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6D Copyright Law, Competition & Trademark Law Session. U.S. Trademark Law Update

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Session 6D

Emily C. & John E. Hansen Intellectual Property Institute

**TWENTY-EIGHTH ANNUAL CONFERENCE
INTERNATIONAL INTELLECTUAL PROPERTY
LAW & POLICY**

Friday, April 9, 2021 – 12:15 p.m.

**SESSION 6: COPYRIGHT LAW, COMPETITION &
TRADEMARK
LAW**

6D. U.S. Trademark Law Update

Moderator:

Marshall Leaffer

Maurer School of Law, University of Indiana, Bloomington

Recent U.S. Trademark Law Developments

Speakers:

Joshua L. Simmons

Kirkland & Ellis LLP, New York

***Dancing with Rogers: Trademarks and the First
Amendment***

Jeffery A. Handelman

Brinks Gilson & Lione, Chicago

The Trademark Modernization Act of 2020

Gerald M. Levine

Levine Samuels LLP, New York

UDRP and ACPA: 21 Years On

Panelist:

Jennifer McDowell

International Trademark Association (INTA), New York

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MARSHALL LEAFFER: Welcome to the trademark update session. It's so nice to be here even though we are going to have to do this online. As always, my thanks to Hugh Hansen, who has done just a miraculous job through the last twenty-eight years. It's been a pretty amazing run. Also, you guys who did the planning on this year's conference were simply amazing. It's not easy to do a conference of this size online. Bravo!

We have an interesting lineup as always and we are going to cover a lot of ground.

Now, after I speak on a general case law update, Joshua Simmons will focus on the controversial *Rogers v. Grimaldi*¹ doctrine which tries to accommodate trademarks and the First Amendment. Then we'll go to Jeff Handelman who will be speaking on the important amendments of the Lanham Act² in the Trademark Modernization Act of 2020.³ Our discussant who comes to us from the International Trademark Association is Jennifer McDowell. Welcome Jennifer.

Jennifer, we're looking forward to your commentary on all these subjects because the INTA⁴ has always taken strong, interesting opinions, to say the least on the subject at hand. Without further ado, I would like to start my talk. I've chosen major three cases decided in 2020.

Let me begin with my first case which is *United States Patent and Trademark Office v. Booking.com*,⁵ which has the makings of a major precedent in trademark law. Here, the Supreme Court addressed the question whether a generic top-level domain that is “.com” added to a generic term can create a protectable trademark. The case is important for several reasons unrelated to the doctrinal question at hand. For one, it was the first case in Supreme Court history to be argued telephonically. Second, it was the last opinion written by Justice Ginsburg which I find appropriate to mention because of her many landmark decisions in our field.

In this case, the USPTO rejected the application for “Booking.com” in applying a *per se* rule that a generic term, when combined with the “.com,” must automatically be judged generic and ineligible for trademark protection. The issue before the Court was the validity of the USPTO's *per se* ruling in determining genericness.

The Supreme Court rejected the USPTO's *per se* rule. Rather, it held that a whether a trademark is protectible must be determined by consumer perception. In this instance, survey and other evidence showed that consumers perceived Booking.com as a brand name, not as a generic name, concluding that Booking.com was entitled to its registration. The Court declared that the issue of genericness turns on whether the term Booking.com taken as a whole signifies to consumers the class of online hotel reservation services. It went on to explain that the USPTO's proposed *per se* rule found no support in the trademark law or policy.

¹ *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

² Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified in 15 U.S.C. § 1116).

³ Trademark Modernization Act of 2020, Pub. L. No. 116-260, 134 Stat. 2200 (codified in 15 U.S.C. §§ 1066a, 1066b).

⁴ International Trademark Association.

⁵ *United States Patent and Trademark Office v. Booking.com B. V.*, 140 S. Ct. 2298 (2020).

The Court noted that even the USPTO's past practice did not embrace such a rule. It referred to examples of registered trademarks such as Art.com for online retail stores offering, well, art, and Dating.com for, of course, dating services. Moreover, the adoption of the USPTO's proposed rule would have opened the door to cancellation of scores of currently registered marks. The interesting question is what will be the practical effect of the decision? Since it came down, the USPTO released an examination guide on generic.com domain names that purports to provide guidance on how to apply the court's decision.

The guide also provides direction to trademark applicants on the standards they can expect the USPTO to apply considering whether their domain names are registrable trademarks. Some might say that the guide simply pays lip service to the Supreme Court's ruling and that the USPTO might be slipping back towards the discredited *per se* rule by emphasizing the importance of factors other than consumer perception. As one might expect since *Booking.com* was decided, applications for hundreds of generic .com trademarks have been filed with the USPTO. I feel sorry for the Trademark Office.

How the USPTO treats these applications may also encourage further litigation. For example, on December 10th, the USPTO refused registration of Wine.com for retail services in the field of alcoholic beverages on the ground that the term is, well, you guessed it, generic.

