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29th Annual Intellectual Property Law & Policy  
Conference (2022)

Fordham Intellectual Property Law Institute

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4-22-2022 11:50 AM

### 7D Competition, Two Concurrent Sessions & Trademark Law. U.S. Trademark Law Developments

Matthew D. Asbell  
*Offit Kurman, New York*

Marshall Leaffer  
*Maurer School of Law, University of Indiana, Bloomington*

Jennifer Simmons  
*International Trademark Association (INTA), Washington, D.C.*

Rebecca Tushnet  
*Harvard Law School, Cambridge*

Gerald M. Levine  
*Levine Samuel LLP, New York*

*See next page for additional authors*

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#### Recommended Citation

Asbell, Matthew D.; Leaffer, Marshall; Simmons, Jennifer; Tushnet, Rebecca; Levine, Gerald M.; and Scungio, Maria A., "7D Competition, Two Concurrent Sessions & Trademark Law. U.S. Trademark Law Developments" (2022). *29th Annual Intellectual Property Law & Policy Conference (2022)*. 23.  
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**Authors**

Matthew D. Asbell, Marshall Leaffer, Jennifer Simmons, Rebecca Tushnet, Gerald M. Levine, and Maria A. Scungio

Session 7D

**Emily C. & John E. Hansen Intellectual Property Institute**

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

*Friday, April 22, 2022 – 11:50 a.m.*

**SESSION 7: COMPETITION, TWO CONCURRENT SESSIONS &  
TRADEMARK LAW**

***7D. U.S. Trademark Law Developments***

***Moderator:***

**Matthew D. Asbell**

*Offit Kurman, New York*

***Speakers:***

**Marshall Leaffer**

*Maurer School of Law, University of Indiana, Bloomington*

***US Trademark Case Law Update, Including the Status of the Well-Known  
Marks Doctrine in the US***

**Jennifer Simmons**

*International Trademark Association (INTA), Washington, D.C.*

***The Trademark Modernization Act – Expungement and Reexamination  
Proceedings***

**Rebecca Tushnet**

*Harvard Law School, Cambridge*

***The SHOP SAFE Act***

**Gerald M. Levine**

*Levine Samuel LLP, New York*

***Reclaiming Stolen Domain Names under the Anti-Cybersquatting Consumer  
Protection Act***

***Panelists:***

**Maria A. Scungio**

*Robinson & Cole LLP, New York*

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## Session 7D

MATTHEW D. ASBELL: My name is Matthew Asbell. I am an IP attorney at Offit Kurman, which is a law firm up and down the East Coast of the United States with 275 attorneys. I am also an adjunct professor at Fordham Law. I am pleased to be moderating the session. To start, I'd like to say thanks to you Hugh Hansen, Courtney, Sven, and the others, the Fordham Institute for having us today and for this great conference.

We have a really interesting lineup. We're talking about US trademark law. We're talking about an update on US cases. We're talking about the new Trademark Modernization Act, and how that has been implemented. We'll be talking about the SHOP SAFE Act, regarding online counterfeits, and we'll be talking about reclaiming of domain names. Our speakers today, we have Professor Marshall Leaffer, I guess you can give us a wave, who is a professor at Indiana University, Maurer School of Law.

We have Jenny Simmons from the International Trademark Association, with their big annual meeting coming up. We have Rebecca Tushnet. I'm not sure if I'm pronouncing that correctly, so I hope-- Okay, good. I got a thumbs-up. I've seen your name a million times, but never got the opportunity to pronounce it, from Harvard Law. Pleasure to have you. We have Gerald Levine, who is from Levine and Samuels. I do see Maria Scungio on there. I'm not sure of your role, so maybe you can chime in so that I know how to involve you.

MARIA A. SCUNGIO: Thanks, Matt. I'm one of the panelists to join the speaker conversation after presentation. I'm in private practice at Robinson & Cole, but I'm also fortunate to be an adjunct professor at Fordham, teaching trademark law this spring semester. I'll be working on the student's exam hypo questions to submit on Monday.

MATTHEW D. ASBELL: Excellent. So glad to have you and good to meet you. I knew your name from somewhere. Great. With that, we're going to kick it off. If you want to read full bios, of course, they're available in the materials. With that we're going to kick it off. The first thing I'd like to do is put it out to the audience and see if there are particular questions or comments about the subject matter that we're interested in. Then I'm going to call on each of the separate speakers, and then we'll get approximately seven minutes for their main subject matter. Then we'll have further discussion. Do we have anyone in the audience that would like to ask a question or make a comment with regards to US trademark law developments to get us started? Silent bunch you are. Please do chime in if you wish to participate. We'd like to keep this interactive, if possible. With that, I'm going to pass this along to Marshall Leaffer. Professor Leaffer, please go ahead with your presentation on the US case law developments.

MARSHALL LEAFFER: Thank you, Matthew. I'm listed as 10 minutes. I don't want to have any special privileges. Anyway, I'll try to be concise.

MATTHEW D. ASBELL: I might cut it down to five. I've got a lot of power here. Now you can go ahead.

MARSHALL LEAFFER: I'm going to talk about three cases which I believe are particularly significant. My first case is the Coca-Cola v. Meenaxi,<sup>1</sup> an action for cancellation before the Trademark Trial and Appeal Board.

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<sup>1</sup> 92063353 (T.T.A.B. Jun. 28, 2021).

As a background to this case, US courts have never explicitly adopted the well-known marks doctrine of Article 6bis of the Paris Convention. Article 6bis is an exception to territoriality. It requires member countries to refuse registration or cancel the registration or use of a well-known mark by an unauthorized party who uses it on confusingly similar goods.

