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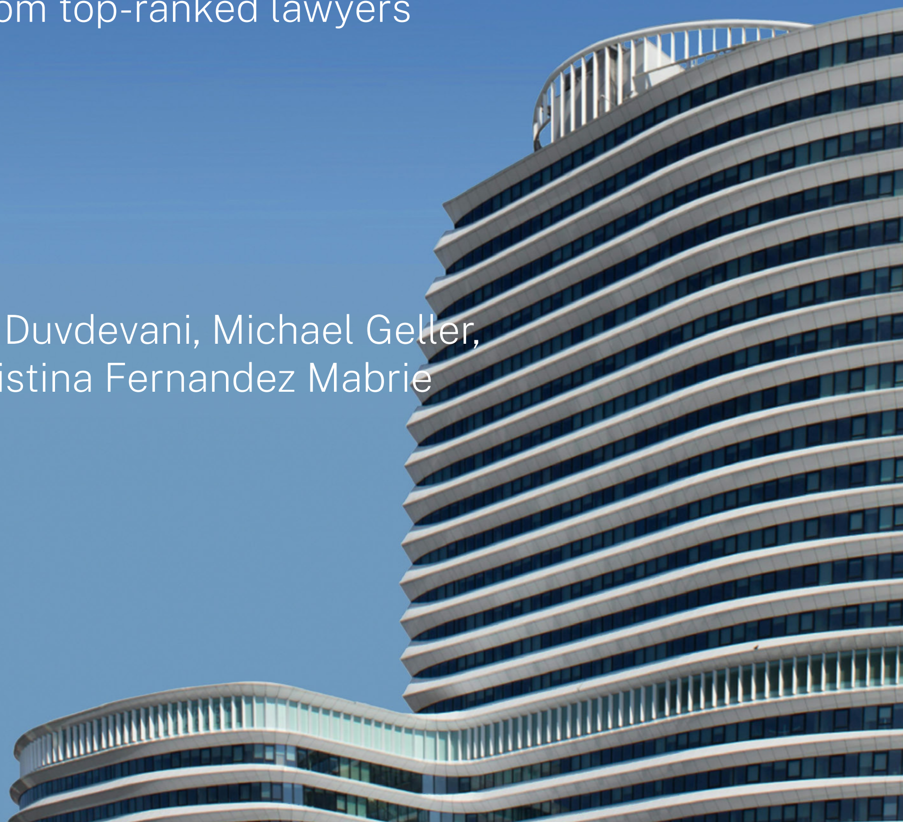

USA: Law and Practice

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USA

Law and Practice

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Contents

1. Trade Mark and Copyright Law p.7

1.1 Governing Law p.7
1.2 Conventions and Treaties/Rights of Foreign IP Holders p.7

2. Trade Mark Ownership, Protection and Rights p.8

2.1 Types of Trade Marks p.8
2.2 Essential Elements of Trade Mark Protection p.8
2.3 Trade Mark Rights p.9
2.4 Use in Commerce p.9
2.5 Notices and Symbols p.9
2.6 Related Rights p.9

3. Copyright Ownership, Protection and Rights p.9

3.1 Types of Copyrightable Works p.9
3.2 Essential Elements of Copyright Protection p.10
3.3 Copyright Authorship p.10
3.4 Copyright Rights p.10
3.5 Term of Protection and Termination p.10
3.6 Collective Rights Management Systems p.11
3.7 Copyright Registration p.11
3.8 Copyright Application Requirements p.11
3.9 Refusal of Registration p.12
3.10 Related Rights p.12

4. Trade Mark Registrations and Applications p.12

4.1 Trade Mark Registration p.12
4.2 Trade Mark Register p.13
4.3 Term of Registration p.13
4.4 Application Requirements p.13
4.5 Use in Commerce Prior to Registration p.14
4.6 Consideration of Prior Rights in Registration p.14
4.7 Revocation, Change, Amendment or Correction of an Application p.14
4.8 Dividing a Trade Mark Application p.15
4.9 Incorrect Information in an Application p.15
4.10 Refusal of Registration p.15
4.11 The Madrid System p.16

5. Trade Mark Procedure for Inter Partes Proceedings p.16
5.1 Timeframes for Filing an Opposition or Cancellation p.16
5.2 Legal Grounds for Filing an Opposition or Cancellation p.17
5.3 Ability to File an Opposition or Revocation/Cancellation p.18
5.4 Opposition or Revocation/Cancellation Procedure p.18
5.5 Legal Remedies Against the Decision of the Trade Mark Office p.19
5.6 Amendment in Revocation/Cancellation Proceedings p.19
5.7 Combining Revocation/Cancellation and Infringement p.19
5.8 Measures to Address Fraud p.19