My second case that I've also taken as a Supreme Court case is *Romag Fasteners, Inc. v. Fossil Group, Inc.*⁶ In *Romag*, the Supreme Court resolved a long-standing circuit split whether willfulness is a prerequisite to an award of profits under the Lanham Act.⁷ The circuits were split right down the middle on this question. Six circuits previously held that a finding of willful infringement was a prerequisite to an award of profits. Six others rejected that argument. Jeff, what was the Seventh Circuit's rule on that issue? I can't remember. Did they require willfulness for the recovery of profits?

JEFFREY HANDELMAN: I have to confirm. I think they did not require willfulness.

MARSHALL LEAFFER: Yes, they did not require willfulness. Anyway, the circuits were perfectly split on the issue of proof of willfulness as a prerequisite to the recovery of profits in a trademark infringement case.

In *Romag*, the Supreme Court unanimously held that the showing of willful infringement is not required before a court may order a trademark infringer's profits to be disgorged. Section 1117 in the Lanham Act sets forth the remedies for trademark infringement. This section provides that subject to the principles of equity a successful plaintiff may recover the defendant's profits among other remedies. It is significant that the Lanham Act specifically requires willfulness as a prerequisite for any award of profits or damages for a trademark *dilution* plaintiff but Section 1117 sets out no explicit *mens rea* for a *likelihood of confusion* plaintiff.

Those circuits holding that willfulness as a prerequisite for profits relied on the principle that equity courts historically required a showing of willfulness before granting profits and trademark disputes. Justice Gorsuch, writing for the *Romag*

⁶ *Romag Fasteners, Inc. v. Fossil, Inc.*, 140 S. Ct. 1492.

⁷ Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified in 15 U.S.C. § 1116).

Court, observed that one can find no textual basis in the Lanham Act for a willfulness requirement to recover profits in a remedy for trademark infringement. He detailed how the Lanham Act repeatedly refers to intent and willfulness, including the remedy section for dilution claims specifically.

In addition, Justice Gorsuch stated that the Congress included no such intent language in the section concerning disgorgement of profits for trademark infringement. The court, however, did emphasize in their opinion that willfulness or defendant's intent will be highly important consideration in determining whether award of profits is appropriate and remains to be seen, whether lower courts will use intent to play a central role to making that equitable determination on the issue.

To date at least three district courts have addressed the issue since *Romag* was decided. As suspected, one court stated that intent was a very important consideration in issuing disgorgement of profits. We'll see how the practical effect of all of this works out.

My final case is *In Re Forney Industries, Inc.*⁸ in which the Federal Circuit overturned the USPTO's refusal to register a yellow and red rectangular mark used on product packaging because the applicant submitted no evidence of acquired distinctiveness. In overturning the USPTO's registration decision, the Federal Circuit held that multicolor marks may be inherently distinctive, and therefore registrable absent proof of acquired distinctiveness. *Forney* is interesting because, in 1995 the Supreme Court in *Qualitex v. Jacobson*⁹ held that trademarks consisting of a *single* color could be protectable as a trademark, but only on proof of secondary meaning. The open question was whether the same rule applied to *multi-colored* marks used on product packaging? Finally, we have a decision on this question, but why it took so long—decades after *Qualitex*—for the courts to get to this question has always been a mystery to me.

In sum, The Federal Court declared that the Supreme Court has never held that a multicolored designation as applied to product packaging must require distinctiveness to be registrable. Thus, there are a sub-set of multicolored marks that are inherently distinctive. Unfortunately, the opinion offered only the most general guidance in how to determine inherent distinctiveness for multicolored marks so have to wait for further direction from the courts. So far, the *Forney* decision has yet to be addressed in any other forum. I suspect that the scope of protection for the many varieties of color marks will be the subject of further litigation.

I'd like to turn our discussion to Jennifer. Our discussant. Please, let's have your comments. I would like to hear what you have to say on these issues which INTA has taken an interest.

JENNIFER MCDOWELL: Well, thank you so much, Marshall. Let me just take this opportunity to thank Fordham. This is a fantastic conference and I'm very honored and delighted to be here speaking with you all. It feels a little weird to be a discussant here. I feel the need to be an expert on all topics which, of course, I am not. I will try my best. I will say the thing that I'm probably the most excited to discuss is the Trademark Modernization Act, and maybe also getting into the

⁸ *In re Forney Industries, Inc.*, 955 F.3d 940 (Fed. Cir. 2020).

⁹ *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159 (1995).

Rogers discussion as well, but just on the topic you're a [inaudible] filed an *amicus* brief on Booking.com and in *Romag* and [inaudible] because we think the Supreme Court got it right, I don't feel we have much more to say.

MARSHALL LEAFFER: Surprise, surprise.

JOSHUA SIMMONS: The Supreme Court is going with mushy tests. It's another example of the Supreme Court giving us, "Well, it might be, but we're not going to give you a bright-line rule. '.com' is possible, but show me the evidence."¹⁰ Maybe you can get profits, but show me the evidence.¹¹ It's going with these more mushy, standard-based approaches to these trademark issues, which is curious, but I guess in trademark law when it's all about consumer perception and judge's perception that makes a lot of sense, I suppose.