Some US case law seems to have given de facto recognition of the doctrine. Other courts, however, have simply rejected the doctrine. These courts have declared that trademark rights are territorial and that the provisions of the Paris Convention are not self-executing in US law. Now to Meenaxi. In the 1990s, Coca-Cola entered the market in India through the acquisition of the mark's Thums Up and the Limca. Coke wanted to sell its branded products in India, but it decided not to do so because the Indian government required companies to disclose the full formula of the products.

In India, Coke heavily promoted Thums Up and Limca, which became major bestsellers in Indian market. In the meantime, Meenaxi, registered Thums Up and Limca in the United States. Even though Coke had no formal rights in the market in the US, Coke brought a petition to cancel Meenaxi's registration for the mark's Thums Up and Limca. Coke based this action for cancellation as misrepresentation of source under Section 14 of the Lanham Act.

The evidence established that Meenaxi engaged in blatant misuse of the marks in a manner calculated to trade on the goodwill and reputation of Coca-Cola. Meenaxi was selling Limca and the Thums Up in ethnic food stores and Indian food stores. The Board found it significant that the Meenaxi's activities related to Thums Up and Limca were not just isolated instances but formed a part of a broader pattern of copying the word-marks and logos of other Indian brands. In ruling in favor of Coca-Cola, the Board repeatedly cited the 2016 case of Bayer v. Belmora, in which the Fourth Circuit granted Bayer's request to cancel Belmora's registration for Flanax in the US. Flanax is the name used in the Mexican market for the analgesic Aleve. Flanax was never used by Bayer in the US market and had no registration on the mark, but Bayer was able to cancel Belmora's registration of Flanax on the grounds that was misleading even though Bayer had no rights to the mark in the United States.

What is the upshot of this decision? First, owners of trademarks outside of the US do not have to sell products bearing the marks in the US to have standing to cancel registered marks used by another party to misrepresent the source of the goods. Secondly, the TTAB appears to have given a de facto recognition to the well-known mark's doctrine to remedy just the kind of trademark squatting that occurred in this case.

The second case I'd like to discuss is Apple v. Social Tech,<sup>2</sup> which reminds us that trademark rights in the US are acquired only by their bona fide use in commerce. In this case, Social Tech sued Apple over the use of the trademark Memoji, for use on an app. The Appellate Court affirmed in favor of Apple. It ruled that Social Tech had no protectable rights of Memoji because the company failed to use it legitimately in commerce.

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<sup>2</sup> 4 F. 4<sup>th</sup> 811 (9<sup>th</sup> Cir 2021).

Here are the facts. In 2016, Social Tech filed in intent to use application for the mark Memoji for use on apps and software. Social Tech did very little for two years, other than ask for an extension on Notice of Allowance. They did do a few things. Social Tech wrote a business plan, funded itself internally for \$100,000, and created some promotional material.

In the interim, Apple acquired Memoji from another company's suspended trademark application for the same mark. In 2018, Apple released a public version of its new mobile operating system that included an operational version of the Memoji app. Until Apple's announcement, Social Tech had not written a line of code. Then, and only then, did Social Tech show an interest in actually using the Memoji mark. During three weeks after Apple's announcement, Social Tech's co-founder and president, Samuel Bonet wrote in an e-mail, "It's time to get paid, gentlemen." In a series of other revealing emails admitted that the app needed a little work to get perfect. He stated "If we can get close, initially we can start to test and put it in commerce." Bonet again, wrote, "In other news, the initial letter has been sent to Apple. The processes began, peace and wealth." Bonet also wrote that Social Tech would release the application for Android in the Google Play Store, proclaiming, "We are lining up our information in preparation for a nice lawsuit against Apple. We are looking good. Get your Lamborghini picked out." Clearly, Social Tech was trying to push its mark through the registration process, so it could file a trademark suit and get paid. It put its barely operational app in commerce for the purposes of filing a lawsuit which had about 5,000 downloads.

The panel held that the adoption of the mark without the bona fide use and commerce to reserve rights for the future does not establish rights in the mark. Use and commerce requires use of a genuine character. It must be sufficiently public to distinguish the mark goods in an appropriate section of the public. On the question of bona fide use, one must consider the "totality of the circumstances." The panel agreed with the District Court, that considering the totality of the circumstances, Social Tech's use of Memoji mark was not bona fide use in commerce. Accordingly Apple was entitled to cancel Social Tech's trademark registration.

My third case is *Select Comfort v. Baxter*.<sup>3</sup> This case concerns initial interest confusion, referred to yesterday in another trademark session. The theory of initial interest confusion involves situations where consumer initially may have been confused about the source of defendant's goods or services, but that confusion is dispelled before a final purchase.

Initial interest confusion is a controversial, non-point-of-sale confusion doctrine, and some circuits have been reluctant in adopting it at all. In this case, the Eighth Circuit held that the doctrine was a viable infringement theory and could be used in proper circumstances. The facts are these, Social Comfort alleged that Baxter used its registered trademarks and confusing similar manner to advertise Baxter's mattresses and divert consumers to its website and phone lines, instead of Select Comfort's. Baxter operated under the name, Personal Comfort. It used online advertising, including paid search ads, some of which used portions of the Select Comfort trademarks.

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<sup>3</sup> 996 F.3d 925 (8<sup>th</sup> Cir 2021).

Initial interest confusion was involved in this case because Baxter's online ads brought Select Comfort to mind, diverting customers to Personal Comfort's call center. However, at some point in the call center conversation, customers would learn that they had not contacted Select Comfort. The District Court granted the summary judgment for the defendant on the grounds that the relevant consumers were sophisticated as a matter of law. Citing Eighth Circuit precedent, the Court rejected plaintiff's theory of initial interest confusion.

The Court of Appeal reversed. It held that the District Court erred on the availability of "initial interest confusion" as a viable infringement theory. The main point of contention in this case involved the issue of consumer sophistication. Mattresses are a relatively expensive investment, but on the other hand, mattresses are bought infrequently, so customers might be susceptible to online ploys.