6. Assignments and Licensing p.20
6.1 Assignment Requirements and Restrictions p.20
6.2 Licensing Requirements or Restrictions p.20
6.3 Registration or Recording of an Assignment or Licence p.21

7. Initiating Trade Mark and Copyright Lawsuits p.21
7.1 Timeframes for Filing Infringement Lawsuits p.21
7.2 Legal Claims for Infringement Lawsuits and Their Standards p.22
7.3 Factors in Determining Infringement p.23
7.4 Prerequisites and Restrictions to Filing a Lawsuit p.24
7.5 Lawsuit Procedure p.24
7.6 Declaratory Judgment Proceedings and Other Protections for Potential Defendants p.25
7.7 Small Claims p.25
7.8 Effect of Trade Mark and Copyright Office Decisions p.25
7.9 Counterfeiting and Bootlegging p.26

8. Litigating Trade Mark and Copyright Claims p.27
8.1 Special Procedural Provisions for Trade Mark or Copyright Proceedings p.27
8.2 Effect of Registration p.27
8.3 Costs of Litigating Infringement Actions p.27

9. Defences and Exceptions to Infringement p.27
9.1 Defences to Trade Mark Infringement p.27
9.2 Defences to Copyright Infringement (Fair Use/Fair Dealing) p.29
9.3 Exhaustion p.29

10. Remedies p.30
10.1 Injunctive Remedies p.30
10.2 Monetary Remedies p.31
10.3 Attorneys' Fees and Costs p.31
10.4 Ex Parte Relief p.31
10.5 Customs Seizures of Counterfeits or Parallel Imports p.32

11. Appeal p.32
11.1 Appellate Procedure p.32
11.2 Timeframes for Appealing Trial Court Decisions p.32

12. Additional Considerations p.32
12.1 Emerging Issues p.32
12.2 Trade Mark and Copyright Use on the Internet p.33

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1. Trade Mark and Copyright Law

1.1 Governing Law

Trade Mark

US trade mark law is governed by federal and state statutes and common law.

Federal law is controlled by the Lanham Act (15 USC § 1051 et seq).

Many states also have trade mark and unfair competition statutes. Their scope varies, but they are generally similar to federal law.

Trade mark rights arise from use, not just registration. Therefore, common law trade marks are recognised. However, there are benefits to owning a federal registration. Common law rights are limited to the geographic area in which the mark is used and a limited zone of expansion.

Copyright

US copyright law is governed by the Copyright Act of 1976 (17 USC § 101 et seq). For certain pre-1978 works, the 1909 Copyright Act governs.

Common law copyrights are not recognised, and state laws addressing copyright generally are pre-empted.

1.2 Conventions and Treaties/Rights of Foreign IP Holders

The US is a party to several treaties relevant to trade marks including:

- Trademark Law Treaty
- Singapore Treaty
- Madrid Protocol
- Paris Convention
- TRIPS
- Pan-American Convention
- Buenos Aires Convention

The US is a party to several treaties relevant to copyrights including:

- Berne Convention
- UCC (Geneva and Paris)
- Buenos Aires Convention
- TRIPS
- WIPO Copyright Treaty
- WIPO Performances and Phonograms Treaty

2. Trade Mark Ownership, Protection and Rights

2.1 Types of Trade Marks

The US protects any designation of source including words, logos, trade dress, collective and certification marks, and "nontraditional marks" such as scents, colours, sound, motion and others. Anything which acts as a source identifier may be protectable provided it is non-functional.

Industrial designs are not protected under US trade mark law. Trade mark affords protection in some circumstances to trade dress, including product design and packaging. Design patents protect the ornamental appearance of an article.

Surnames are not protectable as trade marks unless they have acquired distinctiveness. Living persons must give permission for their name to be registered as a trade mark.

Geographically descriptive trade marks cannot be protected unless (1) the mark has acquired distinctiveness and (2) the mark is not geographically deceptively misdescriptive.

The US has several marks which are specially protected by statute. These include, but are not limited to, the OLYMPIC, BOY SCOUTS and GIRL SCOUTS, and LITTLE LEAGUE marks, among others. Many of these statutes include US agency and military marks.

