



PROGRAM MATERIALS

Program #3180

March 23, 2021

The Trademark Modernization Act of 2020 - What Practitioners Need to Know

Copyright ©2021 by

- **Christopher Bussert, Esq. - Kilpatrick Townsend & Stockton LLP**
- **Theodore Davis, Jr., Esq. - Kilpatrick Townsend & Stockton LLP**

**All Rights Reserved.
Licensed to Celesq®, Inc.**

Celesq® AttorneysEd Center
www.celesq.com

5255 North Federal Highway, Suite 100, Boca Raton, FL 33487
Phone 561-241-1919



Trademark Modernization Act of 2020: What Practitioners Need to Know

Presented by:

Ted Davis and Chris Bussert,
Kilpatrick Townsend & Stockton LLP, Atlanta, GA



BACKGROUND AND HISTORY

Use in commerce is a critical aspect of United States trademark law:

- Section 1 registrations must be:
 - supported by a sworn averment that the applied-for mark is used in commerce for all the goods and services listed in the application, as well as specimens documenting that use; and
 - maintained with periodic Section 8 filings accompanied by specimens of use; and
- even though non-U.S. domiciliaries can register their marks under Sections 44(e) and 66(a) without use in the commerce in the first instance, they nevertheless must maintain their registrations with periodic Section 71 filings accompanied by specimens of use.

BACKGROUND AND HISTORY

Before and after the TMA, the grounds for the cancellation of registrations on the Principal Register include the following:

- lack of use in commerce of a mark as of the filing date of a Section 1 application or as of the filing date of a statement of use, but only before a registration's fifth anniversary;
- abandonment, but only after the third anniversary of a Section 44(e) or 66(a) registration; and
- fraudulent claims of use either in the application or maintenance contexts.

