

Highlights Part I of the Trademark Modernization Act of 2020: Irreparable Harm and TTAB Inferior Officers

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After a fair amount of end-of-year legislative drama, the Trademark Modernization Act of 2020 (“TMA”) was signed into law on December 27, 2020 as part of the Consolidated Appropriations Act for 2021, which also included needed funding for COVID-19 relief and support. The text of the Act from the House Report can be seen [here](#).

The TMA amends the Lanham Act in several different unrelated ways, all of which are important for trademark practitioners, whether litigating in federal court, prosecuting trademark applications in the USPTO or engaging in proceedings before the Trademark Trial and Appeal Board. Some parts of the TMA, such as the provisions for *ex parte* reexamination, become effective a year from signing, on December 27, 2021. Other provisions, such as the statutory amendment concerning the presumption of irreparable harm and the clarification of status of TTAB judges do not specify an effective date and may be left to the courts to decide.

Our first post on The TMCA will cover the presumption of irreparable harm for obtaining injunctive relief under the Lanham Act and amendments to ensure that the independence of Trademark Trial and Appeal Board (“TTAB”) judges cannot be challenged under the Appointments Clause of the Constitution. In subsequent posts, we will address changes to Letter of Protest and office action response procedures during the application

examination process and new procedural mechanisms for challenging the validity of registrations based on lack of commercial use of the registered mark.

Clarification on Presumption of Irreparable Harm for Obtaining Injunctive Relief

The TMA clarifies that when seeking injunctive relief on a claim for trademark infringement, a rebuttable presumption of irreparable harm is created upon a finding of trademark infringement at trial, or upon a showing of likelihood of success on the merits for preliminary injunctive relief or a temporary restraining order. The rebuttable presumption also applies to claims of unfair competition, false advertising, dilution or cyberpiracy under Section 43 of the Lanham Act.

An amendment to the Lanham Act was needed due to a Circuit split regarding the standard for injunctive relief in trademark infringement cases following the U.S. Supreme Court's ruling in *eBay Inc. v. MercExchange*, which eliminated a similar presumption of irreparable harm in patent cases. In trademark cases decided since *eBay*, Circuit courts have ruled inconsistently on whether the four equitable factors for obtaining an injunction should be weighed in each case, or whether irreparable harm should be presumed once there is a finding of infringement or a likelihood of success is shown for purposes of obtaining expedited relief. This split encouraged forum shopping and undermined the consumer protection purposes of the Lanham Act. The TMA now codifies in the Lanham Act a nationwide uniform standard that the presumption should be applied in trademark cases. Thus, the Act reduces the evidentiary burden on trademark owners for obtaining injunctive relief to protect their trademark rights and prevent consumer confusion.

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

The TMA also contains a provision giving the Director of the U.S. Patent and Trademark Office considerably more power over the administrative law judges of the TTAB. The amendment to Section 18 of the TMA clarifies that "the authority of the Director under this section includes the authority to reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board." This provision should avoid the problem highlighted in the 2019 *Arthrex v. Smith & Nephew* decision of the Federal Circuit. The court in that case held that Patent Trial and Appeal Board judges were not subject to sufficient oversight and supervision by the USPTO Director to be considered inferior officers under the Appointments Clause, and thus were unconstitutionally appointed since they had not been nominated by the President and confirmed by the Senate. The TMA amendments confirm that TTAB judges are inferior officers, which should immunize them from any application of the *Arthrex* holding.

Stay tuned for further TMCA posts on other important changes to the Lanham Act coming your way under the TMA.