

What We've Learned About TM Modernization Rules So Far

By **Fan Cheng and David Fleming** (August 23, 2022, 6:13 PM EDT)

Congress and the U.S. Patent and Trademark Office have long been concerned with registrations for marks that are no longer in use or that have been procured by fraud.

The Trademark Modernization Act of 2020 and the USPTO's implementing rules, collectively the TMA, have provided two new ex parte proceedings to help address these issues: expungement and reexamination.

These two procedures allow brand owners to challenge bad-faith trademark filings faster and at a lower cost than through traditional Trademark Trial and Appeal Board cancellation actions.

Expungement is targeted at registered marks that have never been used for the subject goods or services, while reexamination targets registrations for marks that were not used for the subject goods or services on or before the relevant date. A showing of fraud is not required.

This article explores these two new procedures and identifies some best practices for using them.

Since the TMA's implementation in December 2021, the USPTO has received more than 130 petitions for expungement and reexamination of trademark registrations.

More than 50 proceedings have been instituted, resulting in nine partial or full cancellation of the subject registrations. At least four registrations went through the full process unchanged.

Upon receipt of a petition, the USPTO's director will review and make the first decision whether to institute the proceeding. Among the 79 petitions reviewed, more than 60% have been instituted, allowing the subject registrations and the submitted evidence to be further reviewed by an examiner.

It may take from fewer than 30 days to as long as four months for the director to issue the institution decision.

Petition for Expungement or Reexamination



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A petition for expungement or reexamination must be submitted using the Trademark Electronic Application System forms. The petition is required to include:

- A verified statement establishing that there was a reasonable investigation into whether the trademark was used in commerce with the specified goods or services, along with a concise factual statement explaining the basis for the petition;
- Evidence supporting a prima facie case of nonuse in commerce — a reasonable predicate;
- An index of the evidence; and
- The \$400 fee per class of goods or services.

All the petitions that the director thus far has decided not to institute provided insufficient evidence. In other words, the petitioner failed to establish a prima facie case of nonuse.

Importantly, a petitioner must show that the subject mark has never been used in the case of expungement, or was not used before the relevant date in the case of reexamination.

An investigation showing only that the mark is not currently in use will not be sufficient. Indeed, internet searches conducted just before the petition date and showing no relevant examples of use at that time have been found insufficient to demonstrate that the mark had never been used in commerce.

Such searches showed only that the mark was not being used at the time the petition was filed. Instead, an archival internet search showing no relevant examples of use between certain relevant dates likely will be of probative value.

To help better prepare the petition, the USPTO has provided some examples of evidence showing past nonuse and current nonuse.

Acceptable evidence of past nonuse may include:

- Wayback Machine, at [Archive.org](https://archive.org), or other internet printouts showing no use at all (for expungements) or at relevant dates (for reexaminations);
- Registrant's lack of U.S. presence;
- Lack of importation information;
- Invalidation of registration in country of origin based on nonuse; and
- Statements that indicate sales are limited to places outside the U.S.

Acceptable evidence of current nonuse also may include:

- Evidence of nonuse over different periods of time;
- Evidence of nonuse on multiple big sales platforms;

- Evidence of nonuse in more specialized stores when appropriate for the goods or when goods would not be sold on large platforms;
- Industry-specific evidence from regulatory agencies where relevant to show nonuse;
- Evidence from public filings containing statements from the registrant supporting an inference of nonuse; and
- Evidence of search results from reverse image searching for design marks.

In addition, the relevant date has to be calculated carefully in reexamination proceedings. The relevant date at issue depends on a mark's filing basis.

When a mark was initially filed on a use basis, the relevant date is the filing date. When a mark was filed on an intent-to-use basis, the relevant date is the date that an accepted amendment to allege use was filed or the end date of the statement-of-use period for an accepted statement of use, whichever is later.

Some petitioners have attempted to prove that marks have not been used by studying the specimens in the record, identifying deficiencies with the submitted specimens and arguing therefore that they fail to show use of the subject mark.

However, such evidence has been considered insufficient to establish nonuse. Limited exceptions include evidence showing the specimen is fake or digitally altered, for example, when one submitted specimen shows the subject mark on a lopsided taped label, and later-submitted specimens show the same product without the taped label on it.

Another issue with petitions has been failure to submit an index of the evidence. An index is required as part of the petition, together with the evidence itself.

The USPTO provides examples of index of evidence to be used for expungement and reexamination proceedings. When the absence of an index is the only missing piece, the director usually issues a 30-day inquiry letter, requesting submission of the index.

Other issues resulting in an inquiry letter may include lack of a verified statement of the investigation, lack of URLs and search dates for webpage evidence, lack of translation when the evidence is provided in a foreign language and lack of the petitioner's domicile address.