The law regarding protection of famous marks not used or registered in the US is unsettled. Some courts have held the famous marks doctrine does not apply in the US (*ITC v Punchgini*, 482 F.3d 135, 142 (2d Cir. 2007)), whereas others have recognised some applicability (*Grupo Gigante v Dallo*, 391 F.3d 1088 (9th Cir. 2004)).

In the US, "fame" is a high bar. Famous marks used in the US which meet the high bar can be protected from dilution (15 USC § 1125(c)(2)).

2.2 Essential Elements of Trade Mark Protection

To achieve trade mark protection a term must be distinctive and in use.

Distinctiveness

Distinctiveness exists on a spectrum:

- Generic: Generic terms are not protectable. Generics describe the category or genus of a product.
- Descriptive: Terms that describe the form, function, features or characteristics of the product cannot be protected without proof of "acquired distinctiveness".
- Suggestive: Suggestive terms can be protected outright. These terms do not "describe" but rather hint at aspects of the goods.
- Arbitrary: Terms unrelated to the product are arbitrary and can be protected outright.
- Fanciful: These terms are neologisms and are protectable.

For a term to be found to have *acquired distinctiveness*, consumers must associate the term as indicating source. This may be shown in a number of ways such as length of use, sales information, advertising expenditures, surveys, press, etc. The more descriptive the term is, the more evidence is required.

Use

To have a valid trade mark, there must be bona fide use on or in connection with goods or services. For a registration, that use must be "in commerce". Use in commerce generally means use that can be regulated by the US Congress such as selling or transporting goods between

states or a foreign country, or providing services out of state or with a foreign country. Use is shown with specimens which depend on what is being offered.

- Goods: Mark is on the goods, packaging, labels, tags or displays.
- Services: Mark is on advertising of the services.

Use as Source Identifier

Consumers must associate the mark as identifying source. Purely descriptive use is unlikely to be sufficient.

Registration not Required

Unregistered marks can be protected at common law. However, these marks may only be protected in the geographic area where they are used and a zone of expansion. Registration provides national rights.

2.3 Trade Mark Rights

Trade mark rights exist under common law and statute. The Lanham Act provides a federal registration system and federal cause of action for infringement of marks that are likely to cause confusion.

Federal registration provides benefits, such as a nationwide priority to use a mark, as well as a presumption that the mark is valid. In contrast, a common law trade mark is only protected in the areas where used and a zone of expansion.

Registrations subsist as long as maintenance documents and renewals are timely filed and the mark is not abandoned. Common law rights exist unless abandoned.

2.4 Use in Commerce

Trade mark rights in the US stem from use, not registration. See **2.2 Essential Elements of Trade Mark Protection**.

2.5 Notices and Symbols

A registrant may give notice with the words or “Reg. US Pat. & Tm. Off.” or the ® symbol. Such notice may only be used with registered marks. Failure to use the notice can limit the ability to recover damages.

For common law trade marks, TM (or SM) may be used to put others on notice of claimed rights. There are no requirements to use TM or SM.

2.6 Related Rights

Trademarked logos that are sufficiently original and otherwise comply with copyright can be protected by copyright. Similarly, product design trade dress may also be protected by design patents. A design that is protected by a utility patent is presumed to be functional and as such cannot be protected under trade mark law.

3. Copyright Ownership, Protection and Rights

3.1 Types of Copyrightable Works

17 USC § 102 sets forth the categories of works which may obtain copyright protection. Copyrights cover all original works of authorship fixed in any tangible medium of expression, whether published or unpublished. Generally, a work is considered original if it embodies some minimum amount of creativity. This includes but is not limited to literary works, musical works, choreographic works, graphic, pictorial and sculptural works, motion pictures, sound recordings and architectural works.

3.2 Essential Elements of Copyright Protection

In order to qualify for copyright protection, a work of authorship must be independently created, original and fixed in a tangible medium. A work only needs a small degree of creativity to qualify.

Copyright does not protect, for example:

- ideas, procedures, methods, processes, concepts, principles or discoveries;
- titles, names, short phrases and slogans;
- works lacking human authorship; or
- works lacking a minimum level of creative authorship.

3.3 Copyright Authorship

The author is the creator of the work, unless it is a "work made for hire". A work created by an employee acting in the scope of his/her employment is owned by the employer as author. If the work is commissioned under a written agreement designating the work as "made for hire" and the work is of a type that qualifies for such treatment under 17 USC § 101, the author is whoever commissioned it.

