

## Nonuse of Trademarks Due to Economic Hiatus: Maintaining Registration, Navigating Excusable Nonuse

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Today's faculty features:

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# Nonuse of Trademarks Due to Economic Hiatus:

Maintaining Registration, Navigating Excusable Nonuse

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*November 5, 2020*



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# Excusable nonuse - TMEP § 1613.11

- Trademark owners must file a § 8 Affidavit or Declaration of Use between the fifth and sixth years of registration and every ten years after the date of registration.
- If the mark is not in use, the USPTO allows the trademark owner to file an Affidavit or a Declaration showing that nonuse is due to special circumstances that excuse the nonuse, and is not due to any intention to abandon the mark.
- The nonuse Affidavit/Declaration should also include:
  - When use in commerce stopped;
  - Give an approximate time when use is expected to resume.

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# Excusable nonuse - TMEP § 1613.11

- Presumption of Abandonment: if the mark has not been in use for three consecutive years and the holder has done nothing to try to resume use of the mark, the USPTO may presume that the holder has abandoned the mark.
- TMEP § 1613.11 lists examples of what is considered to be a special circumstance that excuses nonuse and what has been held to be non-excusable nonuse.

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# Excusable Nonuse:

- Illness, Fire, and Other Catastrophes: such nonuse is often excusable. However, a mere statement that the holder is ill and cannot conduct his or her business will not in itself excuse nonuse; the holder must show that the business is an operation that could not continue without his or her presence.
- Sale of a Business: temporary nonuse due to the sale of a business may be considered excusable.
- Orders on Hand: if the product is of a type that cannot be produced quickly or in large numbers, yet there are orders on hand and activity toward filling them, nonuse might be considered excusable.

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## Excusable Nonuse:

### *Garan Services Corp. v. Newman and Belle Etoile*

- Registrant failed to use his NEWMAN marks for six years. A third party filed a petition to cancel the marks, citing a presumption of abandonment.
- Registrant argued that its nonuse was excusable, as the company was actively searching for US trade partners and hired a US based consultant to analyze the market. After which it was forced to postpone its plans due to financial difficulties. Registrant also had minimal sales in the US.
- The Board largely dismissed the petitions for cancellation, finding that Registrant was actively making plans to commence use of the marks in the United States and maintained its intent to resume use within the reasonably foreseeable future.

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# Non-excusable Nonuse:

- Decreased Demand: nonuse related to decreased demand of a product sold under a mark, resulting in its discontinuance for an indefinite period.
- Business Decision: nonuse related to a business decision is not beyond the holder's control and does not excuse nonuse.
- Negotiations with Distributors: a recitation of efforts to negotiate agreements that would allow for resumption of use of the mark, or a statement that samples of the goods have been shipped to potential distributors, may establish lack of intention to abandon the mark, but does not establish the existence of special circumstances that excuse the nonuse.

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# Excusable Nonuse:

## *In re Moorman Manufacturing Company*

- Registrant's mark was not in use because an essential ingredient of the goods to which the mark was applied to had not been available for six years from the commercial supplier Registrant purchased from since the adoption of the mark. Registrant had been negotiating to establish a new commercial supplier.
- Registrant's Section 8 Affidavit of Nonuse was denied. Registrant petitioned the Trademark Commissioner to accept the Section 8.
- The Commissioner affirmed the Section 8 refusal, finding that the Registrant failed to show that the nonuse was due to circumstances beyond the Registrant's control. The court reasoned that the Registrant had not set forth facts to show that its essential ingredient was truly unavailable from alternative commercial sources.

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# Temporary Nonuse of Trademarks Due to COVID-19

- Question: Will COVID-19 be considered a special circumstance that excuses nonuse?
- In March 2020 the USPTO extended certain deadlines for trademark related filings, including filing an Affidavit of Use or Excusable Nonuse, for trademark owners effected by COVID.
- Presently, the USPTO has not continued to extend trademark deadlines. However the USPTO did note that “although some relief provided in past notices is ending, other extensions of time and other relief remain available to those who need it on a case-by-case basis.”
- Additionally, the USPTO also announced in June 2020 that it does not anticipate any further blanket extensions.

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# What COVID Related Factors Will Likely Be Considered Excusable Nonuse?

- Excusable nonuse due to special circumstances means temporary non-use that is beyond the control of the trademark owner, or is forced by outside causes.
- Excusable nonuse may be found if the trademark holder is not able to use their mark due to COVID related factors that are outside of the owner's control. For example, the trademark owner owns a registration for the name of their independent movie theater, and the movie theater that has remained closed due to its city's social distancing and capacity restrictions.
- After the COVID related factor passes, the trademark holder resumed use within a reasonable time.

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# Steps to Avoid Abandonment

- Maintain some level of presence of use even if not offering goods and services.
  - Maintain some level of presence, such as a website, social media accounts, public announcements.
  - Document impact of pandemic on business operations.
  - Document and announce plans to resume operations.
  - Take steps to enforce trademarks during pandemic.