MARSHALL LEAFFER: Well, yes, I think so. That's a good comment. The Supreme Court seems to be hostile to *per se* rules. In general, the Court is more standard-based than rule-based as reflected in these cases. You could understand how an administrative agency like the patent trademark office would want bright-line rules. They have so many cases to handle and are working under time constraints. For administrative convenience, this understandable. But standard-based decisions do make for interesting discussions.

JOSHUA SIMMONS: It reminds me of debate in the 101 patent eligibility context where the PTO and the Federal Circuit wanted machine or transformation tests.¹² It's this, and then it's that, and it's very clear. The Supreme Court repeatedly said, "No, we'll give you a test, but we're not going to tell you how it works. You're never really going to know what it will be."¹³ I think it was one of the panelists yesterday who said, "You throw it into the hopper and you see what test comes out."

MARSHALL LEAFFER: Yes but the nightmare the trademark office came to fruition with all of those, the ".com" applications that are just coming in in droves. We'll see what they're going to do with them. I don't know if this will affect you practitioners out there. Jeff, is this going to change your practice? Is it going to make your life easier?

JEFFREY HANDELMAN: Yes, we have a matter pending now where we relied on *Booking.com*. We were refused registration by the examining attorney who applied a *per se* rule test. This refusal came out right about the same time that *Booking.com* came out. We were able to take advantage of that great opinion by Justice Ginsburg and say to the TTAB¹⁴ in the trademark context, *per se* rules do not govern. We had some pretty good evidence about consumer perception, including a survey. We really got some traction out of that *Booking.com* opinion.

Aside from that one matter, I do think that was correctly decided because as you said, Marshall, consumer perception has always been at the center of the stage in trademark cases. How can you have a *per se* rule that disregards what consumer

¹⁰ See *United States Patent and Trademark Office v. Booking.com BV*, 140 S. Ct. 2298, 2301 (2020).

¹¹ See *Romag Fasteners, Inc. v. Fossil, Inc.*, 140 S. Ct. 1492, 1497 (2020).

¹² See *Bilski v. Kappos*, 130 S. Ct. 3218, 3226 (2010).

¹³ See *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014).

¹⁴ Trademark Trial and Appeal Board.

perception is? It does open the door to creative lawyering and expert witnessing and all kinds of exciting things, so good stuff.

MARSHALL LEAFFER: All right. So, let's get to the fascinating issue of *Rogers v. Grimaldi*.¹⁵

JOSHUA SIMMONS: It's a great topic.

MARSHALL LEAFFER: I agree.

JOSHUA SIMMONS: It goes back a little bit to what we were talking about with standards and bright-line rules. Let me start by saying one of the reasons I thought this would be an interesting topic is the last couple of years here at Fordham, we've been talking about other First Amendment cases like *Matal v. Tam*¹⁶ and *Iancu v. Brunetti*,¹⁷ which involved the trademark registration question of can the PTO deny a trademark on the basis of disparagement of it being immoral or scandalous? I thought we could switch and talk a little bit about other places where the First Amendment is coming up.

One of the things I noted while I was looking back at those cases, as you know, they did talk a little bit about whether trademarks have an expressive component or commercial or are they just commercial.¹⁸ That certainly is something that comes up not just in the registration context, but in other contexts as well. If you go back to *San Francisco Arts v. U.S. Olympic Committee*,¹⁹ which was the case about those special Olympics statutes where you don't have to show likelihood of confusion. The Court said when trademarks are used "for the purpose of trade or to induce the sale of any goods or services," they're used in "commercial speech," which "receives a limited form of First Amendment protection."²⁰

That hearkens back to the *Trade-Mark Cases* where they said that trademarks aren't "inventions or discoveries"; they're not "writings of authors" as they're not the product of "sudden invention," but they're really about "use" and "priority of appropriation."²¹ They're some kind of other thing." The Court has also said that trademarks may have "expressive" uses that are "promotional" as well as not being "purely commercial."²²

As a result of that dual commercial and expressive role, it's not really a surprise that creators of artistic works are interested in incorporating trademarks into their expression. That's why the Second Circuit in *Rogers v. Grimaldi* first articulated the doctrine that provides that trademark law applies to artistic works "only where the public interest in avoiding consumer confusion outweighs the public interest in free expression."²³ The test, for those who aren't familiar with it, is: use of a trademark is "not actionable unless, [one] the use of the mark has no artistic relevance to the underlying work whatsoever, or, [two] if it has some artistic

¹⁵ *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

¹⁶ *Matal v. Tam*, 137 S. Ct. 1744 (2017).

¹⁷ *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019).

¹⁸ *Id.* at 2305.

¹⁹ *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522 (1987).

²⁰ *Id.* at 535.

²¹ *Trade-Mark Cases*, 100 U.S. 82, 93–94 (1879).

²² *San Francisco Arts & Athletics, Inc.*, 483 U.S. at 535.