Only a human can be an author.

Joint authorship arises when two creators create a work with an intention that the work be a unitary whole or single work. Joint authors can independently exploit a work without consent of each other. However, the exploiting author must account to the co-author.

3.4 Copyright Rights

Copyright provides the owner of copyright with exclusive rights, including to:

- reproduce the work;
- prepare derivative works;
- distribute copies;
- perform the work publicly; and
- display the work publicly.

In the US, moral rights are limited in scope and protected by statute, namely, the Visual Artists Rights Act (VARA). VARA applies only to authors of works who have a "recognized stature", and the works must be paintings, drawings, prints, sculptures or still photographic images.

VARA provides the author with various rights, including to:

- claim authorship;
- prevent the use of the author's name on works the author did not create;
- prevent use of the author's name on any work that has been distorted, mutilated, or modified in a prejudicial way; and
- prevent intentional distortion, mutilation or modification of a work that would prejudice the author's honour or reputation

3.5 Term of Protection and Termination

For works after 1978, copyright protection lasts for a term of 70 years after the author's death. Works for hire are protected for a term of 95 years from first publication or 120 years from creation, whichever comes first. Works for hire and anonymous and pseudonymous works are protected for 95 years from first publication or 120 years from creation, whichever is shorter.

Copyright in works that were created but not published or registered before 1978 has a duration of the author's life plus 70 years or more, depending on the nature of authorship as described above.

Works that had already secured statutory protection under the 1909 Copyright Act had a 28-year initial term and up to a 67-year renewal term. Therefore, all works published before 1930 are in the public domain.

An author may terminate a grant, assignment or licence of copyright after 35 years. See **6.1 Assignment Requirements and Restrictions**.

3.6 Collective Rights Management Systems

There are numerous collective management organisations (CMOs) in the US that cover different creative sectors. CMOs typically deal with licensing, collecting and distributing royalties, legal representation, advocacy and other industry-related endeavours.

3.7 Copyright Registration

The copyright claimant may seek registration. Foreign citizens may apply for registration so long as the applicant is a national or domicile of a country with which the US has signed a copyright treaty or in certain other limited circumstances (see Compendium of U.S. Copyright Office Practices § 2003.2). All unpublished foreign works are eligible for registration.

Copyright in a work belongs initially to the author of the work (including, in the case of a work made for hire, the employer or other person for whom the work was prepared). The copyright claimant is either the author or a transferee of ownership. If the copyright claimant is not the author, an application to register must contain a statement of how the claimant obtained ownership.

Copyright protection exists the moment the creative work is fixed in a tangible medium. While registration is not needed for protection, timely registration affords numerous benefits, including the ability to sue for infringement (for US works), prima facie, presumption of validity and ownership, and the right to seek statutory damages and legal fees in an infringement lawsuit. Registration also permits a copyright owner to record the work with Customs for protection against infringing imports.

The United States Copyright Office (USCO) is the registry responsible for copyright registrations and recording transfers. USCO records are public.

3.8 Copyright Application Requirements

To register, the following is required: a completed application form, the filing fee and deposit copies of the work.

The application form depends on the kind of work (eg, literary, sound recording, visual art, motion picture) and must include information such as:

- title;
- author(s) including dates of birth and death, nationality and/or domicile, and the nature of the authorship;
- year work was created;
- date and nation of first publication;
- name and address of the claimant and information about any transfer from the author to claimant; and
- previous registration information and whether the work is derivative or a compilation.

Works that are published in the US are technically subject to a "mandatory deposit" of two copies of the work for the collections of the Library of Congress. However, this was held unconstitutional by the DC Circuit in *Valancourt Books v Garland*, No. 21-5203 (D.C. Cir. 2023). The requirement is still part of the Copyright Act.

The deposit requirement differs for unpublished works and for certain other works.

3.9 Refusal of Registration

If the USCO determines that the requirements for registration are not met, it will refuse the application. The most common grounds include the following:

- The work lacks the minimum level of creative authorship.
- Failure to submit a complete application, fee or deposit.
- The work is not covered by copyright law.
- The work lacks human authorship.
- The work is not fixed in a tangible medium of expression.

If an application is refused, the applicant may request reconsideration by submitting a written response. If unsuccessful, the applicant may make a second request for reconsideration to the USCO Review Board. A further appeal may be filed by bringing a federal lawsuit to seek to compel the USCO to issue the registration. This decision can be further appealed to the US Courts of Appeal.