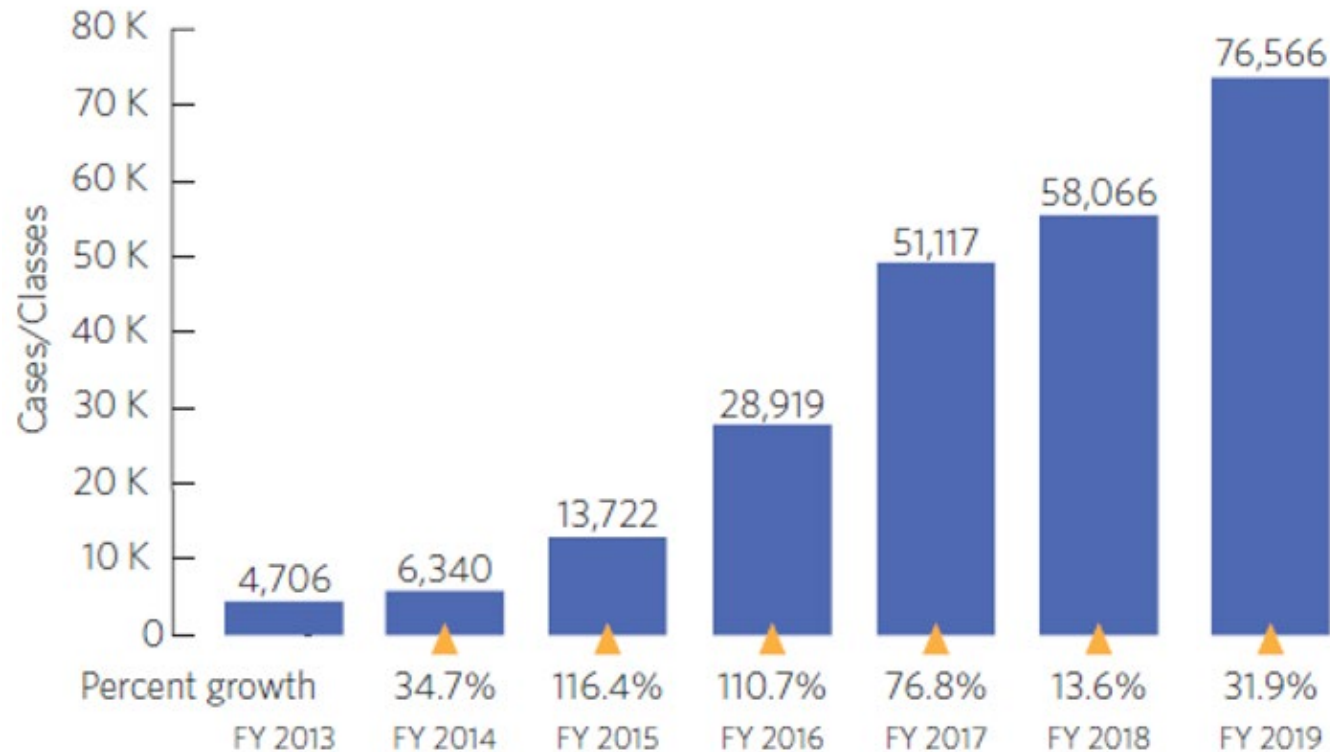
BACKGROUND AND HISTORY

The lead up to the TMA:

- beginning in 2011, “non-market” factors lead to large increases in the numbers of applications by Chinese domiciliaries to register marks in the USPTO;

BACKGROUND AND HISTORY

USPTO trademark filings from China and percent growth, FY 2013–FY 2019



U.S. Patent and Trademark Office, *Trademarks and Patents in China: The Impact of Non-Market Factors on Filing Trends and IP Systems 5* (Jan. 2021).

BACKGROUND AND HISTORY



BACKGROUND AND HISTORY

The lead up to the TMA:

- the Office pilots the post-registration maintenance filing audit program beginning in 2012;

BACKGROUND AND HISTORY

Proof of use pilot results

Deletions/Cancellations/Acceptances/Inaccurate Use Claims by Basis for Registration				
Basis for Registration	Percentage of Registrations Selected for the Pilot Deleting Goods/Services Queried Under the Pilot	Percentage of Registrations Selected for the Pilot Receiving Notices of Cancellation	Percentage of Registrations Selected for the Pilot Receiving Notices of Acceptance (Including for a Narrowed Scope of Goods/Services)	Percentage of Registrations Selected for the Pilot Unable to Verify Previously Claimed Use in Section 8 or 71 Declarations
Section 1(a)	28%	17%	83%	45%
Section 44(e)	58%	7%	93%	65%
Section 66(a)	57%	14%	86%	71%
Combined Section 1(a) and 44(e)	56%	12.5%	87.5%	69%

uspto

BACKGROUND AND HISTORY

The lead up to the TMA:

- in 2016, the Trademark Trial and Appeal Board circulates proposals for a Canadian-style expungement mechanism;
- the Office amends the Trademark Rules of Practice on March 21, 2017, and November 1, 2017, to give the audit program extra teeth and to make it permanent;
- beginning in 2018, the Board pilots a voluntary streamlined procedure for abandonment-based cancellation actions;
- the Office adopts various mechanisms and examination guides to identify manufactured specimens;

BACKGROUND AND HISTORY

The lead up to the TMA:

- beginning in early 2019, staffers from the House Subcommittee on Courts, Intellectual Property, and the Internet (supported by a trademark attorney advisor detailed from the Office) confer with intellectual property constituencies and mark owners;
- the House Subcommittee holds a July 18, 2019, hearing;
- bipartisan sponsors introduce identical bills in the House and Senate on March 11, 2020;
- the House Judiciary Committee marks up, and reports out, the House bill on December 14, 2020;

BACKGROUND AND HISTORY

The lead up to the TMA:

- the House bill is bundled into the Consolidated Appropriations Act of 2021, Pub. L. No. 116-260 (2020), which passes both chambers via the “Union Calendar” on December 21, 2020; and
- the TMA (and the rest of the appropriations act) is signed into law on December 27, 2020, with, for the most part, an effective date of December 27, 2021.

BACKGROUND AND HISTORY

TMA vs. Trademark Law Revision Act of 1988 (TLRA)

- Both address threats posed by foreign businesses

TLRA

- Foreign businesses pursuing registration based on ownership of non US registration led to Section 1(b)
- Foreign businesses reliance on non-US application to establish constructive nationwide use in the US led to constructive nationwide use rights effective from application filing date

TMA

- Foreign businesses who own registrations obtained and/or maintained based on false use claims and/or submissions of bogus specimens no showing use of the mark in US commerce

EX PARTE REGISTRATION CHALLENGES

Two new challenges

- Ex parte **reexamination**
 - Mark was not used prior to claim of use in commerce (application date or Amendment/Statement of Use)
 - Registrations issued under Section 1(a)
- Ex parte **expungement**
 - Marks that have **never** been used in commerce
 - Primary focus is registrations obtained by foreign businesses under Section 44(e) for Section 66(a)

EX PARTE REGISTRATION CHALLENGES

Implementation date

- December 27, 2021
 - Issuance of enabling regulations
 - Initiation of challenges
- Applies to registrations issued before or after that date

EX PARTE REGISTRATION CHALLENGES

Who can institute these proceedings?

