendable to 6 months;

“(2) set limits governing the timing and number of petitions filed for a particular registration or by a particular petitioner or real parties in interest; and

“(3) define the relation of a proceeding under this section to other proceedings concerning the mark.

“(e) REGISTRANT’S EVIDENCE OF USE.—A registrant’s documentary evidence of use shall be consistent with when a mark shall be deemed to be in use in commerce under the definition of ‘use in commerce’ 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 ex parte 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 and evidence 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 has never been used 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 shall not be found to have never been used 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 was filed under subsection (a), or an ex parte expungement proceeding was

instituted by the Director under 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 supports a prima facie case of a mark having never been used in commerce on or in connection with any good or service covered by a registration. The Director shall promptly notify the registrant of such determination, at which time the ex parte expungement proceeding shall proceed according to the same procedures for ex parte 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 shall be construed to limit any other authority of the Director.

“(i) TIME FOR INSTITUTION.—

“(1) WHEN PETITION MAY BE FILED, EX PARTE EXPUNGEMENT PROCEEDING INSTITUTED.—A petition for ex parte expungement of a registration under subsection (a) may be filed, or the Director may institute on the Director's own initiative an ex parte expungement proceeding of a registration under subsection (h), at any time following the expiration of 3 years after the date of registration and before the expiration of 10 years following the date of registration.

“(2) EXCEPTION.—Notwithstanding paragraph (1), for a period of 3 years after the date of enactment of this section, a petition for expungement of a registration under subsection

(a) may be filed, or the Director may institute on the Director's own initiative an ex parte expungement proceeding of a registration under subsection (h), at any time following the expiration of 3 years after the date of registration.

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

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

“(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 registrant 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 ALTERED.—Nothing in this section shall affect the requirement for use in commerce of a mark registered under section 1(a) or 23.”.

(b) NEW GROUNDS FOR CANCELLATION.—Section 14 of the Trademark Act of 1946 (15 U.S.C. 1064) is amended—

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

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

“(6) At any time after the 3-year period following the date of registration, if the registered mark has never been used in commerce on or in connection with some or all of the goods or services recited in the registration:”; and

(3) in the flush text following paragraph (6), as added by paragraph (2) of this subsection, by inserting

“Nothing in paragraph (6) shall be construed to limit the timing applicable to any other ground for cancellation. A registration under section 44(e) or 66 shall not be cancelled pursuant to paragraph (6) if the registrant demonstrates that any nonuse is due to special circumstances that excuse such nonuse.”

after “identical certification mark is applied.”.

(c) EX PARTE REEXAMINATION.—The Trademark Act of 1946 is amended by inserting after section 16A, as added by subsection (a), the following:

“SEC. 16B. EX PARTE REEXAMINATION.

“(a) PETITION FOR REEXAMINATION.—Any person may file a petition to reexamine a registration of a mark 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.—A petition filed under subsection (a), together with any supporting documents, shall—

“(1) identify the registration that is the subject of the petition;

“(2) identify each good and service recited in the registration for which it is alleged that the mark was not in use in commerce on or in connection with on or before the relevant date;

“(3) include a verified statement that sets forth—

“(A) the elements of the reasonable investigation the petitioner conducted to determine that the mark was not in use in commerce on or in connection with the goods and services identified in the petition on or before the relevant date; and

“(B) 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 DETERMINATION, INSTITUTION, AND NOTIFICATION.—The Director shall, for each good or service identified under subsection (c)(2), determine whether the petition sets forth a prima facie case of the mark having not been in use in commerce

on or in connection with each such good or service, institute an ex parte reexamination proceeding for each good or service for which the Director determines that the prima facie case has been set forth, and provide a notice to the registrant and petitioner of the determination of whether or not the proceeding was instituted. Such notice shall include a copy of the petition and any supporting documents and evidence that were included with the petition.

“(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 support a prima facie case that the mark was not in use in commerce on or in connection with a good or service 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 proceeding.

“(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, except as provided in subsection (j).