The court concluded that the issue of consumer sophistication should be left to the jury, but because the initial interest confusion theory was a viable doctrine, summary judgment was in error. Nevertheless, one might read some skepticism in the opinion, and it falls short of an unqualified embrace of the initial interest confusion doctrine. The court states that the doctrine doesn't apply when relevant consumers are careful and professional purchasers. After Baxter, however, advertisers should use care in displaying competitors' trademarks in online ads or in domains.

MATTHEW D. ASBELL: As far as I can tell, I think you're okay. The clock didn't seem to be moving for a while and then magically it was at two minutes. So, you're done. It's great. Glad to have you. Are there questions or comments from the peanut gallery, the audience, or co-panelists? Not hearing any. With that, we will go to Jenny Simmons who will be talking to us about the Trademark Modernization Act of 2020.

JENNIFER SIMMONS: Thank you so much, Matt, and great presentation there, Marshall. I don't have a PowerPoint flag. I'm just going on the theory that trademarks is as fun as a barrel of monkeys, and that's my trademark behind me from my nursery and my home, [laughs] anyway. All right, the Lanham Act, as we all know, has been like the quintessential trademark law in the US since it was enacted back in 1946. Over the years, we've seen a couple of amendments here and there, most recently with the Trademark Modernization Act or the TMA. The TMA came into force in December of 2020, and many of the provisions went into effect on December 18th of 2021.

The TMA was focused on answering one of the biggest questions that are out there in modern trademark law. Which is, "How do we clean up the trademark register?" We all know that the trademark register is the lifeblood of trademark law, and we have to maintain the integrity of the register in order to really make the US trademark law function properly. When it's cluttered and inaccurate, it just undermines the integrity and the trust placed in the USPTO, and it impedes the real functionality of the register for the people that rely on it.

The TMA gives us a couple of new non-use cancellation proceedings, which is primarily what I'm going to discuss today. The non-use cancellation is the removal of an existing trademark from the trademark register due to non-use. As the result of the TMA, we now have re-examination proceedings and expungement

proceedings. Both of which can be initiated either by a petitioner or by the director. The idea of meaning to remove deadwood or registered marks that are not actually being used from the register. It comes from the fact that the US is a use-based system, and the goal of these proceedings is to give petitioners a cheaper, faster, alternative than filing a contested inter-party proceeding before the trademark trial and appeal form.

Now, before I get into the specifics of these TMA proceedings, I just first, would like to thank the USPTO. They have worked tirelessly for such a long time to make sure that the law is technically accurate and that it's implemented in the best way possible. I also have to thank the House Judiciary Committee, which has helped numerous roundtables prior to the introduction of the TMA. Congressional staff were always eager to work with us and solicit feedback and incorporate logical changes that just made really good sense. I also would like to just take a second to thank Hugh Hansen and Fordham for giving INTA this stage to speak on every year about timely topics that our brand owners really hear about.

I would be absolutely remiss if I did not mention the great webinars that the USPTO has put out on this subject. Amy Cotton in particular, has done a fantastic job of explaining the ends and the outs of these new processes. With that and knowing that we're all a bunch of lawyers here and new processes make us all a little bit anxious, I'm going to walk through these super carefully, starting with re-exam.

Re-examination is basically a method which requires a youth-based application for a trademark to be considered for re-exam. A re-examination is targeted at a registered trademark, which has already allegedly been in use, but which the petitioner alleges did not begin use on the relevant date. Whether that date is the date of filing of the trademark or the date the registered claims the trademark began its use. The time limit for filing a re-exam petition is the moment the trademark is registered up to five years after registration, so zero to five years. It can be filed by any party, you're not required to say who the real party and interest is. Now, expungement on the other hand, trademarks that are subject to expungement are trademarks which have never been used and are subject to removal due to their extended period of non-use. These trademarks can be either domestic or foreign. Expungement only becomes an option for a petitioner three years after registration, and an expungement can be filed up to 10 years old after the registration. It's basically 3 to 10 years old.

There is one caveat there, is that until December 27th, 2023, a proceeding can be requested for any registration that is at least three years old, regardless of that 10-year limit. It can also be filed by any party, not just a real party and interest, and keep in mind that these proceedings do not get into intent. That's for TTAB, this is not about abandonment.

Remember, once you file these petitions, you cannot withdraw it. Let's just carefully walk through quickly the process to file a petition. It's much the same for re-exam and for expungement, couple of required elements. One, you got to identify the registration number of the trademark in question. Two, you need to say your petitioner's name, email address, and domicile, and if it's a non-US domicile, you have to designate a US attorney, obviously. Three, you have to identify the



particular goods and services that are challenged. This is really important because it can either be a full or a partial non-use. For example, if a registrant is only utilizing your trademark for specific goods, but maintains the trademark in other areas, the non-utilized portion of the trademark may be subject to expungement or re-exam, but not the other part. Four, a verified statement from the petitioner that a reasonable investigation was conducted.

Now, the USPTO expects this investigation to be pretty comprehensive, because it's not enough to just prove that the trademark is not currently in use. The petition needs to show that the trademark was never used or was not used prior to the relevant date. Five, the evidence of non-use that the petitioner collects should be documented and indexed and cited as part of the petition. Six, the PTO would like their money. You have to pay a fee, it's \$400 per class sought to be canceled. After this process, the USPTO is going to take it from there.

Remember that both petitions for expungement and re-examination are considered *ex parte*, meaning that the petitioner does not have an opportunity to expand upon what they've already said, or to clarify their actions after they file their petition. If the USPTO director determines their *prima facie* case has been established, then the director will institute the proceeding.

The director is going to look at both the petition and the record evidence of the registration. The USPTO will send a notice of their decision to institute the proceeding to the petitioner. The notice is going to identify the goods and services for which a *prima facie* case was made, and receipt of that notice does not automatically remove the trademark, but it does switch the burden to the registrant, who will then have three months from receipt of the notice to prove the use of their trademark. Now, the registrant can get additional time again for a fee, they can get another month for \$125. How does all this play out? There's three possible scenarios.