- No standing requirement (contrast opposition/cancellation)
- “Any person” can petition the Director of the USPTO to institute either proceeding
- Director can also institute either proceeding *sua sponte*

EX PARTE REGISTRATION CHALLENGES

How does one institute these proceedings?

- Filing of a Petition with the Director

EX PARTE REGISTRATION CHALLENGES

What are the requirements of the Petition?

- Identify subject registration at issue and the challenged goods/services
- Verified statement of the “reasonable investigation”
- Supporting evidence
- Fee prescribed by Director

EX PARTE REGISTRATION CHALLENGES

Does filing of a Petition guarantee that a proceeding will be instituted? No.

- Director reviews submission and determines whether Petitioner has established a *prima facie* case of non use
- If no *prima facie* case challenge is over (no appeal)
- If *prima facie* case found
 - Proceeding instituted and Registrant is notified
 - Registrant provided opportunity to respond by providing “documentary evidence of use”
 - If expungement sought Registrant can also defend on grounds that non use is excused by special circumstances

EX PARTE REGISTRATION CHALLENGES

Are there deadlines to institute? Yes.

- Petition for expungement – between third and tenth anniversary of the subject registration (but for 3 years no 10 year limit)
- Petition for reexamination – within first five years of registration

EX PARTE REGISTRATION CHALLENGES

Can multiple expungement/reexamination challenges be instituted against a particular registration? No.

- **One** petition for expungement or reexamination per registration.
- If any or all of the subject registration survives the proceeding, there can be no such further proceedings as to that registration instituted **by any party**.
- No preclusion from later instituting an inter partes cancellation proceeding.

EX PARTE REGISTRATION CHALLENGES

Can one appeal be Director's decision on expungement or reexamination?

- Director's decision to invalidate all or a portion of a challenged registration may be appealed to the Trademark Trial and Appeal Board
- A determination by the Director whether or not the Petitioner has established a *prima facie* case of non use is not appealable

EX PARTE APPLICATION CHALLENGES

TMA codifies letter of protest procedures

- Third parties may submit evidence relating to a ground for refusal
- Within 2 months of that submission decision whether the evidence will be included in the application record
- Decision is final and non appealable

FLEXIBLE OFFICE ACTION RESPONSE DEADLINES

- Currently, rigid six-month period to respond to Office Actions regardless of the issues presented
- Under TMA shorter deadlines of not less than 60 days
- Extensions available for an aggregate of up to six months from the issuance of the original Office Action upon payment of a fee
- Practical effect may be the issuance of a registration more quickly

IRREPARABLE HARM IN LITIGATION UNDER THE LANHAM ACT

The test for irreparable harm has evolved over the past 15 years:

- prior to 2006, most courts held that a demonstration of likely confusion, likely dilution, or false advertising created a presumption of irreparable harm; but
- in *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006), and *Winter v. Natural Resources Defense Council, Inc.*, 555 U.S. 7 (2008), the Supreme Court disapproved of similar presumptions in other contexts; and
- some (but not all) circuits responded to *eBay* and *Winter* by abrogating the presumption of irreparable harm in trademark actions; and now

IRREPARABLE HARM IN LITIGATION UNDER THE LANHAM ACT

The test for irreparable harm has evolved over the past 15 years:

- the Trademark Modernization Act has either restored or confirmed (depending on the jurisdiction) the presumption of irreparable harm where a violation of the Lanham Act has been shown.

IRREPARABLE HARM IN LITIGATION UNDER THE LANHAM ACT

The following provision appears in the TMA and has an apparent effective date of December 27, 2020:

A plaintiff seeking [an] injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation [of the Lanham Act] 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.

Pub. L. No. 116-260, § 226(a) (2020).

IRREPARABLE HARM IN LITIGATION UNDER THE LANHAM ACT

The TMA's treatment of the presumption of irreparable harm contains the following rule of construction:

The amendment [relating to the presumption of irreparable harm] 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 the enactment of this Act.