²³ *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989).

relevance, unless it explicitly misleads as to the source or the content of the work.”²⁴

Now, that may sound like a bright-line rule and an easy one to apply or recite, but it's changed a lot over time. When the Second Circuit articulated that rule in the 1980s, the dispute was over a Fellini film that was called *Ginger and Fred*. It told “the story of two fictional Italian cabaret performers” who imitated Ginger Rogers and Fred Astaire.²⁵ Now, the film could have avoided using Rogers and Astaire as its subject matter, or it could have had a different title, but the Second Circuit held that it didn't have to because the reference was protected by the First Amendment.²⁶

At the time, and since then, some trademark owners have suggested that maybe *Rogers* should be restricted to just that factual circumstance, just trademarks in film titles. Two decades later in *ESS Entertainment 2000 v. Rock Star Videos*, the Ninth Circuit recognized that the doctrine needed to extend to “the use of a trademark” in a video game. In that case, it was a location called the “Pig Pen” in *Grand Theft Auto's* fictional, virtual world that was alleged to be a reference to the plaintiff's real-world strip club.²⁷ The Ninth Circuit rejected the claim on *Rogers* grounds.

Since that time we've seen *Rogers* apply to the use of university football logos in paintings, prints, and calendars in *University of Alabama Board of Trustees v. New Life Art*.²⁸ We've seen it apply to greeting cards, featuring trademark phrases, such as “Honey Badger Don't Care” in *Gordon v. Drape Creative*.²⁹

Then most recently to dog toys in *VIP Products v. Jack Daniel's Properties*.³⁰ Now, VIP was pretty controversial in the trademark community. It involved dog toys that looked like a “bottle of Jack Daniel's Old No. 7” whiskey, but they had what the Ninth Circuit described as “light-hearted, dog-related alterations” to that.³¹ It wasn't just straight merchandise. They had humorous changes. For example, “Jack Daniel's” was replaced with “Bad Spaniels,” and “Old No. 7” was “Old No. 2,” and the alcohol percentages were changed to “100% Smelly.”³² Although some trademark owners would argue that dog toys are classic merchandise requiring a license or at least requiring a likelihood of confusion analysis, the Ninth Circuit held that they were artists' expressive works and remanded to the district court to apply the *Rogers* analysis.³³

Now, that raised concerns amongst some trademark owners because they thought *Rogers* is being applied to goods that we think are not core First

²⁴ *ESS Entm't 2000 v. Rock Star Videos*, 547 F.3d 1095, 1099 (9th Cir. 2008).

²⁵ *Rogers v. Grimaldi*, 875 F.2d at 996–97 (2d Cir. 1989).

²⁶ *Id.* at 996.

²⁷ *ESS Entm't 2000 v. Rock Star Videos*, 547 F.3d 1095, 1099 (9th Cir. 2008).

²⁸ *University of Alabama Board of Trustees v. New Life Art.*, 683 F.3d 1266, 1279 (11th Cir. 2012).

²⁹ *Gordon v. Drape Creative*, 909 F.3d 257, 268 (9th Cir. 2018).

³⁰ *VIP Products v. Jack Daniel's Properties*, 953 F.3d 1170, 1172 (9th Cir. 2020).

³¹ *Id.*

³² *Id.*

³³ *Id.* at 1175-76.

Amendment protection. While others thought, "Well, this is great. More First Amendment applications, they're saying something that's wonderful." The other concern is more practical, which is a perception possibly true, possibly not, that once something's determined to be an expressive work and *Rogers* applies, it's rare that you could ever actually get out of the *Rogers* test. Once you decide you're going to apply the test, that's what happens.

I don't know that that's necessarily true and it may be circuit-dependent. For example, the Ninth Circuit looks at artistic relevance and says, "Well, it just has to be above zero. It doesn't have to refer to anything in particular."³⁴ We learned that from the *Empire* case.³⁵ Whereas in the Sixth Circuit in *Parks v. LaFace Records*, we saw the Sixth Circuit say, "Well, OutKast's song "Rosa Parks" isn't insufficiently relevant to the civil rights icon and so that was not sufficient."³⁶ Likewise, in the Ninth Circuit, if you satisfy *Rogers*, the claim is over, versus in the Second Circuit where you still do the likelihood of confusion analysis.³⁷ You just see how strongly the confusion factors weigh in favor of confusion.

The Jack Daniel's people sought cert and they did not get accepted, but we have a case in the news this week involving Nike and MSC HF Product Studio, which was the case about Lil Nas X doing a collaboration using real-world Nike Air sneakers, modifying them with various satanic references and iconography, and selling them. Nike saw this as infringement and sued and the defendants argued that this was a limited-edition artistic work. They were criticizing social norms involving religion and homosexuality, and that they turned to among other things, the *Rogers* doctrine to defend the claim.

Nike said these weren't works of art. These were commercial products and, in any case, *Rogers* wouldn't apply. The court entered a TRO³⁸ and the parties just this morning, we saw, settled the case or at least resolved the case. We're not going to get an opinion on it, but the question I have for the panel is, given the duality of trademarks and that they're both commercial and expressive, how do we ensure strong protections for artistic endeavors incorporating trademarks will not create consumer confusion, which is ultimately what trademark law is supposed to be doing?