One is, if the registrant shows use of the trademark or excusable non-use for all of the challenged goods or services, then the USPTO will issue a notice of termination of the proceeding, and the registration will not be canceled. Or alternatively, the registration can delete the challenged goods and services. The USPTO will issue a notice of termination, the registration will be canceled in whole or in part as to the deleted goods and services. Three, the other alternative is that the register does not show use of the trademark, or does not establish excusable non-use. For some or all of the goods or services or otherwise, fails to comply with all outstanding requirements. In that case-

MATTHEW D. ASBELL: If I can ask you just to hurry a little long, because you're out of time.

JENNIFER SIMMONS: My apologies. In that case, the USPTO will issue a final action addressing the registrant evidence and arguments. I'm going to just skip to, what were some of the important things for INTA in our advocacy? We advocated for the adoption of USPTO rules that achieved the objectives of the TMA while imposing no greater burden than necessary on brand numbers. In particular, we wanted fees that were not low enough to encourage abusive filings, but were not too high to dissuade filings. We feel like \$400 achieved the right call. We want to propose in registered marks. That's why we advocated for a limit to the time

period when a mark could be subject to proceedings, and we also wanted to stop as to same goods or services to prevent abuse. I'm going to take a pause there and cough a little bit off camera. Okay, thank you.

MATTHEW D. ASBELL: I'm not sure if you're planning to come back, but given the time constraints, you said you're taking a pause.

JENNIFER SIMMONS: I would pause. I'm happy to pause and catch--

MATTHEW D. ASBELL: You can revisit the group.

JENNIFER SIMMONS: Yes, exactly. Sorry. My allergies are bothering me so bad today, but I'm happy to answer questions and if we have additional time, I'm happy to go into further discussion.

MATTHEW D. ASBELL: Great. Thank you. I think we can try to maybe do that at the end, unless there are some burning questions, but I want to give the other speakers an opportunity to get their presentations in. With that, our next hot topic is the SHOP SAFE Act. I can't even say it because I don't want to shop safe. I'll ask professors Tushnet to give her presentation.

REBECCA TUSHNET: Great. This is just going to be basically a report I think on what exactly SHOP SAFE is, and I'm not going to talk about the companion bill, the INFORM Act, which has different provisions which is also in going to conference and nobody knows. I think at this point, whether SHOP SAFE will make it out of conference. It's in there now, coming from the house. In spirit SHOPE SAFE is a follow-up to Article 17 in Europe. It departs from traditional liability standards to create a new basis for liability.

Here, that's a new form of liability imposed on electronic commerce platforms when a third-party uses a counterfeit mark for goods that implicate health and safety, which of course are all goods since there's really no such thing as a good that couldn't lead to what the definition is illness, disease, injury, serious adverse event, allergic reaction or death, if it was improperly produced.

Platforms are covered if they have more than \$500,000 in yearly sales, or if they have less than that, but they have received 10 or more notices claiming counterfeiting under SHOP SAFE, apparently through their entire existence. A platform is any electronically access platform that includes publicly interactive features that allow for arranging the sale or purchase of goods, or that enables a person other than an operator of the platform to sell or off or physical goods to consumers located in the US.

Twitter and Tumblr are apparently covered or might be covered, depending on what people are doing on the sites. Facebook and Instagram, as well as Amazon and Etsy and eBay will also be covered. Covered platforms will be liable, contribute totally for counterfeiting, unless they've done all of the following. One, platform has to confirm and periodically reconfirm that a seller has a US registered agent for service of process. If the seller is located in the US and doesn't have a registered agent, it has to have a verified address.

Two, separately, the platform has to verify through reliable documentation, including to the extent possible, some form of government-issued identification, the identity principle place of business, and contact information of the third-party seller. Three, the platform must require third-party sellers to take reasonable steps to verify the authenticity of their goods, and to attest that they have done so.

However, the contract between the platform and the third-party seller does not have to mandate verification where the third-party offers five or fewer goods of the same type in connection with the same mark in a one-year period, as long as those goods are offered for less than \$5,000.

All platform contracts with third-party sellers must bar them from using counterfeit marks, require them to consent to the jurisdiction of US courts, and require them to designate an agent for service of process in the US or a verified US address. Fourth, the platform must display conspicuously, the verified principle place of business, contact information, and identity of a third-party seller, and the country from which the goods were originally shipped, except the platform is not required to display any information that constitutes the personal identity of an individual, a residential street address, or personal contact information. In such cases, the platform shall instead provide alternative verified means of contacting the third-party seller. There are additional requirements for displaying country of origin and additional requirements for images used, but the country of origin information is subject to the exception for sales of five or fewer goods under \$5,000 noted above. The other requirements are not subject to that exception. Fifth, the platform must implement at no charge to trademark owners reasonable practice measures for screening goods to prevent counterfeits. The reasonability determination is not further defined, but courts are to consider the size and resources of a platform, the available technological and non-technological solutions at the time of screening, the information provided by the registrants to the platform, and anything else they want.

Six, the platform must implement at no charge to trademark owners or takedown regime. This is unlike DMCA notice and takedown because specific notice is not required. Instead, a takedown obligation is incurred if the platform has reasonable awareness of use of a counterfeit mark. This can be inferred based on information about the use of a counterfeit mark on the platform generally, general information about the third-party seller, identifying characteristics of a particular listing or other circumstances as appropriate.

Seven, the platform must terminate sellers for repeated use of counterfeit marks, which is typically three separate listings within one year. The platform could, in theory, excuse that if it reasonably determines that the seller showed reasonable mitigating circumstances.