Pub. L. No. 116-260, § 226(b) (2020).

IRREPARABLE HARM IN LITIGATION UNDER THE LANHAM ACT

Under federal law, a presumption can have one of two different burden-shifting effects:

- it can shift the burden of *proof* to the party against whom it is imposed; or
- it can shift only the burden of *production* to that party.

IRREPARABLE HARM IN LITIGATION UNDER THE LANHAM ACT

In enacting the TMA, Congress did not expressly define the effect of the presumption of irreparable harm, which may mean that Federal Rule of Evidence 301 provides the default rule:

In all civil actions and proceedings not otherwise provided for by Act of Congress or by these rules, a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of nonpersuasion, which remains throughout the trial upon the party on whom it was originally cast.

INSULATING THE TRADEMARK TRIAL AND APPEAL BOARD FROM CONSTITUTIONAL ATTACK

To insulate the Trademark Trial and Appeal Board from attack under the Appointments Clause of the Constitution after *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), *cert. granted*, 141 S. Ct. 551 (2020), the TMA:

- amends Sections 18, 20, and 24 of the Lanham Act to make clear that the Director has the ability “to reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board”; and also
- provides that the amendments “may 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 the enactment of this Act.”

Pub. L. No. 116-260, § 228(a)-(b) (2020).

CLARIFYING THE RELATIONSHIP BETWEEN THE LANHAM ACT AND THE FIRST AMENDMENT



Rogers v. Grimaldi, 875 F.2d 994 (2d Cir. 1989)

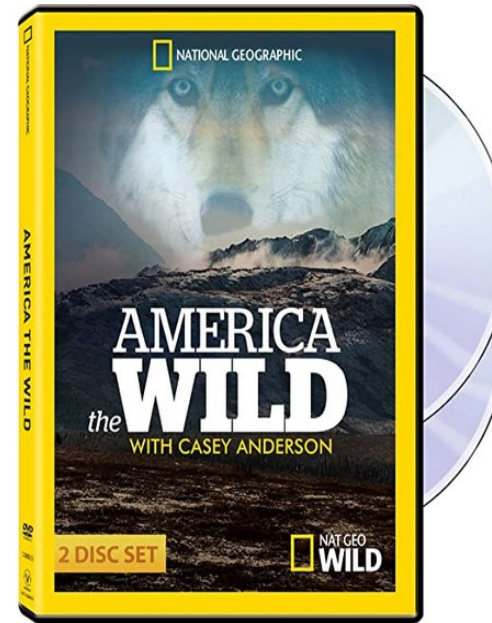
CLARIFYING THE RELATIONSHIP BETWEEN THE LANHAM ACT AND THE FIRST AMENDMENT

Under *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), the First Amendment protects the title or content of a creative work against liability under federal law unless the plaintiff can prove one of two circumstances:

- the title or content has no artistic relevance to the underlying work whatsoever; or
- if the title or content *does* have some artistic relevance, it's explicitly misleading as to the source or the content of the work.

A plaintiff able to satisfy either of these prongs usually must make a separate showing of likely confusion.

CLARIFYING THE RELATIONSHIP BETWEEN THE LANHAM ACT AND THE FIRST AMENDMENT



Stouffer v. Nat'l Geographic Partners, LLC, 460 F. Supp. 3d 1133 (D. Colo. 2020), *appeal docketed*, No. 20-1208 (10th Cir. June 8, 2020)

CLARIFYING THE RELATIONSHIP BETWEEN THE LANHAM ACT AND THE FIRST AMENDMENT

[T]he [proper] question [is], “Did the junior user have a genuine artistic motive for using the senior user’s mark or other Lanham Act-protected property right?”

Stouffer, 460 F. Supp. 3d at 1140.

CLARIFYING THE RELATIONSHIP BETWEEN THE LANHAM ACT AND THE FIRST AMENDMENT

The House Judiciary Committee report for the TMA contains a ringing endorsement of *Rogers*:

In enacting this legislation, the Committee intends and expects that courts will continue to apply the *Rogers* standard to cabin the reach of the Lanham Act in cases involving expressive works. The Committee believes that the adoption by a court of a test that departs from *Rogers*, including any that might require a court to engage in fact-intensive inquiries and pass judgment on a creator’s “artistic motives” in order to evaluate Lanham Act claims in the expressive-works context would be contrary to the Congressional understanding of how the Lanham Act should properly operate to protect important First Amendment considerations

H.R. REP. 116-645, at 13-14 (2020).