The 30-day deadline to respond to an inquiry letter is not extendable. In addition, a petitioner is not allowed to submit any additional nonuse evidence when responding to the inquiry letter.

Even when all the nonuse evidence covers the correct time period, and is properly dated and indexed, the director may find that the evidence is not so comprehensive to establish a reasonable predicate of nonuse.

For example, an internet search plus a few searches on leading e-commerce platforms may be insufficient to establish a prima facie case of nonuse.

A third-party investigation may be helpful. Thus far, no third-party investigation report has been found

to be insufficient when submitted as nonuse evidence.

Your Petition Is Not Instituted, Then What?

The director's determination whether to institute an expungement or reexamination proceeding is final and nonreviewable. However, such a determination will not prejudice any party's right to raise the issue of nonuse again in any future reexamination or expungement proceeding, or in other proceedings before the TTAB or in district court.

In fact, at least two petitioners in cases where the first expungement proceeding was not instituted have chosen to file a second petition against the same registration with more comprehensive nonuse evidence.

Moreover, even when a petitioner's request for institution is denied due to insufficient evidence, an expungement or reexamination proceeding still may be instituted. The TMA authorizes institution of the new proceedings even without a petition if the director discovers information that supports a prima facie case of nonuse.

There have been at least four instances where, after a petitioner was notified of a noninstitution, the director initiated an expungement or reexamination proceeding separately.

In these circumstances, the director usually supplements the nonuse evidence submitted by the petitioner with any additional evidence that the director has identified, so as to set forth a prima facie case that the mark was never in use in commerce, or had not been in use before the relevant date, in connection with the identified goods or services.

Comparison to TTAB Cancellation Proceedings

Both the newly available expungement and reexamination proceedings, and the traditional cancellation proceedings before the TTAB, could be used to address registered marks that are not used in commerce.

The TMA allows an additional basis for cancellation in the TTAB when a mark is 3 years old and has never been used in commerce. In such cases, the registration also may be ripe for an expungement proceeding.

A brand owner may choose an expungement or reexamination proceeding given their relatively low costs and quick turnaround time. It typically takes four to six months for an expungement or reexamination proceeding from filing of the petition to termination of the proceeding, which is much faster than a traditional cancellation proceeding.

There are also situations when only one of the proceedings is available. For instance, if a mark is currently in use in connection with the identified goods or services, but that use commenced after the relevant date, the subject mark could be canceled through a reexamination proceeding.

On the other hand, a TTAB cancellation proceeding based on abandonment would not be available, and the TMA did not provide nonuse as an additional basis for cancellation where the mark has been used.

To give another example, if a mark was continuously used with its registered goods or services in commerce but such use ceased for a continuous period of three or more years, neither an expungement

or reexamination may be available, and a petition before the TTAB for cancellation will be more appropriate.

Further, if a party wishes to challenge multiple filings in a consolidated proceeding, or if there are other applicable grounds for cancellation in addition to nonuse, a TTAB cancellation proceeding will be appropriate. A party can only submit a single expungement or reexamination request against one registration at a time and combined proceedings may not be instituted.

Also remember that an expungement and reexamination proceedings and cancellation proceedings are not mutually exclusive. A party may utilize both proceedings against the same registration at issue, depending on the circumstances.

One may choose to file both proceedings at the same time. Another approach would be to file an expungement or reexamination proceeding first, and then consider a TTAB cancellation if the earlier proceeding fails and there is a basis for cancellation.

Response to Office Actions in the New Proceedings

After a proceeding is instituted, the examiner will issue an office action requesting use evidence in connection with the identified goods or services from the registrant. The registrant has three months to respond, and has the option to request a one-month extension by paying an additional fee.

The registrant may respond by providing appropriate evidence showing use of the challenged mark in connection with the identified goods or services. Alternatively, the registrant may respond by deleting from the registration some or all of the goods or services at issue.

If the registrant responds by submitting use evidence, the examiner will examine the submitted evidence and decide whether the registration should be canceled as to some or all of the goods or services at issue.

Preparation Is Crucial

The expungement and reexamination procedures created by the TMA appear to be working as intended — providing an alternative tool for brand owners to challenge registrations for unused marks faster and at a lower cost.

Indeed, once a proceeding is instituted, a petitioner will not further participate in the expungement or reexamination proceeding, which, compared to traditional nonuse cancellation proceedings, saves time, effort and costs for a petitioner.

That said, petitioners should be fully prepared by conducting a thorough investigation, collecting the nonuse evidence and preparing an appropriate index in accordance with the USPTO's guidance, so that a proceeding could be instituted.

As expungement and reexamination filings have continued to rise, the USPTO has collected feedback and provided guidance on the acceptable nonuse evidence and other requirements such as the index of evidence.

The USPTO website's TMA page offers a good starting point for understanding and utilizing the two new procedures.

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