Eighth, the platform must implement reasonable measures for screening third-party sellers to ensure that sellers who've been terminated do not rejoin or remain on the platform under a different seller identity or alias.

Ninth, the platform must also provide verified contact information to registrants who have a bona fide belief that the seller used a counterfeit mark with protections for individual contact information if there are alternative means of the contacting the third-party seller. The statute also creates a new claim for knowing material misrepresentations, and takedown notices. The sender can be liable for damages to a third-party seller that is injured by such a misrepresentation, or if there are 10 or more notices and the third-parties consent in writing, the sender can be liable to the platform.

## Session 7D

There are also provisions for statutory damages of not less than \$2,500 or more than \$15,000 per notice containing a known material misrepresentation, or if there are aggravating circumstances, \$15,000 to \$75,000 per notice. The bill does not define what would be more aggravating than a known material misrepresentation. I admit I'm not confident that I can figure that out.

Some considerations we're thinking about. First, under current law, mark can be counterfeit if the product has been too extensively repaired or altered to count as the legitimate product, even if the alterations are disclosed to the buyer. There may be some surprises for second-hand sellers and makers of bespoke products, especially on sites like Etsy. Second, I'm not sure this has been fully thought through, given the definition of platform and the triggers, it doesn't seem required that the platform can collect any money from the sales, which is why I mentioned Twitter and Tumblr, which also makes it perhaps a little hard to figure out how the contract requirements are going to work.

I suppose platforms that think that there might be sales going on on their platforms, will actually have to put into their contracts with everyone requiring them to collect this information somehow or maybe saying, "If you're selling, we're going to start requiring this information from you." How that will be triggered, actually is difficult to figure out. This probably could have been fixed with better drafting, that would tie the obligation to actually collecting some money from the sales on the platform's behalf. Although, there was a hearing on this, it actually didn't get changed. It just got dumped straight into the conference bill. I think that that is a problem. But more generally, the liabilities are big, the exceptions are small and largely irrelevant, since not having to put particular obligations in one's contracts with third-party sellers isn't particularly important. We can probably expect the platforms to do everything in the contract anyway.

The pre-screening requirements will be particularly difficult for vintage handmade and custom items in particular. Despite the theoretical possibility of fighting, knowing material misrepresentations based on our experience of other regimes that have abuse provisions in them, it will be nonetheless quite easy for trademark owners to crush resellers of legitimate goods.

In particular, the trademark owner will rarely know for sure that goods aren't counterfeit and so it will be hard for them to make knowing material misrepresentations. Probably false claims to suppress competition will also be pretty easy, given that we know it's already a pretty significant problem on sites like Amazon, where sometimes up to half of the claims in a particular channel are actually bad faith attempts to get rid of the competition. We will see what happens. At this point there's not much outside visibility, I think into the legislative process, but watch this space. Thank you.

MATTHEW D. ASBELL: Thanks very much, Rebecca. Are there questions or comments on the SHOP SAFE Act? Crickets? Oh, wait, Maria sorry, go ahead.

MARIA A. SCUNGIO: Rebecca, does this also apply to apps that are not technically traditional platforms, but for which there are advertisements embedded, so social media apps and the like?

REBECCA TUSHNET: That is an excellent question. As I read it, I believe the answer has to be yes. That is, the definition is quite broad. If it allows for

arranging the sale or purchase of goods, which sounds like displays advertising or enables a person other than the platform, to sell or offer to sell physical goods. Again, that sounds very much like containing advertising 100%.

MARIA A. SCUNGIO: I agree with your perspective on it. In reading the texts that are in circulation for SHOP SAFE, and SHOP SAFE as it exists now, it almost feels like we're building the plane as we're flying the plane because I don't think there's been that anticipation of what's going on with Instagram, TikTok and other channels where you can look at posts and interspersed with the posts is commercial behavior.

REBECCA TUSHNET: Actually, it seems likely that the drafters want to cover Instagram, but I agree that I think they did not pay attention to the fact that in drafting, they are actually covering every app that is ad-supported, which now has to do these things if it has either \$500,000 in yearly sales. By the way, that's not even defined. I'm taking the logic of the law to say, well, that's probably sales through the app, but it could be sales like off the app.

I don't know for sure. Maybe it's both, as certainly the expansive nature of the coverage might lead a court to think well, it's either. Anyway, once you get 10 notices, it doesn't matter how much money you make a year, you're governed by SHOP SAFE once you got 10 notices, and this is apparently over your entire life. If you get one notice for a year in-

MARIA A. SCUNGIO: Very low bar.

REBECCA TUSHNET: Again, I think the failure to redraft and just shove it into the conference bill has created some problems very distinguishable from the TMA process that I think Ms. Simmons described quite well.

MARIA A. SCUNGIO: Thanks.

MATTHEW D. ASBELL: Other questions or comments on SHOP SAFE? I'm going to ask Matt, I think your name is Rephen. I'm going to ask you to reset the timer, please, because I'm not sure why the timer is running now. Please reset the timer and I'll call on Gerald Levine. He's going to give us an update on the ACPA and domain name recovery. Go ahead, Gerald. Unmute. Your still on mute.

GERALD M. LEVINE: Thank you, Matthew. I'm going to be talking about domain names infringing trademark rights. This is a different kind of tort than trademark infringement. The commercialization of the internet dates from 1985. The first domain names were registered in March of that year, and the first cybersquatting case reached federal dockets in 1994. Between 1994 and 1999, there was a slow beat of domain names dispute outside of the court system administered by the then registry/registrar of domain names, Network Solution Inc. (NSI), and a high rate of anxiety over this new tort of cybersquatting. NSI had implemented a Policy in 1995 that suspended domain names.