Questions?

Locations

Counsel to innovative companies and brands around the world

We help leaders create, expand, and protect the value of their companies and most prized assets by bringing an equal balance of business acumen, technical skill, and creative thinking to the opportunities and challenges they face.



Anchorage
Atlanta
Augusta
Beijing
Charlotte
Dallas
Denver

Houston
Los Angeles
New York
Raleigh
San Diego
San Francisco
Seattle

Shanghai
Silicon Valley
Stockholm
Tokyo
Walnut Creek
Washington DC
Winston-Salem

Trademark Modernization Act Becomes Law: Establishes New Procedures to Remove Deadwood Registrations, Restores Presumption of Irreparable Harm, and Protects the Independence of the Trademark Trial and Appeal Board

Theodore H. Davis Jr. & Rita Weeks

Introduction

On December 27, 2020, the Trademark Modernization Act of 2020 (“TMA”) became law after it passed Congress and was signed by the President as part of the year-end Consolidated Appropriations Act for 2021.¹ The TMA, which, with limited exceptions, will become effective one year after its signature into law, introduces significant amendments to the Lanham Act² designed to modernize trademark examination procedures and combat the increasing numbers of trademark registrations covering marks not used in commerce. Of perhaps equal significance, the TMA clarifies the standard for obtaining injunctive relief in litigation under the Lanham Act, restoring the rebuttable presumption of irreparable harm in those jurisdictions that have dismissed it. Finally, the TMA contains several amendments to the Lanham Act intended to immunize the Administrative Law Judges of the Trademark Trial and Appeal Board against challenges to its independence under the Appointments Clause of the Constitution.³ As discussed below in greater detail, the changes to U.S. trademark law effected by the TMA are perhaps the most consequential since the landmark Trademark Law Revision Act of 1988.⁴ Nevertheless, they do leave open certain issues, some of which may be resolved through administrative rulemaking and others of which may ultimately require judicial action.

Authorization for Office to Shorten Response Times

Section 1 of the Lanham Act requires a trademark applicant to respond to an office action issued during examination within six months.⁵ The TMA has amended that section of the Act to grant the USPTO greater flexibility in setting office action response deadlines. Specifically, the amended section authorizes the USPTO to shorten response periods, by regulation, for a time period between 60 days and six months, so long as applicants can receive extensions of time to respond, up to the traditional full six-month period. Applicants availing themselves of extensions will be required to support requests for them with filing fee to be determined through administrative rulemaking.

¹ Bills to enact the TMA were introduced in March by Representatives Jerrold Nadler (D-NY), Doug Collins (R-GA), Hank Johnson (D-NY), and Martha Roby (R-AL), as well as Senators Chris Coons (D-DE) and Thom Tillis (R-NC). *See* H.R. 6196; S. 3449. Ultimately, however, the TMA was not passed and signed into law as a standalone piece of legislation but instead as part of the Consolidated Appropriations Act of 2021, Pub. L. No. 116-260 (2020).

² 15 U.S.C. § 1051.

³ U.S. Const. Art. II, § 2, Cl. 2.

⁴ Pub. L. No. 100-667, 102 Stat. 3935 (1988).

⁵ 15 U.S.C. § 1062(b).

Codification of Letter of Protest Mechanism

The TMA also codifies the existing letter of protest procedure, which permits the submission of evidence by other parties during the trademark examination process that bears on the registrability of an applied-for mark. The existing procedure is informal, without a timeline for when the evidence must reach an examiner and does not require a filing fee. Under the TMA, the Director of the USPTO will have two months in which to review the evidence submitted with a letter of protest. In addition, the Office must establish by regulation appropriate procedures for the consideration of evidence submitted with a letter of protest, and may choose to institute a filing fee.