MARSHALL LEAFFER: Well. Very good Joshua that outlines the various tensions here created under *Rogers*. I find that the *Rogers* principle is hardly a bright-line rule, is it? This is what you call standard-based reasoning, and as such has been criticized as lacking predictability. Anyway, Jennifer, you said that you had some notions about this. I suppose you're pro-*Rogers*.³⁹

JENNIFER MCDOWELL: Well, yes.

MARSHALL LEAFFER: Sorry. I couldn't help saying that.

³⁴ See *ESS Entm't 2000 v. Rock Star Videos*, 547 F.3d at 1100.

³⁵ *Twentieth Century Fox TV v. Empire Distribution*, 875 F.3d 1192, 1198 (9th Cir. 2017).

³⁶ *Parks v. LaFace Records*, 329 F.3d 437 (6th Cir. 2003).

³⁷ See *Twin Peaks Prods. v. Pubs. Int'l*, 996 F.2d 1366, 1379 (2d Cir. 1993).

³⁸ Temporary Restraining Order.

³⁹ *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989).

JENNIFER MCDOWELL: We're going to put that in context. First of all, thanks Josh, for that very helpful walk-through case law. It is really interesting and it highlights some of the difficulties that brand owners face here. I can say from the INTA perspective, we have multiple committees that are looking at this issue from multiple different vantage points. I'm sure that folks realize we even filed an amicus brief on the Jack Daniel's matter, which was not accepted by the Supreme Court. In my opinion, that Ninth Circuit decision was just wrong.

While I agree that there is no bright-line test here, I certainly can agree with that. The thrust of the issue is to which cases should you apply *Rogers* and to which cases should you not. That's a hard thing to figure out. The way I think about this is, what is the guiding principle here? Are you really trying to express yourself or are you just free-riding off of somebody's good name? If it's the latter, in that situation like just taking that Nike example with the satanic shoes, I saw that and kind of chuckled because you have to wonder, "Well, where would they be but for Nike's name?"

Does anybody else really care about Satanic shoes if it didn't have the Nike trade dress and logo and swoosh? I kind of wonder. Figuring out which cases to apply *Rogers* to I think is a real distinction here. I think there are some easier cases to say, "Yes, sure these are just commercial products, these are not really artistic expressions."

JOSHUA SIMMONS: I think it's tricky because what you find is trademarks have become so much a part of the culture that people want to react to them even in the *Rogers v. Grimaldi* decision itself, as I mentioned, you could have called it "the dancing people" or you didn't have to use that name, but they wanted that connection. I think you get this trickiness of when your trademark becomes so iconic, people want to use it. Is that happening in good faith, or is it really trying to make some kind of a comment?

JENNIFER MCDOWELL: I was just going to say I totally agree with all that, but come on, a dog toy is a commercial product. That doesn't seem that complicated to me.

JOSHUA SIMMONS: In principle, I agree with you. I think what's tricky there is when you have all the phrases being messed up and they start focusing on the dog using the bathroom and all of those things, there's something that's being said, and where that tipping point line is can be tricky. I represent a lot of video game companies and there was a period where video games were sort of—are they protected? Are they in the artistic work club? Now they clearly are.⁴⁰ For things like this, I start wondering, "Well, they're trying to say something, it's not just the trademark but how far-field do you have to get before you're out of the *Rogers* box." That's hard.

MARSHALL LEAFFER: Lending content of that *Rogers* balance, that's the big question. I'd like to see somebody come up with the right solution. Now is the time that we're going to get to the Trademark Modernization Act of 2020.⁴¹ I think this is a pretty major deal. Jeff Handelman. You've got the floor.

⁴⁰ *Brown v. Entm't Merchants Ass'n*, 131 S. Ct. 2729, 2733 (2011).

⁴¹ Trademark Modernization Act of 2020, Pub. L. No. 116-260, 134 Stat. 2200 (codified in 15 U.S.C. §§ 1066a, 1066b).

JEFFREY HANDELMAN: Thanks, Marshall. Also thank you Jenny for all your help with advancing the Trademark Modernization Act. INTA has been a big supporter of the legislation. I'm going to try to give a quick overview. There are two primary aspects of the Trademark Modernization Act that I'd like to focus on. The first one is its impact on district court actions. The second one is the impact in the USPTO.

In the district court context, before the Act was passed, as many people are aware, more and more courts were requiring trademark owners to prove irreparable harm with evidence. It was unclear what evidence should be used, but courts were no longer recognizing the presumption of irreparable harm that previously existed. That trend resulted in large part from the Supreme Court's decision in that *eBay* case,⁴² a patent case which ruled that in the patent context irreparable harm cannot be presumed. Some courts extended that holding into trademarks.