In 1995 the Congress enacted the Federal Trademark Dilution Act (FTDA), but its rules were insufficient to deal effectively with cybersquatting infringement claims. In 1999, President Clinton signed the Anti-Cybersquatting Consumer Protection Act. Cybersquatting or cyberpiracy as it is styled in the statute is the act of unlawfully registering domain names identical, or confusingly similar to trademarks with the bad faith intent to profit from the targeted mark.

Also in 1999, the Internet Corporation for Assigned Names and Numbers (ICANN) implemented the Uniform Domain Name Dispute Resolution Policy (UDRP). The UDRP superseded the NSI Policy and the suspended domain names were unlocked for mark owners to take action either under the UDRP or the ACPA.

A principal feature of the ACPA, and the subject of this brief presentation, is that it provides for an alternative to *in personam* jurisdiction. Where an alleged cyber squatter is either unknown or over whom the mark owner is unable to obtain *in personam* jurisdiction, the court will permit it to pursue its cybersquatting claim against the *res*, the domain name in an *in-rem* action. Jurisdiction over the *res* is achieved through published notice in a newspaper selected by the Court. Should the registrant appear it is not precluded from defending the registration.

My few remarks on in-rem jurisdiction will be directed to recovery of fraudulently transferred domain names. Since these cases almost entirely involve dot com domain names, the court of choice is the Eastern District of Virginia, Alexandria Division. It is in this district that the domain name registry VeriSign, Inc., the registry for the dot com top level domain has its headquarters and in which the court has jurisdiction over the *res*.

The Alexandria division has proved particularly friendly to the argument that monetizing and marketing domain names is a legitimate business enterprise that supports common law rights. What makes it enticing to steal domain names is answered by their sometimes astonishing values. Sales in the millions of dollars are not unheard of.

The sheer value and sometimes easy picking incites thieves to fraudulently access registrar accounts and transfer valuable domain names to other registrars. Registrants may not learn they have been victimized for many months. The first question for investor victims however who have no formal trademarks is whether they have standing under the ACPA to maintain an action for recovering stolen domain names.

The lead case from the Alexandria Division, Weitzman v. Lead Networks, decided in 2010, involved the transfer of 19 domain names. The court determined in essence that use of domain names to promote a plaintiff's business is sufficient to establish a common law trademark. It said that "Through plaintiff's long-standing continuous and exclusive use of the domain names, plaintiff owns valid and enforceable rights to each of the registered domain names."

The court concluded that "legal precedent dictates that plaintiff's domain names should be afforded the protection of the ACPA." While this view of investor monetizing reseller rights has largely been adopted, investor victims are not totally in the clear because of the court's initial position in a 2019 case, Yoshika v. John Doe. This court stated that it was, "Especially concerned about prospect of granting a relief when plaintiff's only use for domain names is domain monetization."

Nevertheless, on a final reckoning, Yoshika prevailed except as to one domain name transferred to an intervenor. Thus, a principal consideration in restoring domain names lost to fraudulent transfers to investors must be whether plaintiff is, "Engaged in the type of activity that ACPA was intended to remedy." If they are perceived to be violating the ACPA, they cannot expect any sympathy from the court.

There is also another route to fraudulent transfer judgment. In a recent case from the Alexandria Division, council creatively combined the ACPA for its in-rem feature with the Computer Fraud and Abuse Act of 1986 in *Aiping Wei v. a* number of domain names, the court granted default judgment, quieting the title under the CFAA and returning the domain names to plaintiff's account.

Rather than go through the trouble of inventing new brand names from scratch, businesses have come to rely on brokers and auction services for appropriate names, sometimes to the dismay of purchasers who are later sued by plaintiff victims of fraudulent transfer.

The poster case on this is a 2020 case from the Southern District of Florida. It featured an in-rem action that include an *in-personam* action against the hapless purchaser of calculator.com. Hapless because the purchaser paid \$180,000 for the domain name only to have calculator.com forfeited to plaintiff without having a remedy to recover his out-of-pocket losses.

The general rule under common law is that "One who purchases no matter how innocently from a thief, or all subsequent purchases from the thief acquires no title in the property. Title always remains with the true owner." The notion traces its lineage to Roman law. No one gives what he does not have.

If you have any questions please post them.

MATTHEW D. ASBELL: Thanks very much. I don't see any questions in the queue online. If there's audience members that do have a question or a comment, I'd like to encourage you to please raise that or put it in the queue. I'd also like to just give Jenny an opportunity to finish up on anything she wanted to say since I cut her short. Then we can have some discussion. Maria maybe you'll wish to chime in. Jenny, do you have anything that you wish to add on to the end of yours since I-

JENNIFER SIMMONS: Yes.

MATTHEW D. ASBELL: Go ahead.

JENNIFER SIMMONS: Thanks, Matt. Actually, it was quite fortunate timing as I was having a coughing set no less. That worked out quite well. Hopefully, I can get through this. I'll pick up with some of the important aspects of INTA's advocacy. I went through the feeds and the assemble and the repose. We were very fortunate that USPTO did a great job with their rulemaking and listened intently and seemed to respond to those suggestions.

We were also concerned about abuse of the process. I would note that in the final rulemaking, USPTO did say, "Look we're going to keep an eye on whether or not these proceedings are used for abuse." They reserve the right to require at a later point in time, real parties' interests. We're very pleased that USPTO did such a great job with implementing the TMA.

I think the million-dollar question here is, now what? What does all this mean? Just to give you a super quick snapshot of where we are right now. As of the last entry when I checked last night on the USPTO's website, there were about 32 re-exam petitions and about 34 expungement petitions. This is so new, since December of 2021, we don't have a whole lot of practice to be able to draw upon.

But, I will say, the USPTO has put out some helpful hints and into 100% agrees with the do's and the don'ts, which I'll just relate very briefly. In terms of

what petitioners should be doing, they should be as specific as they can as to what is not in use. They absolutely should index their evidence, making a separate page and linking to the specific evidence. They should provide documentation for absolutely everything, even if a search results in a null set.