An error in a copyright registration can frequently be corrected by filing a "supplementary registration". A supplementary registration does not replace the original registration or remove the information therefrom. Instead, it adds information to the public record to clarify it.

3.10 Related Rights

Copyrights may coexist with trade marks and other related rights. For example, a logo may be protected by a trade mark, and the artwork within the logo may be protected by copyright if it rises to the minimum level of creativity.

4. Trade Mark Registrations and Applications

4.1 Trade Mark Registration

Trade mark rights in the US come from use, not merely registration. Registration is therefore not required, although there are benefits including the following:

- The listing of the trade mark in the United States Patent and Trademark Office (PTO) search database.
- Legal presumption of validity, ownership, and the right to use the mark nationally. After a mark is registered more than five years and a declaration of incontestability is filed, the presumption can be "conclusive", providing further advantages.
- Basis to seek registration and priority in foreign countries.
- Right to sue in federal court.
- Right to use the registration symbol, ®.
- Right to record copyright with Customs to interdict infringing imports.

Certain marks require acquired distinctiveness before they can achieve registration on the Principal Register (the differences between the Principal and Supplemental Registers are discussed in **4.2 Trade Mark Register**). These include:

- descriptive word marks;
- surnames;
- geographically descriptive terms;
- product design trade dress;
- colours;
- scents;
- sounds; and
- other non-traditional marks.

4.2 Trade Mark Register

The US's trade mark register is public and searchable at the US Patent and Trademark Office website.

PTO web searches have technical limitations. Comprehensive commercial databases are available to search the federal and state records and common law usage.

The trade mark register consists of two registers, the Principal and the Supplemental. The Supplemental Register is for marks that are capable of distinguishing source but do not do so today. Marks registered on the Supplemental Register, like those registered on the Principal Register, may be identified with the ® symbol and are protected against infringements and later-filed applications. Marks filed under the Madrid Protocol and intent to use applications for which an amendment to allege use has not been filed are not eligible for the Supplemental Register.

The Principal Register contains all the benefits of federal registration referenced in **4.1 Trade Mark Registration**.

In addition to the federal register, states have state registers for trade marks filed for state trade mark protection. Some are publicly available online, while others are not.

4.3 Term of Registration

The registration term is ten years.

Bona fide use of the mark in the US must be shown in connection with the goods or services identified in the registration by filing specimens for each class of goods or services covered by the registration between the fifth and sixth year of registration with a declaration attesting to the use. There is a six-month grace period for late filings.

A trade mark registration can be renewed anytime between the ninth and tenth year, with a six-month grace period. Renewal also requires the owner to attest to bona fide use and provide specimens as above.

At the time of maintenance or renewal, the registration can only maintain goods and services for which the trade mark is actually being used. Any goods or services not provided in commerce must be deleted or the registration may be invalidated.

The PTO may audit declarations of use and renewals and require the registrant to file additional specimens. If the registrant cannot provide the additional specimens showing use of every item covered in the registration, the PTO will delete those goods and services from the registration or even cancel the registration as a whole.

Once a registration is cancelled, it cannot be revived unless there are extraordinary circumstances.

4.4 Application Requirements

The requirements to apply for the registration of a trade mark are:

- Name and address of the owner. Only the owner of the mark may file.
- Drawing of the mark.
- Description of the goods and services with specificity using clear terms arranged by class. An application that seeks registration for a general category will be asked to add specificity. Multi-class applications are permitted.

- For use-based applications, specimens showing bona fide use in commerce and the dates of first use anywhere and "in commerce" for each class.
- Specimens showing use and first use dates are not needed at the time of filing for intent to use applications or applications filed through the Madrid Protocol or based on a foreign registration. However, the applicant will need to attest that it has a "bona fide intent to use" the mark. See **4.5 Use in Commerce Prior to Registration**. (An intent to use applicant will need to submit specimens of use and first use dates before the mark will register.)
- Declaration signed on oath by a person with knowledge of the matters set out in the application.
- Subject to certain exceptions, applicants whose domicile is not within the US must be represented by a US attorney.

The 2025 PTO fees can be found at its website.

4.5 Use in Commerce Prior to Registration

An application may be filed based on: (i) use, (ii) intent to use, (iii) the Madrid Protocol, or (iv) a registration from a foreign country where the applicant has a real commercial establishment.