Ex Parte Challenges to Registrations

Many of the substantive provisions of the TMA arise from a July 18, 2019, hearing before the House Subcommittee on Courts, Intellectual Property, and the Internet on the subject of “clutter,” or “deadwood,” on the U.S. Patent and Trademark Office’s trademark registers. As most trademark professionals are aware, United States law requires applications for registration not based on foreign filings to be supported by a sworn averment that the applied-for mark is used in commerce for all the goods and services listed in the application; that sworn averment must in turn be supported by a specimen showing the mark’s use in connection with at least one good or service in each International Class covered by the application.⁶ In contrast, under Sections 44(e) and Section 66(a) of the Lanham Act,⁷ an applicant with a country of origin other than the United States may claim either a foreign registration or an International Registration covering its marks as the basis of its application, rather than a sworn averment of use in commerce. Regardless of whether a registration is based on use in commerce or a foreign registration, its owner must maintain it with periodic sworn averments of ongoing use in commerce (or excusable nonuse) under Section 8 or Section 71 of the Act.⁸

Commissioner Dennison’s testimony at the July 18, 2019, hearing highlights the use-in-commerce-based concerns underlying the most significant provisions of the TMA:

The USPTO creates and maintains the federal register of trademarks that now includes approximately 2.4 million registrations. The register itself provides notice to applicants, other trademark owners, and our examining attorneys of the registrant’s claim of ownership in a mark and allows them to search the register to determine the availability of marks for registration in the United States. The register is a valuable tool in making business decisions, and its accuracy is paramount. When businesses are selecting names for new products, they turn to the register to figure out whether their chosen mark is available for their use and registration. But, for the register to be useful, it must accurately reflect marks that are in use in the United States for the goods and services identified in the registrations. If the register

⁶ See generally *id.* § 1051.

⁷ *Id.* §§ 1126(e), 1141f.

⁸ See *id.* §§ 1058, 1141k.

is filled with marks that are not in use, or features registrations obtained by improper means, it makes trademark clearance more difficult, time-consuming and expensive. An inaccurate register also leads to expensive opposition and cancellation proceedings, or federal court litigation, to correct inaccurate registrations and to enforce rights. And, in turn, it may cause companies to alter business decisions, often at significant cost.

. . . [I]n recent years, the USPTO has seen a significant increase in the number of applicants who are not fulfilling their legal and ethical obligations to file accurately and in good faith, particularly with respect to claims that the mark is in use in commerce. The USPTO increasingly has been receiving trademark application and registration maintenance filings involving false or inaccurate use claims and submission of fake or digitally altered specimens that do not actually show use of the mark in U.S. commerce in the ordinary course of trade as required by law.⁹

The TMA addresses these issues by authorizing two new mechanisms targeting deadwood on the USPTO's trademark registers, both of which will become effective on December 27, 2021. The first, *ex parte* reexamination, will permit challenges to use-based registrations issued under Section 1(a) of the Lanham Act, or, in other words, registrations whose owners averred under oath during the application process that their marks were used in commerce. Such an averment may have been included in the application itself or, alternatively, as part of a statement of use. This mechanism will allow the USPTO to reexamine the accuracy of the registrant's averment of use as of the filing date of that averment. It will not be available once a targeted registration has passed its fifth anniversary.

The second, *ex parte* expungement, will allow challenges to marks that have never been used in commerce. It will primarily target registrations issued under either Section 44(e) or Section 66(a) of the Act. It generally will be available to challengers only between the third and the tenth anniversaries of a registration's issuance, although for a limited period of three years after the TMA's effective date, petitions to initiate expungements may be brought against registrations at any time after their third anniversaries.

Standing will not be required to initiate either of the two proceedings. Instead, any other party could initiate them by submitting to the Director of the USPTO evidence or testimony establishing a "prima facie case" of nonuse of a mark in commerce as of the "relevant date," which the TMA defines as:

- the date on which an averment of use is filed in support of an application with a Section 1(a) basis; and
- the third anniversary of a registration issued under either Section 44(e) or Section 66(a).

Alternatively, the Director of the USPTO may determine on his or her own initiative that a prima facie case of nonuse exists.

⁹ This testimony is accessible at <https://www.uspto.gov/about-us/news-updates/statement-commissioner-trademarks-mary-boney-denison-united-states-house>.

Regardless of how a prima facie case of nonuse as of the relevant date is established, the Director shall initiate the appropriate proceeding and require the registrant to come forward with documentary evidence to the contrary. (The owners of Sections 44(e) and 66(a) registrations have the option of demonstrating excusable nonuse.) On the one hand, if the Director deems the registrant's responsive showing inadequate, the goods or services in connection with which use in commerce did not exist as of the relevant date will be stricken from the registration, subject to the applicant's right to appeal to the Trademark Trial and Appeal Board.¹⁰ On the other hand, however, if the Director finds the responsive showing adequate, that determination will have preclusive effect barring all further *ex parte* challenges to the registration.