They should show evidentiary support and detailed evidence for what is not in use for each little service, they shouldn't just rely on the USPTO, they have to provide the evidence. In terms of the don'ts, we've heard from the USPTO that sometimes practitioners are filing URLs that are so small you can barely read them or you can't read them at all, that's a no-no. You can't just provide evidence of current non-use alone and think that's going to save your day, that will not, you will have a bad day then.

You can't assume that one bad specimen goes to the entire class, and you can't or you shouldn't just cite to an entire record of another registration, you should just really cite to the relevant portion. Those are just some of the best practices or tips that the USPTO has put out and our members are telling us are absolutely spot on. That was it. Thank you for the extra time, Matt.

MATTHEW D. ASBELL: Thanks. Professor Tushnet?

REBECCA TUSHNET: I don't know how many people might have had the chance to look at yesterday's Bacardi decision from the 9th Circuit, but I think that actually goes to both the expungement and also what Marshall was talking about because it relies on the Memoji decision. It has a very interesting holding that might be of some relevance to expungement proceedings. Which is that if you know that you're heading for a use fight, about whether you have bona fide use, then the fact finder may, and sometimes must disregard actions you took because you knew that you were in a genuine use fight.

I just find that fascinating, and I wonder to what extent it is going to be applicable in expungement proceedings. If anyone has thoughts, I'm just interested in people's reactions.

[crosstalk]

REBECCA TUSHNET: [laughs] My apologies. I think I'm going to refrain from commenting. I have no rush.

MARIA A. SCUNGIO: I wanted to mention something following on Jenny's presentation and weaving in Rebecca what you just said. I've understood, and Jenny correct me if I'm wrong, that when a registrant is defending in this ex-parte cancellation lane, that the material to show that there was actually trademark use need not fully fit into what we would regard as acceptable trademark specimens?

JENNIFER SIMMONS: That is my understanding as well, yes.

MARIA A. SCUNGIO: While these tools are available for brand owners to sort of pitch in to attack the challenge of improving the condition of the register because that is I think the spirit in part of what these tools allow, and it's sort of a special highway, a faster track if you will, procedurally than a full-blown TTAB cancellation proceeding. I do think there's been some thought given to the counterweight. What does the evidence look like and do we have to hold everybody up to what would be a traditional examination standard or a traditional maintenance standard?



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I have a practical question out of that because I think this is great and ambitious and hats off to the PTO. [chuckles] But, the PTO, they're great about publishing their data for their productivity, and the over/under, if you look at their data for how many oppositions in the door and how many cancellations in the door from the most recent annual report, and then you look at the data of how many of those cases have been concluded right now, we're at equipoise.

If you look at this early day of about 60-plus petitions that are in hopper and even the earliest most one, I think their deadline is not until May 4 or May 5 to come in with their answer. How's the trademark office to the extent you know, how are they going to cope with volume when us stakeholders out in the universe have seen enough to look at the procedure and say, "Yes, this is pretty good, let's go for it."?

Because the trademark office is digging out of really a considerable backlog and some of it has to do with the change in market conditions, the internet, COVID, e-commerce exploding, certain ex-US actors exploding with their application, attack if you will. I'm not blaming, I'm just curious. [laughs] What do you think?

JENNIFER SIMMONS: I certainly could not speak for the USPTO, but my understanding or my belief is that this is part of entire suite of products if you will, that are designed to address the problems that you just mentioned. I don't think any one tool is going to fix the problem, in fact, I think it's the combined effect that they're hoping will move this forward. Just as a practical matter, USPTO didn't have much of a choice here. This is what congress told them to do. [laughs]

MARIA A. SCUNGIO: Very true.

JENNIFER SIMMONS: Like it or not this is the world that we live in, so I think that-- Yes, I'm not sure that this alone, these proceedings alone are the magic bullet. I do think that you have to look at them in combination with the audit program, the US council rule, the fraud crackdown. All these different things, the identification verification.

MARIA A. SCUNGIO: Right and also the letters of protest that just basically formalizes what was already available, and I think it's actually a pretty useful tool.

JENNIFER SIMMONS: Absolutely. That was one of the-- There were a lot of different comments that INTA had at various stages of the process, both leading up to enactment after enactment, and during the rulemaking process, and we've always been supportive of the letter of protest. It's just basically a codification of that existing practice.

MATTHEW D. ASBELL: USPTO never said that this was supposed to be a magic bullet, and I think a lot of us out in the world were looking at it that way, but I think they've actually said that it's not. I agree with what Jenny said in terms of it being part of a bunch of tools. To the extent that there is any one tool, that is a magic bullet, it's one that wasn't mentioned, which is the sanctions process. That is where the trademark office is really cracking down on numbers.

When you consider these, you look at these ex-parte proceedings, you've had 60 something of these filed in the four or five months since it's been available, it's not a lot, but the amount of work that goes into it, both on the outside counsel, lawyer side, or the petitioner side is fairly expensive. A lot more than would be

needed to file a petition for cancellation because you only have pleadings there, and you consider USPTO resources.

They have dedicated personnel dealing with this. They're speeding up and they say they're speeding up, in terms of processing them but nonetheless, they have to decide whether or not to institute a proceeding, and then if they do institute a proceeding they then have to go through that. I see how it's faster, I see how it will be faster, but it's taking out one, two, three registrations at a time. Even though their costs, official government fees are on a per-class basis, the attorneys doing this work because they need evidence for each specific item challenged is significant and ends up being really costly upfront.

You could chance it and try to get a default in cancellation and it would be cheaper and easier. There's nothing to stop you from doing these things concurrently, except for a point that Jenny made about, "You can't withdraw your petition."

MARSHALL LEAFFER: I have a question for Jenny as well as a kind of a follow-up for Matthew and Maria's points. It's just a very basic one that we all I think agree with the laudatory goals of cleaning up the registry and all of that. You mentioned the statistics here. They seem to be kind of paltry, it's just because it's going to take time for this thing to start running and do speed, or is it something very basic?