No user of a trade mark is required to register a trade mark registered: (1) based on a foreign registration; or (2) under the Madrid Protocol. However, the applicant must declare that it has a bona fide intention to use the mark in US commerce.

Applications filed based on use require that the mark is in use at the time of filing. Specimens and dates of first use for each class are also required.

Specimens are examined for suitability. Mock-ups or examples not actually in use do not suffice. Instead, the specimen must show use of the mark in association with the good or service offered. For goods, this means that the mark should generally be on the good itself, on the packaging, or at the point of sale. Mere advertising is not a sufficient specimen of use of goods. For services, the PTO will accept specimens showing the mark on advertising, but there must be a clear association between the mark and the services.

For intent to use applications, the applicant does not need to show use at the time of filing but must do so before the mark matures to registration. An applicant can have up to three years to prove use if extension requests are filed and fees paid.

All marks are subject to proof of use between the fifth and sixth year after registration and at renewal. Failure to use a mark may also result in abandonment.

4.6 Consideration of Prior Rights in Registration

The PTO reviews the register for conflicting prior marks when reviewing an application. If the examiner locates a mark on the register that he/she believes is confusingly similar, the examiner will either issue a refusal (in the case of a prior registration) or suspend the application (in the case of a pending application). Only active prior applications and registrations can be raised during examination; common law marks cannot be raised as a bar to registration.

4.7 Revocation, Change, Amendment or Correction of an Application

An applicant can withdraw an application.

Whether an application can be changed, amended or corrected depends on the error. Some common errors and the ability to correct are outlined below:

- Information about the owner, such as the state of incorporation or address, is correctable, but an incorrect owner is not.
- A mark may be amended if the amendment results in a "non-material" change that does not change the overall impression of the mark.
- Descriptions of the goods and services can be amended, but not if the amendment broadens the description.
- First use dates are generally correctible to an earlier date.

4.8 Dividing a Trade Mark Application

It is possible to divide a trade mark registration if the owner assigns one of the classes of goods or services to another. This also requires filing the assignment, filing a request and paying a fee.

An application may be divided by paying a fee and filing a request where the application is filed based on an intent to use and the applicant can prove use for some goods but not for others. Division is also possible by filing a request to overcome a refusal where the examiner has refused the application as to some goods but is willing to allow the application as to others.

4.9 Incorrect Information in an Application

Minor inadvertent or good faith mistakes may be correctable, as outlined in **4.7 Revocation, Change, Amendment or Correction of an Application**.

4.10 Refusal of Registration

Trade mark applications can be refused for a number of reasons. If refused, the PTO will issue an Office Action. The applicant will have three months to respond and submit arguments against the refusal; however, the applicant can pay a fee and extend this deadline by three months.

Common refusals include:

Likelihood of Confusion With Prior Registered/Applied-for Marks

The PTO can refuse an application if it finds the mark is confusingly similar to a mark covered by a prior registration or application.

– Applicants generally argue against confusion or submit a letter of consent from the owner of the blocking mark.

Descriptiveness

The PTO can refuse an application because the mark describes a feature, function, characteristic, quality, etc of the goods or services.

– Applicants often argue the mark is suggestive (see **2.2 Essential Elements of Trade Mark Protection**) or has acquired distinctiveness through longtime use or a survey etc.

– The applicant can also amend the application to the Supplemental Register. See **4.2 Trade Mark Register**.

Primarily Geographically Descriptive

The PTO can refuse an application because the mark is primarily descriptive of the geographic location from which the goods or services originate. The PTO can also refuse an application if it is deceptively misdescriptive of the geographic origin of the associated goods or services.

– The applicant can respond similarly to the descriptiveness refusal.

Merely a Surname

The PTO can refuse registration if the mark is primarily merely a surname.

– The applicant can argue that consumers do not understand the mark primarily as a surname or that it has acquired distinctiveness.

Lack of Permission of Individual Whose Name Used

The PTO can refuse registration if the applicant does not show that it has permission to use the name of a living person.

– The applicant can respond by providing signed consent.

Specimen Fails to Show Use of Mark

The PTO can refuse registration if the specimen does not show use of the mark as a mark. For example, the specimen is a mere advertisement for goods, fails to show context as to what the goods are or shows that your goods have not yet been sold or transported (eg, pre-sale orders for goods not yet available).

– The applicant can file arguments against this refusal or file a substitute specimen showing use at the time of the filing of the original specimen.