A significant point of uncertainty in either type of proceeding is the showing a registrant must make in response to a prima facie case of nonuse. In a cancellation action, the burden of proof always rests on the petitioner to prove invalidity either by a preponderance of the evidence and testimony (in cases not presenting allegations of fraud) or by clear and convincing evidence (in cases that do present them). In drafting the TMA, however, Congress has left open the question of whether a prima facie case of nonuse obligates the registrant to prove use (a scenario that would turn the current burden of proof on its head), or, alternatively, merely to produce evidence of use.

Restoration/Confirmation of the Presumption of Irreparable Harm

A prerequisite for the entry of injunctive relief in trademark and unfair competition litigation is a demonstration that the plaintiff will suffer irreparable harm without that relief. Significantly, Section 6 of the TMA creates a uniform rule to be applied nationally with respect to what a plaintiff must show in Lanham Act case to establish its entitlement to an injunction. Before the Supreme Court's decisions in *eBay Inc. v. MercExchange LLC*,¹¹ and *Winter v. Natural Resources Defense Council, Inc.*,¹² courts almost uniformly recognized a presumption that a prevailing plaintiff under the Lanham Act would be irreparably harmed by continuing violations of the Act.

This changed in 2006 when *eBay* and *Winter* eliminated similar presumptions in litigation brought under patent and environmental law. Thereafter, courts struggled to determine whether the presumption still applied in litigation under the Lanham Act. The Third, Ninth, and Eleventh Circuits have held it does not.¹³ The First and Second Circuits have questioned the ongoing viability of the presumption without expressly resulting on the issue.¹⁴ To add to the confusion, at

¹⁰ The Director's decision to initiate or not to initiate one of the new *ex parte* proceedings is not appealable, however.

¹¹ 547 U.S. 388 (2006).

¹² 555 U.S. 7 (2008).

¹³ See *Ferring Pharmaceuticals, Inc. v. Watson Pharmaceuticals, Inc.*, 765 F.3d 205 (3d Cir. 2014); *Herb Reed Enters. v. Fla. Entm't Mgmt., Inc.*, 736 F.3d 1239, 1249-50 (9th Cir. 2013); *Commodores Entm't Corp. v. McLary*, 648 F. App'x 771 (11th Cir. 2016) (per curiam).

¹⁴ See *Voice of the Arab World, Inc. v. MDTV Med. News Now, Inc.*, 645 F.3d 26, 33 (1st Cir. 2011); *U.S. Polo Ass'n v. PRL USA Holdings, Inc.*, 511 F. App'x 81, 85 (2d Cir. 2013).

least the Fifth and the Eighth Circuits, as well as numerous district courts, have recognized irreparable harm in trademark cases after *eBay* without clearly addressing *eBay* or the presumption.¹⁵ Practically speaking, the circuit split has meant that a trademark owner's chances of success in obtaining injunctive relief has varied significantly depending on whether the circuit maintained or dispensed with the presumption of irreparable harm, and accordingly has encouraged forum shopping.

The TMA has now resolved the inconsistencies by codifying in the Lanham Act that a trademark owner seeking an injunction in an infringement case is entitled to a rebuttable presumption of irreparable harm upon establishing infringement at the proof stage, or showing a likelihood of liability in the context of motions for temporary restraining orders or for preliminary injunctions. This abrogates court decisions that have applied *eBay* to trademark cases and eliminated the presumption of irreparable harm.

On this issue as well, however, the TMA and its legislative history leave open a potentially significant issue, namely, whether the restored (or confirmed) presumption shifts the burden of proof to a defendant against which it is asserted, or, alternatively, whether it merely shifts the burden of production. Based on Congress's failure to address the issue, it may well be that Federal Rule of Evidence 301 provides the default rule and that the shift is merely one of the burden of production.¹⁶ If so, the presumption may ultimately prove a very weak one, as such a presumption can vanish like a bubble bursting in the face of a showing of cognizable evidence to the contrary, even if that showing is insufficient to satisfy a preponderance-of-the-evidence standard of proof.¹⁷

¹⁵ See, e.g., *Warner Bros. Entm't, Inc. v. X One X Prods.*, 840 F.3d 971, 982 (8th Cir. 2016); *Abraham v. Alpha Chi Omega*, 708 F.3d 614, 627 (5th Cir. 2013); *Entm't One UK Ltd. v. 2012Shiliang*, 384 F. Supp. 3d 941, 955 (N.D. Ill. 2019).

