

APRIL 27, 2020  
CLIENT ALERT

# Spring 2020 Updates from the Trademark Public Advisory Committee

*The Trademark Public Advisory Committee (TPAC), a small group of senior trademark industry professionals who advise the Director of the United States Patent and Trademark Office (USPTO) and the Commissioner for Trademarks, held its first ever virtual public meeting of the fiscal year on Friday, April 17, 2020.*

The meeting largely focused on the impact of the COVID-19 pandemic on various aspects of USPTO operations, but also included discussions of continuing efforts to reduce clutter and fraud in the trademark register, updates from the Trademark Trial and Appeal Board, and various policy and international issues. If you are not already familiar, please see our previously issued alerts regarding the Office's COVID-19 relief efforts for parties filing petitions due to inadvertent missed deadlines and extensions of time to make certain filings.

**The Impact of COVID-19**

***The Office Has Successfully Transitioned to Remote***

***Operations.*** Undersecretary of Commerce for Intellectual Property and Director of the USPTO Andrei Iancu stated that the USPTO has transitioned seamlessly to complete virtual operations and congratulated USPTO staff on their commitment and efforts during the COVID-19 pandemic. The projected volume of trademark filings for the current year was revised downward from 692,000 to 584,000 due to the COVID-19 crisis. However, even though there has been a reduction in the number of trademark applications filed in the second quarter of 2020, the USPTO's general performance indicators have actually increased, suggesting that the USPTO and its staff remain very productive despite the reduction in filings.

***USPTO's Position on Further Relief Measures.*** The Office recognized that even though the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was an important and necessary measure to address the ailing American public, it nevertheless had an undeniably negative impact on the Office's finances. There is some doubt as to whether the Office would be able to afford more deadline extension or fee waivers without some sort of financial support from Congress. The newly-appointed Commissioner for Trademarks, David Gooder, stated that the USPTO will determine its position on whether the federal government should extend further relief due to the COVID-19 situation by the end of April 2020. Regardless, the Office will retain its authority to toll, waive, adjust or modify deadlines set in the Trademark Act and regulations based on it as long as the state of emergency resulting from the outbreak of COVID-19 remains in effect, and for another sixty days thereafter, for a total period of as long as two years.

***Impact on Budget and Spending.*** The Office now expects trademark revenue forecasts to be between \$280 million to \$336 million for the year 2020 due to the economic impact of COVID-19 in the United States. Social distancing and stay at home orders around the country can be expected to have a significant impact on the USPTO's revenue as it is highly dependent on the country's economic activity. This forecast recognizes that the USPTO can already expect a decrease of \$30 million due to its own COVID-19 relief efforts, even if these measures are not extended beyond April. It is currently using its \$92 million dollar reserve to maintain full operations but reported that it is being depleted on an average of \$1 million per week. The Office is considering reduction in spending in order to maintain its current operations but did not mention whether spending cuts were unavoidable. The Office did mention that Congress and the Executive branch are well informed of the Office's situation and are monitoring their finances closely.

***Extensions of Time to Claim Priority Under Madrid Protocol.*** The Office clarified that, although it has extended the deadline to claim priority in the United States under the Madrid Protocol under its COVID-19 relief program, it cannot offer a similar extension of time for claims of priority elsewhere based on United States applications. In general, this relief can only be offered by the offices designated in an application and some of these may not have authority to do so, depending on how they have implemented the Madrid Protocol. The Office is also holding discussions with WIPO regarding the role it can play to address growing calls for IP flexibilities to respond to public health concerns around the world.

***Response to COVID-19 by Offices Around the World.*** The Office provided information regarding some of the relief measures certain trademark offices around the world have taken due to the COVID-19 situation:

- EU- Deadlines falling between 9 March 2020 and 30 April 2020 automatically extended until May 1.
- Japan- Extensions are available upon request (time limits apply).
- South Korea- Deadlines automatically extended to April 30, except for statutory time periods and period for possible disputes between parties.
- China – Extensions are available upon showing that the person or entity was affected by coronavirus and extension must be requested within 2 months after end of emergency.
- UK – All deadlines falling after March 24 were extended until May 1.
- Canada – Deadlines falling between March 16 and April 31 are automatically extended until May 1.
- Australia – Extensions available upon request; statutory deadlines are non-extendable.
- Mexico – Deadlines between March 24 and April 19 are automatically extended until April 20.
- Brazil - Deadlines between March 16 and April 29 are automatically extended until April 30.
- Chile – Extensions available by request.
- India – Deadlines after March 25th are automatically extended until May 4.
- Singapore - Deadlines between April 7 and May 7 are automatically extended until May 8 for deadlines.
- Thailand – Extension available upon showing that COVID-19 has directly affected the ability to handle IP prosecution.

- Jordan – Deadlines between March 18 and April 29 are automatically extended to April 30.
- Israel – Extensions available upon request and showing of evidence that COVID-19 affected timely filing.
- South Africa – Deadlines falling after March 26 automatically extended to May.

## **Continued Efforts to Address Clutter and Fraud**

***The Recent Impacts of the United States Counsel Requirement.*** The Office's special task force reported that the implementation of the United States counsel requirement rule has dramatically reduced the number of applications with fake or altered specimens and with false applicant information and appears to have successfully diminished the exceptional number of applications originating from China. The Office remains concerned about misconduct that has arisen in response to the requirement. In a new tactic, some foreign-domiciled filers have started using contact information from mail forwarding services located in the United States, which they misrepresent to be their domicile, because United States applicants are not required to have domestic counsel. There also continue to be problems with foreign-domiciled filers that use the names of attorneys with whom they have no relationship or that are entirely fictitious. The task force will continue reviewing weekly data analytics reports to identify suspicious surges in foreign representation. It will also receive information from examining attorneys regarding suspicious applications. Meanwhile, attorney trademark practitioners should regularly monitor trademark records for uses of their own credentials to which they have not consented.