Mark on Specimen Does Not Match the Drawing and/or Mark as Filed

The PTO can refuse registration if the specimen does not match the drawing of the mark.

– The applicant can file a new drawing that is not a material alteration or file substitute specimens showing use at the time of the filing of the original specimen.

Goods and Services Description is Indefinite

The PTO can refuse registration if the description of the goods or services is vague, unclear or otherwise indefinite.

– The applicant can overcome this refusal by amending the description so it is clear and specific.

The Design is Functional

In a trade dress product design setting, the PTO can refuse registration if the design is functional.

– The applicant can file arguments that the design does not have a function.

4.11 The Madrid System

The US participates in the Madrid System. An applicant through the Madrid Protocol does not need to show use before the mark registers; however, it must certify it has a bona fide intent to use.

After the initial registration, however, US use requirements apply. The owner of a US registration is required to file a Declaration of Use before the sixth anniversary of registration and to renew the registration showing use every ten years.

5. Trade Mark Procedure for Inter Partes Proceedings

5.1 Timeframes for Filing an Opposition or Cancellation

Trade mark oppositions and cancellations are filed with the Trademark Trial and Appeal Board (TTAB), which is part of the PTO; except that a defendant in an infringement suit may seek to cancel a registration asserted against them as a counterclaim in court.

Trade mark oppositions (or extensions of time to oppose) can be filed during the 30-day publication period. Up to a 90-day extension is available for good cause. Another extension of 60 days can be obtained with consent of the applicant.

Marks registered on the Supplemental Register do not have a publication period and are not subject to opposition.

Cancellation actions may be filed at any time, but grounds for cancellation actions narrow after five years of registration (15 USC § 1064). Cancellation actions against registrations five years or older can only be cancelled on limited grounds set forth in 15 USC § 1064(3) such as genericness, fraud, abandonment, functionality and certain misrepresentations. Once a mark is five years old, it cannot be cancelled merely based on confusion with a prior trade mark or descriptiveness.

A person seeking to oppose or cancel a mark should not wait too long after learning of a ground to do so because the defence of laches or acquiescence can be raised.

The parties may generally suspend TTAB proceedings to allow time to negotiate a settlement.

5.2 Legal Grounds for Filing an Opposition or Cancellation

Trade Mark

Common grounds for filing an opposition or cancellation include:

- likelihood of confusion with a prior registered mark, application or common law right;
- descriptiveness;
- genericness;
- merely a surname;
- deceptively misdescriptive;
- not inherently distinctive and lacks acquired distinctiveness;
- product configuration mark is functional;
- mark is ornamental or otherwise fails to function as a mark;
- no use or bona fide intent to use (for intent to use applications);
- use of name, image or signature of a living person without consent;
- fraud on the PTO;
- applicant is not the owner; and
- dilution.

After five years of registration, the grounds to cancel a mark narrow to exclude some of these grounds. See **5.1 Timeframes for Filing an Opposition or Cancellation.**

In 2020, the PTO created the following special abbreviated procedures to eliminate certain fraudulent marks:

- Expungement – Applies where the registrant never used the mark for some or all of the goods or services. This proceeding is available between three and ten years after registration.
- Re-examination – Applies where the registrant was not using the trade mark in connection with some or all of the goods or services prior to the relevant date. This proceeding must be brought in the first five years of registration, but it can only be brought against a US filing, not one based on a foreign registration or the Madrid Protocol.

Copyright

For formal cancellation of registration, see **5.4 Opposition or Revocation/Cancellation Procedure.**

5.3 Ability to File an Opposition or Revocation/Cancellation

Trade Mark

Any person or entity that believes they may be harmed by the registration of a mark may file an opposition or cancellation. The party need not own a trade mark registration or common law right, as long as it has a "legitimate interest" beyond that of an interloper.

A party domiciled in the US may represent itself before the TTAB or hire an attorney. An entity domiciled outside the US must be represented by a US attorney.

The cost of an opposition/cancellation varies but can be very expensive. While proceedings are more limited than federal litigation, such actions go forward as they would in federal court with pre-trial and trial issues. See **5.4 Opposition or Revocation/Cancellation Procedure**.

5.4 Opposition or Revocation/Cancellation Procedure

Trade Mark

To commence an opposition, the opposer must timely file a Notice of Opposition. The applicant has 40 days to answer or otherwise plead. If a counterclaim or motion to dismiss is filed, the opposer will have time to respond.

The parties participate in an initial discovery conference to discuss the scope of discovery, confidentiality issues and settlement.