Under this new Trademark Modernization Act, the Lanham Act was amended so that it now includes a rebuttable presumption of irreparable harm in trademark cases, so that's a big deal. The trademark owner is now entitled to a rebuttable presumption of irreparable harm upon showing trademark infringement at trial or on summary judgment. Alternatively, in the context of a preliminary injunction motion, if the trademark owner can show a likelihood of success on the merits, then that entitles the trademark owner to a presumption of irreparable harm.

It helps trademark owners enforce their rights against infringers and recognizes that the harm from trademark infringement in some fundamental ways is different from the harm arising from patent infringement. Unlike patents, trademarks implicate reputational issues. Irreparable harm does follow now, under the Lanham Act, at least a presumption of it.

Turning to the USPTO, the Trademark Modernization Act now gives us additional tools to remove unused marks from the register. Before the Act was passed, a party had to file a full-blown cancellation proceeding with the Trademark Trial and Appeal Board seeking to cancel the registration based on non-use.

As we know those cancellation actions are costly and time-consuming. They're like mini-litigations with discovery and motion practice. But now under the Act, there's going to be sort of an intermediate step. The Act creates what's called an expungement proceeding and re-examination proceeding for challenging registrations based on non-use. These proceedings are going to be before the director of the USPTO, not before the board. The goal of all this is to create a quicker and cheaper alternative that allows parties to challenge registrations based on non-use and keep the register clean.

Very quickly, expungement proceedings involve situations where the mark was never used, whereas re-examination proceedings are addressed to situations where the mark was not used as of the date that the applicant filed its proof of use. That could be, for example, when the applicant filed an amendment to alleged use or a statement of use, or in the case of a use-based application when the applicant filed its application. These expungement and reexamination proceedings will take effect on December 27th of 2021, so it's coming up at the end of this year.

⁴² *eBay Inc. v. MercExchange, LLC.*, 547 U.S. 388 (2006).

The outcome of winning one of these proceedings is that the unused goods or services will be canceled or removed from the registration. It could be all of the goods or services, or only the portion not used. A decision, an adverse decision by the director can be appealed up to the TTAB and then the Federal Circuit. Right now, the USPTO is in the process of drafting rules to govern these proceedings. Stakeholders will be given a chance to provide feedback as part of the rulemaking process.

I also want to mention a related point, namely, the TTAB recently published statistics about the default judgment rate in board cases for the two-year period running from March of 2018 to March of 2020. This was done in connection with a pilot program that the TTAB was running about expedited cancellation proceedings. Of note, the board found that in that two-year period, there was a very high default judgment rate for proceedings where the only claim in the cancellation case was abandonment. The default rate in those cases was 60%.

MARSHALL LEAFFER: Wow.

JEFFREY HANDELMAN: That high rate in abandonment-only cancellation cases actually shows that we're doing a reasonably good job removing vulnerable registrations based on non-use, and now in addition to those cancellations, we're going to have expungement and re-examination proceedings which will cost less money and help further the effort.

The final point I'd like to mention very quickly is that the Trademark Modernization Act also adds a new ground for cancellation in Section 14 of the Lanham Act.⁴³ Now, if you're going to pursue a cancellation case before the board under Section 14 (6), you can assert that the mark has never been used in commerce. That is now a valid ground for cancellation which is codified in the Lanham Act. You could do that previously but it wasn't part of the statute. What we're seeing is some really effective new developments to remove unused marks from the register and help protect the integrity of the trademark system. I think these are all positive developments and once again INTA has really done a great job helping to get these initiatives across the finish line.

MARSHALL LEAFFER: Well, very good. That's a nice overview. Jeff, thank you very much. Jenny, this is absolutely incredible what you've done. Tell us is there anything else that you'd like to add? From my way of thinking the expungement procedures, were vastly needed because of the enormous amount of filings that come from countries like China, for instance. Apparently, many of these companies were simply subsidized by the government to file trademark applications in the United States, and that most of these applicants had no real interest in the obtaining a trademark registration. This has created an enormous amount of deadwood on the register and is an issue that must be resolved. So, Jennifer your thoughts about this?

JENNIFER MCDOWELL: Thank you, Marshall. Thank you, Jeff. I wish I could take credit, but I think that would not be [crosstalk].

MARSHALL LEAFFER: Why not? Really? Don't be modest.

JENNIFER MCDOWELL: I have a whole bunch of thoughts. I'll try to be somewhat organized here. On the irreparable harm provision, I will note that that

⁴³ 15 U.S.C. § 1064.

has been the legislated parity for INTA for at least four years. We were so thrilled to see this one getting over the finish line and clarified and TMA. We think that is a much-needed clarification, and we're very happy about that. On the provisions regarding expungement and re-exam, we had extremely good engagement with [inaudible]. We were so pleased to be able to comment multiple times, to give our input, and we appreciate working with staff to receive that input.

Now that we have that, having come into law—I think the real focus for INTA at this point is to make sure that the USPTO gets the rules right and to assist them in any and all ways that we can. We have a couple of, I guess you could call them priority areas, that we would like to see certain things happen in the USPTO rulemaking. We appreciate how responsive and open that they have been. They're always willing to chat, they hold a public round table. I understand that that will be happening again. Just to make sure we have a level set of the process, the USPTO has to issue a notice of proposed rulemaking before it can issue final rules.

