

New Year, New Trademark and Copyright Laws: Trademark Modernization Act and CASE Act

Alert

01.26.2021

By Elizabeth Tassi & Tim Feathers

When President Trump signed the [Consolidated Appropriations Act, 2021](#) into law on December 27, 2020, more than COVID-19 relief went into effect. The omnibus bill also included the Trademark Modernization Act of 2020 and the Copyright Alternative in Small-Claims Enforcement (CASE) Act of 2020. Congress intended both acts to assist intellectual property owners in registering and enforcing their rights, but the new provisions may also cause stakeholders to deal with additional administrative proceedings and shorter deadlines.

Highlights from the TM Act of 2020 (starting on page 1019) include:

- Restoration of the rebuttable presumption of irreparable harm to support injunctive relief on proof of trademark infringement. Several circuits had called the presumption of irreparable harm into question following the U.S. Supreme Court decision in the patent infringement case of *eBay Inc. v. MercExchange, LLC*. Including the presumption of irreparable harm in the statute eliminates the circuit split and clarifies that evidence of actual harm is not necessary to enjoin trademark infringers at the temporary restraining order, preliminary injunction or permanent injunction stage.
- Creation of new ex parte procedures for challenging existing registrations. A third-party may submit a petition challenging the registration of a mark if (1) the mark has never been used in commerce on or in connection with some or all of the goods or services in the registration, or (2) the mark was not used with some or all of the goods or services recited in the registration on or before the relevant date. In response, the Director of the USPTO may initiate an expungement or reexamination proceeding. These new grounds for cancellation are expected to help address the recent dramatic increase in spurious registrations, many emanating from China.

New Year, New Trademark and Copyright Laws: Trademark Modernization Act and CASE Act

- Codification of the "Letter of Protest." Third parties may submit evidence supporting a reason for refusing a trademark application during the examination process. Look for guidance on how the Director will review these submissions later this year.
- Provision of flexible response deadlines. The Director now has the ability to set deadlines for responding to certain office actions of less than the current six-month period. Each response period must be at least 60 days, with the option for an applicant to request extensions of time (with payment of a fee) until a full six-month period is reached.

Highlights from the CASE Act of 2020 (starting on page 995) include:

- Creation of a Copyright Claims Board. This is an alternative forum for resolving certain copyright claims relating to infringement under Section 106 or relating to the DMCA protocol under Section 512(f), but defendants may opt-out within 60 days of service. Similar to the federal courts, the Copyright Claims Board requires the work to be registered (or refused registration) prior to filing an infringement claim and there is a three-year statute of limitations.
- Expansion of opportunity to elect statutory damages but limitations on recovery. With regard to a claim of infringement, a copyright owner may elect actual or statutory damages, regardless of whether the registration was timely under Section 412 (although the maximum recovery is half for works not timely registered). The maximum recovery per proceeding, including those with claims for damages relating to the DMCA, is limited to \$30,000. Attorneys' fees up to \$5,000 are available in cases of bad faith.
- Limitations on discovery and review. The Copyright Claims Board will not permit formal motion practice but will allow for limited discovery and party submissions. There is no ability to appeal a decision of the Copyright Claims Board other than to request reconsideration based on a clear error of law. And having brought a claim before the Copyright Claims Board will preclude a party from litigating that claim in the federal courts.

Key Takeaways: In light of these new laws and the implementing regulations we expect this year, we recommend the following:

1. Review your trademark portfolio to ensure you are properly using all of your registered marks (and documenting such use) to avoid cancellation.
2. Review your trademark watch subscriptions and determine whether to adjust them to flag third-party marks at the application stage to preserve your opportunity to file a letter of protest.
3. Review your workflow process to ensure you can respond to tighter trademark prosecution deadlines.
4. Review your use of third-party materials and your DMCA policy to avoid CASE claims against you.

New Year, New Trademark and Copyright Laws: Trademark Modernization Act and CASE Act

5. Review potential claims against copyright infringers to determine whether a CASE claim could offer better remedies than those available in federal court.

CONTACT

Timothy J. Feathers

RELATED CAPABILITIES

Copyright Litigation

Copyright Protection

Intellectual Property & Technology

Patent Preparation & Prosecution

STINSON

STINSON LLP \ STINSON.COM