¹⁶ Rule 301 provides:

In all civil actions and proceedings not otherwise provided for by Act of Congress or by these rules, a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of nonpersuasion, which remains throughout the trial upon the party on whom it was originally cast.

FED. R. EVID. 301.

¹⁷ See, e.g., *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1037 (Fed. Cir. 1992) (noting that “presumption is not merely rebuttable but completely vanishes upon the introduction of evidence sufficient to support a finding of the nonexistence of the presumed fact”); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1043 (2d Cir. 1980) (“[A] rebuttable presumption . . . disappears in the face of contrary evidence or permits the trier to infer intent to abandon, despite contrary evidence.”).

Protection of the Independence of Administrative Law Judges Serving on the Trademark Trial and Appeal Board

In *Arthrex, Inc. v. Smith & Nephew, Inc.*,¹⁸ the Federal Circuit concluded that, because of the perceived lack of control by the Director of the USPTO over the administrative law judges of the Patent Trial and Appeal Board, those judges qualified as “Officers of the United States” under the Constitution’s Appointments Clause and therefore were unlawfully appointed because they had not been nominated by the President and confirmed by the Senate.¹⁹ To address that perceived constitutional defect, the court invalidated the portion of the Patent Act preventing the Secretary of Commerce from removing APJs from service without cause.²⁰ On October 13, 2020, the Supreme Court granted cert. to review both of those holdings.²¹

Emboldened by the Federal Circuit’s opinion in *Arthrex*, two unsuccessful litigants before the Trademark Trial and Appeal Board have asserted in pending appeals before the Federal Circuit that the ALJs of that tribunal also are unconstitutionally because they are appointed by the Director of the USPTO (rather than the President) and not subject to Senate confirmation.²² Although the government has intervened in each appeal with arguments distinguishing the Trademark Trial and Appeal Board from its patent counterpart, and although it is not apparent in any case whether the Federal Circuit’s opinion will survive scrutiny by the Supreme Court, the TMA contains provisions aimed at confirming that the ALJs of the Trademark Trial and Appeal Board are inferior officers of the United States and that they therefore fall outside the scope of *Arthrex*.

Conclusion

As perhaps befits its enactment as part of a much larger omnibus bill, the TMA addresses a variety of otherwise unrelated trademark issues. Taken as a whole, however, it adopts a number of reforms that better protect trademark owners, and, by extension, consumers. The new post-registration reexamination and expungement procedures provide faster and more cost-effective means to challenge trademark claims grounded in merely false (and not necessarily fraudulent) averments of use than the existing opposition and cancellation mechanisms. In addition, the TMA provides courts and litigants with much-needed clarity concerning the showing of irreparable harm necessary to support a request for injunctive relief in litigation under the Lanham Act, thereby removing a significant incentive for forum-shopping under current law. Finally, by further distinguishing between the Trademark Trial and Appeal Board and the Patent Trial and Appeal Board, the TMA reduces potential threats to the independence of the administrative law judges sitting on the former tribunal. Although certain issues remain to be clarified under the TMA, *e.g.*, the nature

¹⁸ 941 F.3d 1320 (Fed. Cir. 2019), *cert. granted*, 141 S. Ct. 551 (2020).

¹⁹ *Arthrex*, 941 F.3d at 1335.

²⁰ *Id.* at 1338-40.

²¹ *See Arthrex, Inc. v. Smith & Nephew, Inc.*, 141 S. Ct. 551 (2020).

²² *See Schiedmayer Celesta GmbH v. Piano Factory Grp.*, No. 92061215, slip op. (T.T.A.B. Sept. 11, 2019) (nonprecedential), *appeal docketed*, No. 2020-1196 (Fed. Cir. Nov. 8, 2019); *Coca-Cola Co. v. Somohano-Soler*, No. 91232090, slip op. (T.T.A.B. Oct. 19, 2019) (nonprecedential), *appeal docketed*, No. 2020-1245 (Fed. Cir. Nov. 27, 2019).

of the responsive showing required of a registrant targeted by either of the two new ex parte procedures, its enactment marks significant changes in trademark prosecution and litigation practice alike.