Matthew has just got through saying, this gets back to something very basic about maybe some of the costliness of the system for instituting the procedures involved. What's the word on the street? Are people happy with these statistics or not?

JENNIFER SIMMONS: [laughs] I don't know that I can speak for all of our members I think our members have different viewpoints. I will tell you some of the comments that I have heard is there's reluctance to be the first after the first mover here. It's easier to sit and wait and see what your colleagues are doing and see how this plays out. There's a lot of just unknown. The other comment that I have routinely heard which Matt alluded to is that most lawyers can crank out a well-pleaded complaint [laughs] real easily.

You can file your petition at the TTAB they've got that down, they've done it for years and years. This is new, this is different, and we're creatures of habit, and we don't like new stuff. [laughs] That increases the cost alone and not exactly knowing, you know to Maria's point exactly what will rebut the prima facie case. What do we need to be getting from our clients in the first place? There are just a lot of unknowns. I think that that in my view is probably some of the cause of the low statistics at this point.

MATTHEW D. ASBELL: I want to supplement that if I can and Rebecca would like to say something as well. If I can supplement that because I have a different perspective as an outside practitioner. I have been following this and following this since before it was a law. I have been looking for opportunities to do this and I have not had an instance of an opportunity. I've had numerous problems with prior registrations, et cetera.

This is a narrow scope of registrations to which the supplies and it's done at a time where there's lot of in incoming applications which are not subject to this.

There haven't been opportunities. Believe me, if I thought there was an opportunity, I would be pitching it to my clients as an option. I would be able to determine what they think it's too costly. They'd rather do a cancellation. That's not coming up. There's just not many opportunities to do it. Rebecca, go ahead.

REBECCA TUSHNET: This is just chiming in with a variation which I think we haven't discussed the renewal audit. The pilot program which I think is incredibly important including for the reasons that you talk about, about opportunities. For those of you who aren't familiar with this, the pilot program where they just said they asked people who were semi-randomly selected, provide us with another specimen, right.

Not a specimen for everything, but just another specimen like you choose within your class. When asked, 70% of the people or the registrants who were asked for this, deleted goods and services rather than complying and of that 30% of them just gave up entirely. Meaning, by the way, that they had faked or at least misrepresented the specimen that they had sent the first time before they were audited. The whole thing was canceled.

There's a big problem, but it probably does deserve an institutional-level response. The audit has the benefit of being initiated, not because there's some specific competitor who needs to know that there's something to look for, but that it's quality control within the PTO itself. Any resources we can encourage them to devote to that, I think will have a much greater payoff, in fact, than many of these.

MATTHEW D. ASBELL: Maria.

MARIA A. SCUNGIO: Really quickly, if I can just add on to that. Matt, maybe you agree. For non-US domicile trademark owners who are legitimate and relatively pure of heart when they go to registration, [laughs] and who are frequently flummoxed by our US system which is not consonant with most of the rest of the world. For which broad identifications are going to be the rocks on which you will crash your boat eventually. [laughs] Some of these changes and so the PTO has been looking at this problem for a very long time, Jenny, as you've said, this is not a new day and a new page.

There has been a cascade and accumulation of efforts with audit programs, renewal, and maintenance to scratch at the clutter on the register, particularly for registrations with full class headings. Those of us in the counseling community always are encouraging and reminding of the use it or lose it three years' abandonment problem. This change, this moment of the TMA has really woken people up to these concerns. Not just about new tools, but how these new tools will be used against you to reconstruct what might have not been going on in your business cabinet for the last three to five years despite US council's encouragement.

I think that is another reason, Jenny, maybe why you also are seeing this pause. Okay, how deep is the ocean? Or the cliff that we're going to be tossed off of for not having had a best practice in place for a 7 class or an 8 class with the 82 lines for each class? To poach from our metaverse NFT environment, it's a meta question. It's a philosophical question which should continue to be asked. I think it's important.

MATTHEW D. ASBELL: If you look at this from the perspective of the registrar being challenged it's relatively easy to address it. There's no penalty as

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there is in an audit if you respond and say that you're not using it and delete those goods. Yes, I agree. I think there's an increased awareness about it. I think that we as US council are counseling more and more about it. We're concerned. We know the USPTO is concerned, but in the end, I don't see it changing behavior. It's changed my behavior.

For instance, one way in which it's changed my behavior is when I-- A lot of US council, when you help a client get a trademark registered in the US, once it's registered, you send them the certificate. If there's nothing else to be done, you don't talk to them again for five, six years. We didn't talk about this, but a big problem has been fraudulent solicitations. All these people coming out and saying, "Oh, your registrations coming due." "Oh, you need watch services," whatever it is based on the address of the USPTO.

When they get those, they get those with frequency. Some clients of mine have made the mistake of paying those. It's an ongoing problem. That as well as this have triggered me and my practice to send an annual status report on registrations to all my clients. I also know that I can't charge them for it. They are not going to, especially the foreign ones, never going to tolerate that.

There's this extra work that now has to go in sort of, "Hey, do you have some use evidence? Maybe you can send me some use evidence now." "Maybe you can send me some use evidence now," and just keep collecting it because they're not going to. What's going to happen if one of these other organizations sends them a solicitation and they make that payment? They get burned and you try to keep them from getting burned.

I've got to keep thinking, "Hey, they're going to send you fraudulent solicitations, but here I am I'm still here. Don't forget me. I'm not going to let five years go away before you talk to me." That's how I've dealt with it, but I don't think it will change behavior on the part of foreign registrants or US registrants. I think they'll just defend or not defend. They're not really penalized other than have to narrow the scope of the registrations.

We're at one o'clock. Thank you much for the thoughtful discussion and presentations.