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# Non-US COVID Extensions

- Many trademark offices formally extended deadlines during the height of the pandemic.
- These deadlines could be further extended given new surges in infections and shutdowns.
- Some trademark offices have also recognized COVID-19 impact as a basis for extension of times, suspension of proceedings or reinstatement of rights.
- It is important to monitor developments in each jurisdiction to understand rules and how they might impact trademark rights and registrations.

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# Non-US COVID-19 Extensions - Examples

- Europe: the European Union Intellectual Property Office (EUIPO) extended time limits expiring between March 9, 2020 and April 30, 2020 until May 4, 2020 and deadlines occurring between May 1, 2020 through May 17, 2020 to May 18, 2020.
- As of 18 May 2020, these extensions came to an end.
- However, the EUIPO issued guidance on:
  - Extension of time limits in ex parte and inter partes proceedings (Article 68 EUTMDR and Article 57 CDIR).
  - Suspension of proceedings (Article 71 EUTMDR).
  - Continuation of proceedings (Article 105 EUTMR).
  - Reinstatement of Rights (Article 104 EUTMR and Article 67 CDR).

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# Non-US COVID-19 Extensions - Examples

- Canada: the Canadian IP Office (CIPO) has announced that users should “expect significant delays in all CIPO services” and that all deadlines that fall before May 15, 2020, will be extended until May 19, 2020, and deadlines that fall between March 16, 2020, and August 28, 2020, were extended until August 31, 2020. No further extensions foreseen.
- China: the China National IP Administration (CNIPA) has extended all deadlines for trademark applicants and registrants who have been affected by the coronavirus (there are some patent-related exceptions). New deadlines are calculated based on when the applicant/registrant was no longer negatively affected by COVID-19. A request for restoration must be made within two months after the impediment is removed.

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# Non-US COVID-19 Extensions - Examples

- Japan: the Japanese Patent Office (JPO) has extended trademark deadlines for applicants who are unable to meet the designated time limits due to COVID-19. The deadlines are extended either 14 days, one month or two months from the “time it becomes possible” for the applicant to carry out their procedure.
- As of April 30, 2020, the JPO added relief measures based on “Reasons Beyond One’s Control” and “Legitimate Reasons”. Evidence supporting the reasons is no longer necessary.

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# Non-US COVID-19 Extensions - Examples

- The following are examples of circumstances excusing an applicant's or their representative's failure to implement procedures:
  - Applicants or their representatives were infected with COVID-19;
  - The offices of applicants or their representatives were closed due to those who were infected with COVID-19;
  - Since local governments in regions where applicants or their representatives reside issued an order of or request for restrictions on movement due to COVID-19, access to the office is severely restricted.
- A full account can be found here.  
[https://www.jpo.go.jp/e/news/koho/saigai/covid19\\_legitimate\\_reasons.html](https://www.jpo.go.jp/e/news/koho/saigai/covid19_legitimate_reasons.html)



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A former general counsel for a major media company, Scott Pink brings an insider's perspective to his broad-based practice. It's what's made him a sought-after resource on intellectual property, privacy and cybersecurity issues and lead outside advertising and marketing counsel to several well-known brands

Scott heads up O'Melveny's Trademark Practice and manages a number of trademark portfolios worldwide. He has been:

- Recognized by World Trademark Review 1000 – The World's Leading Trademark Professionals (2020)
- Recognized by Best Lawyers® 2021 for Information Technology Law in Silicon Valley, CA; Scott has been listed in Best Lawyers® since 2007
- Recognized for Intellectual Property in Northern California by Super Lawyers, San Francisco, and Law & Politics magazines

Previously, Pink led the advertising and marketing group at another *AmLaw 100* law firm. He also served as vice president, general counsel and secretary for Prima Communications, an international media and publishing company. He speaks frequently on the subjects of marketing and promotions, intellectual property law, privacy and security, Internet law, and strategic alliances.

### Corporate & Government Experience

- Vice President, General Counsel and Secretary, Prima Communications

### Admissions

*Bar Admissions*

California

Illinois

### Education

Harvard University, J.D., *cum laude*

Harvard University, B.A., *magna cum laude*

# Buchalter

Strafford Live CLE Webinar

## Nonuse of Trademarks Due to Economic Hiatus: Maintaining Registration, Navigating Excusable Nonuse

Presented by: Farah Bhatti

Thursday, November 5, 2020

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# Temporary Non-Use

- Presumption of abandonment if no use for 3 consecutive years
- Excusable non-use
  - What is considered “excusable”
- Must have no intention to abandon mark
  - What does it mean not to intend to abandon mark
- Examples of excusable vs. non-excusable
- Important details to document and present

# Post Registration Proof of Audit Program

- What is it?
- Why is it being done?
- Who is being audited?
- Process once audit received
- What is proof of use?
- What is the deadline to respond to audit?
- What happens if you do not respond to audit request?
- Can you challenge the request?
- How do you respond to the request?

# Implications of Non-Use

- What happens if you obtain audit and cannot show use
  - If using the registration to challenge another registration or infringing use, may lose the right to do so as registration may be subject to cancellation
  - Other party may point to non-use as abandonment
- Important to document any non-use and reasons for same
- Loss of rights to protect, use and enforce

# Buchalter

Thank You

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