“(e) REEXAMINATION PROCEDURES.—The procedures for reexamination shall be the same as the procedures established under section 12(b) except that the Director shall promulgate regulations establishing and governing a proceeding under this section, which may include regulations that—

“(1) set response and extension times particular to this type of proceeding, which, notwithstanding section 12(b)(3), need not be extendable to 6 months;

“(2) set limits governing the timing and number of petitions filed for a particular registration or by a particular petitioner or real parties in interest; and

“(3) define 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 shall be consistent with when a mark shall be deemed to be in use in commerce under the definition of ‘use in commerce’ 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 supports 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 shall 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 the Director's own initiative an ex parte reexamination proceeding, at any time not later than 5 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 may 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.”.

(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 a final decision by an examiner in 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 ex parte expungement proceeding or an 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 “, except for a registrant subject to an ex parte expungement proceeding or an ex parte reexamination proceeding,” before “is dissatisfied”.

(e) TECHNICAL AND CONFORMING AMENDMENTS.—The Trademark Act of 1946 is amended—

(1) in section 15 (15 U.S.C. 1065), by striking “paragraphs (3) and (5)” and inserting “paragraphs (3), (5), and (6)”; and

(2) in section 26 (15 U.S.C. 1094), by adding at the end the following: “Registrations on the supplemental register shall be subject to ex parte expungement and ex parte reexamination under sections 16A and 16B, respectively.”.

(f) DEADLINE FOR PROCEDURES.—Not later than 1 year after the date of 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 (c).

(g) EFFECTIVE DATE.—The amendments made by this section shall take effect upon the expiration of the 1-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. 226. REBUTTABLE PRESUMPTION OF IRREPARABLE HARM.

(a) AMENDMENT.—Section 34(a) of the Trademark Act of 1946 (15 U.S.C. 1116(a)) is amended by inserting after the first sentence the following: “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 enactment of this Act.

SEC. 227. 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 during the period beginning 12 months after the date of enactment of this Act and ending 30 months after the date of enactment of this Act 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.

(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 225—

(A) the number of petitions filed under each such section for which a decision not to institute was issued;

(B) the number of petitions filed under each such section for which a decision to institute was issued;

(C) the number of in-process and completed proceedings instituted under each such section, including any proceedings instituted by the Director’s own initiative;

(D) the average time taken to resolve proceedings instituted under each such section, including the average time between—

(i) the filing of a petition under each such section and an examiner’s final decision under section 16A(g) and 16B(g), or the last decision issued by the examiner if the registrant failed to respond to the latest-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 failed to respond to the latest-in-time decision by the examiner;

(E) the number of appeals of decisions of examiners to the Trademark Trial and Appeal Board and to the courts for each such proceeding; and

(F) 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 each involved registration that were cancelled pursuant to such proceedings.

(2) With respect to section 1(f) of the Trademark Act of 1946, as added by section 223—

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

(C) of those applications identified in subparagraph (B), 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 effectiveness of—

(A) the proceedings under sections 16A and 16B of the Trademark Act of 1946, as added by section 225, in addressing inaccurate and false claims of use in trademark registrations; and

(B) any additional programs conducted by the Director designed to address inaccurate and false claims of use in trademark applications and registrations, including the post-registration use audit, as implemented as of 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 3 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 Senate and the Committee on the Judiciary of the House of Representatives a report—

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

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

SEC. 228. AMENDMENTS TO CONFIRM AUTHORITY OF THE DIRECTOR.

(a) AMENDMENTS.—

(1) Section 18 of the Trademark Act of 1946 (15 U.S.C. 1068) is amended by inserting after “established in the proceedings” the following: “. The authority of the Director under this section includes the authority to reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board”.

(2) Section 20 of the Trademark Act of 1946 (15 U.S.C. 1070) is amended by adding at the end the following: “The Director may reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board under this section.”.

(3) Section 24 of the Trademark Act of 1946 (15 U.S.C. 1092) is amended by inserting after “shall be canceled by the Director” the following: “, unless the Director reconsiders the decision of the Board, and modifies or sets aside, such decision”.

(b) RULES OF CONSTRUCTION.—

(1) AUTHORITY BEFORE DATE OF ENACTMENT.—The amendments made by subsection (a) shall not be construed to mean that the Director lacked the authority to reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board before the date of enactment of this Act.

(2) AUTHORITY WITH RESPECT TO PARTICULAR DECISIONS.— The amendments made by subsection (a) shall not be construed to require the Director to reconsider, modify, or set aside any particular decision of the Trademark Trial and Appeal Board.