***Owner Email Addresses to be Made Anonymous.*** The Office announced that it intends to start masking owner email addresses in TEAS and TEASi documents visible on the Trademark Status and Document Retrieval (TSDR) system, which includes submissions viewable in the documents tab, all application programming interfaces (APIs), and PDF downloads. The Office recognized that there were many privacy concerns regarding its recent rule requiring trademark owners to add email addresses to their applications and registrations. The Office expects to implement this change in the upcoming weeks.

## **TTAB Developments**

***Expedited Cancellation Pilot Program.*** The Board has completed its pilot program for expedited non-use cancellations, an effort to test possible mechanisms for a new streamlined proceedings, and is currently assessing the data it produced. The default rate for cancellations during the pilot program was very high at 44%, increasing up to 49% when cancellation is coupled with more claims than abandonment. The Board will continue to consider what amount of discovery really is necessary in these proceedings.

***TTAB Filing Trends.*** The number of appeals, opposition filings and petitions to cancel have either remained the same or continued to rise through the second quarter of the 2020 fiscal year while extensions of time to oppose have continued to decrease. Despite the still relatively large number of filings overall, the Office and the Trademark Trial and Appeal Board have paused the recruitment of more full-time law clerks

and attorneys due to the uncertain financial consequences of COVID-19.

***TTAB pre-trial conference pilot program.*** The TTAB reported that it is considering a new “pre-trial” conference pilot program in order to reduce the number of cases with unnecessarily large records. Chief Judge Gerard Rogers noted that the TTAB may need “step-in” sooner in cases in order to structure discovery proceedings better, make broader use of party stipulations, and have parties focus presenting evidence more efficiently. There was no mention of any concrete steps taken to implement the pilot program but it does signal that the TTAB has recognized a problem in pre-trial phases that should be addressed, particularly in the context of so much uncertainty regarding the Board’s finances due to the COVID-19 crisis.

***TTAB Performance for FY 2020.*** The TTAB expects that it will reduce the average time it takes to render a final decision in the upcoming months. The average pendency time from when a case becomes ready for a decision to when the final decision is mailed to the parties increased due to an influx of new cases in the last quarter of 2019. The Board expects to clear this backlog due to a slight decrease in filings attributable to the COVID-19 situation even though their actual average pendency time is longer than they are aiming for. This longer pendency time for a TTAB decision could have been caused due to the initial impact of CV-19.

## **Policy & International Affairs Update**

***Use of Artificial Intelligence.*** The USPTO has now received a substantial response to its request for comments on the USPTO's plans to implement artificial intelligence, having received feedback from over 90 different stakeholders on the matter. The Office has at various points considered whether it should be used to develop a new design search platform, similar to those offered by the European Union Intellectual Property Office, and it has used AI as part of a pilot program for identifying fraudulent or digitally altered specimens of use.

***SCOTUS Will Hear Arguments for USPTO v. Booking.com Over the Phone.*** The Supreme Court of the United States announced that it will hear oral arguments over the phone for USPTO v. Booking.com due to the COVID-19 pandemic. It is the first time in its history that it will hear arguments over the phone. The case will determine whether the addition by an online business of a generic top-level domain (".com") to an otherwise generic term can create a protectable trademark. Arguments are scheduled between May 4 and May 13.

***Trademark Modernization Act of 2020 (H.R. 6196/S.3449).*** The Trademark Modernization Act has passed the House of Representative's Subcommittee on Courts, Intellectual Property, and the Internet, and the Senate's Subcommittee on Intellectual Property with bipartisan support and is now waiting to be presented on the floor of both chambers. This development suggests that the bill would have been a legislative priority for Congress but for the COVID-19 pandemic. The legislation creates various new interesting procedures, such as two new expedited ex parte cancellation procedures, expungement, and ex parte reexamination, among others. It would



also codify trademark examination procedures in statute along with the Office's currently informal letter of protest mechanism, giving the USPTO flexibility and additional authority to gather evidence during examination. Another important feature of the Act is that it creates a rebuttable statutory presumption that irreparable harm exists when trademark infringement is shown.

***Senate Subcommittee on Intellectual Property.*** This subcommittee has actively engaged with the Office after being reinstated in 2019. It conducted various hearings in the past two months during which it took testimony on several important subjects, including the Digital Millennium Copyright Act and copyright law in foreign jurisdictions. The Office is also keeping Congress informed about its financial its finances and operations during the COVID-19 situation.

We hope that this overview provides you with timely insight into important developments within the trademark community in the United States. Please feel free to reach out with any questions or comments about the work being done by the Trademark Public Advisory Committee and we would be pleased to share your feedback with the United States Patent and Trademark Office. If any of the above topics are of interest and you would like more information, we would be delighted to hear from you. Otherwise, we look forward to sharing updates from the next TPAC meeting, which will take place on July 24, 2020, as well as to keeping you apprised of other intellectual property developments.

For further information regarding the content of this article, or to discuss this or other intellectual property matters, please contact any of the following Winterfeldt IP Group team members:

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