Those final rules have to be in effect by, I think it's December 27th of 2021. We appreciate the fact that the PTO is working on an extremely short timetable to get what they need to get done. Let me just tell you a couple of our areas that we hope to be able to provide info to the USPTO on. Flexible response times. The statute gives the office the discretion to set those not less than 60 days, but up to six months. We think that there should be at least a three-month minimum time period with an extension up to six months as a matter of right.

We think that's simple, straightforward. Devil's in the details always, but we think something easily managed is something that should be implemented in the final rules. With regard to our concerns about the possibility for abuse. We do think that the USPTO ought to be tracking abusers, that they should be dealt with by the USPTO. There should be limitations on being able to attack the same registration over and over. We also have very definite thoughts on *prima facie*. That reasonable [unintelligible] that you could be required to show use or to show lack of use.

We are encouraging the USPTO to issue some guidance documents to really flesh out in a way that perhaps the rulemaking won't be able to. What does a reasonable investigation mean? How is it differentiated between goods and services in different industries? What is required besides a naked internet search? That sort of theme. Happy to go into more detail, but I think I'm out of time on this topic.

MARSHALL LEAFFER: Well. Thank you. Those comments, we can of course get back to these questions at the end, but now we're going to turn to quite a different subject but one of equal importance, that is, the question of domain names. I can't think of anybody than Gerald Levine that's better positioned to give us a rundown and in this subject. Gerald, it's all yours.

GERALD LEVINE: Thank you, Marshall. I'm going to be talking about cybersquatting and jurisprudence. It's a very large subject. I'm going to give you a very general overview of where we are 21 years after the base year. Before 1999, there was no formulated body of law for combating abusive registrations of domain names and no case authority for parties to consult about the rights and wrongs of registering domain names corresponding to existing trademarks. As there are no national boundaries on the internet and as persons acquiring domain names could

be anywhere in the world, it became increasingly difficult for mark owners in one country to protect themselves from domain registrants in another.

A small number of civil cases had been litigated in US courts between 1985 and 1999, applying emergent law under the Lanham Act and from 1995, the Federal Trademark Dilution Act of that year.⁴⁴ However, the decisions applying these laws essentially produced one-off decisions pitching US-based parties generally involving egregious instances of abusive registrations. These experiences are graphically described in House and Senate reports published in connection with the enactment of the Anticybersquatting Consumer Protection Act of 1999 (ACPA).⁴⁵ Also in 1999, the Internet Corporation for Assigned Names and Numbers implemented the Uniform Domain Name Dispute Resolution Policy (UDRP).⁴⁶

Suddenly, from having no protection from abusive registration of domain names, mark owners across the world had a transnational mechanism, an arbitral procedure for challenging registrants in a quick and relatively inexpensive forfeiture remedy. For US-based mark owners with more complex disputes, outside the limited jurisdiction of the UDRP, there was the ACPA. While panels under the UDRP and judges under the ACPA draw upon a similar body of principles in determining infringement, and though arbitration panels and judges undoubtedly view alleged tortious wrongdoing by abusive registrations of domain names through similar lenses and apply laws that may be outwardly similar, each protective mechanism has developed its own distinct and separate jurisprudence.

This difference is part of the UDRP DNA in that UDRP is not intended to be centric to any national law. Indeed in some respects, there are some sharp differences of law between the two mechanisms. Some panels in early cases did look to local law for deciding disputes by persons residing in the same jurisdiction, but their views never achieved consensus. To be underscored, the two mechanisms cater to different levels of domain name disputes. UDRP is not a domain name court, but a mechanism with limited subject matter jurisdiction crafted to combat a narrow class of cases designated as abusive registrations. It specifically, "does not extend to cases where a registered domain name is subject to a legitimate dispute" or to disputes in which there are genuine issues of material fact. Those cases belong in courts of competent jurisdiction.

A big subject that I can only touch upon in passing is that the UDRP complaint is essentially, and perhaps surprisingly, an administrative motion for summary judgment. The basic remedies for cybersquatting under both the UDRP and the ACPA are the same; either, results in cancellation of the domain name to the complaining mark owner. Also both mechanisms have a degree of symmetry that recognizes lawful registrations of domain names in the form of remedies for reverse domain name hijacking.

Whatever the law emerging from US federal courts between 1985 and 1999, when the UDRP opened for business, it had no formulated body of law to draw upon, there was only the expectation (amply fulfilled, incidentally) that a body of

⁴⁴ 15 U.S.C. § 1125(c).

⁴⁵ 15 U.S.C. § 1125(d).

⁴⁶ ICANN, *Uniform Domain Name Dispute Resolution Policy* (approved Oct. 24, 1999) available at <https://www.icann.org/resources/pages/help/dndr/udrp-en>.

law would emerge as panels worked out the policy's direction through construction of its minimalist language.

In determining the first UDRP case filed in 1999, the panel confirmed the core feature that distinguishes it from the ACPA, namely, that a mark holder not only has to prove that the domain name was registered in bad faith, but that it was also being used in bad faith. In contrast, the ACPA plaintiffs can prevail on proof of either registering, trafficking in, or using the domain name in bad faith. The first UDRP panels quickly constructed other provisions concerning its general powers and authority to draw inferences from the record. The first year of the UDRP produced a spate of creative constructions that essentially established the direction of jurisprudence.

There are both similarities and differences that separate the UDRP and ACPA. They are similar in applying factors to determine when domain name registrants cross the line. They're also similar in developing carve-outs of legitimacy for domain name registrants. There are differences that can result in domain names being forfeited under the UDRP and restored under the ACPA or alternatively found non-infringing under the UDRP and infringing under the ACPA. There also quickly developed, particularly under the UDRP, jurisprudential concepts supportive of lawful registrations, favorable to the rise of a secondary or aftermarket for the buying and selling of domain names.

The question here, again, is too large to do justice to and I can only mention it briefly. What are domain names? Are they a form of property? And, if they are property, to what extent are they alienable? There is some direction on this issue under the ACPA. Under the UDRP, the issue of property rights does not arise. If there is no evidence of cybersquatting the complaint must be dismissed. If the registration and use evidence bad faith, the complaint must be granted. The most important factor in the development of UDRP jurisprudence, a recommendation from the World Intellectual Property Organization, is that all decisions are publicly accessible as they are for court decisions.

This was a monumental policy decision because without an accessible database, there can only be one-off decisions, which would be an environment hostile to the growth of a jurisprudence. Accessibility of past decisions creates an environment for the establishment of precedent. I can't get into it more deeply here, but ACPA judges started building an entirely new set of principles from a quasi-statutory language entirely different, and sometimes at odds, from the prior Lanham Act case law for trademark infringement and dilution.

One can also discern, under ACPA law, an offshoot jurisprudence that has emerged from the district court, in which the .com registry resides for in rem actions to counter fraudulent transfers of domain names or determine disputes against unknown parties or parties outside the jurisdiction of the court. If there were more time, I would talk to you about the influence of UDRP decisions affecting the rise of the secondary market for the acquiring and selling of domain names and for the ACPA, a deeper look at it animating principles that are distinguishable from the jurisprudence that has arisen under the UDRP. Unfortunately, that brings me to the end of my time, and I'll turn the mic back to Marshall.

MARSHALL LEAFFER: Thank you, Gerald for your overview. It really puts things in perspective. The curious interplay between the two has always been something that fascinated me. As for the ACPA, has there been a lot of intensity of litigation and actions brought under that section of the Lanham Act?

GERALD LEVINE: No. It's interesting. There have been in the region of 75,000 decisions under the UDRP. When you calculate all of the decisions that we have in the ACPA, there are around 1000 which includes for some cases more than one decision. For the ACPA, you don't have enough cases to quite understand where things are going. There is, for example, a split between the Ninth, Eleventh, and Third Circuits on the issue as to whether or not domain names are property, the kind of property for which you can say they're either alienable or not alienable.

JEFFREY HANDELMAN: I had a question, Marshall. Do you have a sense, if you were to graph the volume of UDRP cases over time, what would that graph look like in terms of case filings on an annual basis? Are they going down quite a bit or has it been steady? What are the statistics?

GERALD LEVINE: There has been a modest increase in the volume of cases over time, but not extraordinarily so, although the percentages may be large. In the first year of the UDRP, 2000, there were probably in the region of, let's say, 2 to 3000 cases. Now there are in the region of 4500 cases. We have six providers around the world. The World Intellectual Property Organization is the largest provider, and then the Forum in the US is the second. On the other hand, in 1999, there were only 10 million domain names. Today, there are over 200 million domain names, so that while there has been an increase in the number of complaints that I mentioned, the percentage as against the number of registered domain names has significantly declined. JOSHUA SIMMONS: I actually pulled up the statistic graph, I might be able to share it with people if they wanted to see it. Just briefly, I don't know if you can see that.

GERALD LEVINE: This is from WIPO.

JOSHUA SIMMONS: Correct.

GERALD LEVINE: These are WIPO cases. This is the increase in the number of cases, but on the extreme left of the chart for the year 2000, there were about 1600 cases. On the extreme, not quite on the extreme right, but the ultimate, it was 3400 cases, so for WIPO the number has doubled.

MARSHALL LEAFFER: During the first decade of UDRP, some people were dissatisfied with the coherency of some of the panels. Have you noticed any change in this regard.

GERALD LEVINE: Panelists are drawn from all over the world and they come from different traditions. That has to be taken into account, but there is certainly a variance among panelists. There is a problem sometimes as to whether or not in disputes between trademark owners and investors in domain names there has been proper justice. There are a few notable UDRP awards challenged in federal court under the ACPA that have been revoked. I should point out, however, that 93% of all the cases that are filed in the UDRP are indefensibly cybersquatting. Where there are errors in decision-making it comes from the 6% or 7% of the cases where there are genuine issues to deal with.