The parties exchange initial disclosures identifying individuals likely to have relevant information and description of categories of documents relevant in the case.

Discovery permits a party to seek non-privileged information and documents relevant to a claim or defence or reasonably calculated to lead to the discovery of relevant information (eg, documents, emails, letters, trade mark files, business plans, financial information, etc). Responding to discovery may sometimes require the assistance of electronic discovery consultants to identify responsive emails and other documents on computer servers. Depositions involve an oral examination (recorded by a stenographer) under penalty of perjury.

Discovery may also include expert witnesses, which often includes a likelihood of confusion or acquired distinctiveness market survey. The parties will have a deadline by which they must disclose the expert discovery to the other side.

After discovery, either party may file a motion for summary judgment in which the TTAB must decide whether, considering all facts in the light most favourable to the non-moving party, there is no dispute of material fact. This can resolve some or all of the issues in the case, depending on the scope of the motion.

If summary judgment does not resolve all the issues, the parties proceed to "trial" before the TTAB, which follows a period of filings, including notices of reliance which outline the evidence relied on in the case, and involves submitting evidence through written depositions, documents, discovery responses, etc. The parties have an opportunity to submit written arguments about the law and facts of the case, and there is an opportunity for oral argument. The TTAB will then make a decision.

Cancellations can be brought to before the TTAB. The procedure is generally the same. A party may also seek the cancellation of a registration as a counterclaim in litigation.

A partial cancellation is possible. The petitioner may either elect to only challenge the registration as to some of the goods or services, or the TTAB or court may find in favour of cancellation for only some of the goods or services such as where the registrant is still using the mark for some goods but has abandoned the mark as to others.

Copyright

The USCO can cancel copyright registrations sua sponte where it discovers material errors in the registrations or upon request from the party listed as the copyright owner in the registration certificate (or its agent).

The USCO, however, does not conduct adversarial cancellation proceedings and will not cancel a registration based on an adverse claim by a third party. The USCO encourages parties to address disputes over the ownership of a copyright in court.

In general, a party can challenge the validity of a copyright registration in federal court as a defence to an infringement claim or via a declaratory judgment action. That said, only the USCO can cancel a copyright registration. If the claim is successful, the court directs that party to voluntarily cancel the registration at the USCO.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

The TTAB only can adjudicate on registrability. It cannot issue injunctions or award damages.

In the event that the examiner of a trade mark application refused registration after a final Office Action, the applicant may file an appeal with the TTAB in which both the applicant and the examiner submit arguments. If the TTAB rules against the applicant, the applicant can then appeal the decision to Federal Circuit. Alternatively, an aggrieved party is also able to appeal by filing a civil action in a federal district court to review the decision of the TTAB on an open record *de novo* with the opportunity to submit new and additional evidence.

In the case of opposition or cancellation actions, if a party wishes to appeal, the party may appeal to the Federal Circuit on a closed record or file an appeal in federal district court on an open record as above.

It is important to caution that the deadlines to file appeals are strict and complex. The failure to timely submit cannot be cured by a late filing.

5.6 Amendment in Revocation/ Cancellation Proceedings

Amendments of an application or registration are possible in an opposition or cancellation proceeding; however, these amendments generally must be made with consent of the other party.

5.7 Combining Revocation/Cancellation and Infringement

A trade mark cancellation action can be adjudicated together with an infringement claim in federal court (or as part of an opposition process in the TTAB). A cancellation action cannot be a standalone basis on which to assert a claim in federal court, but it can be a supplemental claim or counterclaim in federal court. The claims generally are considered at the same time by the same tribunal.

5.8 Measures to Address Fraud

There is no specialised process for the cancellation of fraudulently filed trade marks. However, an applicant who seeks to cancel a fraudulently filed registration can: (1) petition to cancel/ oppose the mark based on fraud, (2) file an

expungement proceeding, or (3) file a re-examination petition. See **5.2 Legal Grounds for Filing an Opposition or Cancellation**.

There is no USCO adversarial procedure to address copyright fraud.

6. Assignments and Licensing

6.1 Assignment Requirements and Restrictions

Trade Mark

An assignment must be in writing and signed, and identify:

- the parties;
- the marks assigned (application or registration numbers, if applicable); and
- the effective date.

An assignment must include the goodwill of the business associated with the mark. An assignment without goodwill is "in gross" and may invalidate the trade mark.

Assignment of an intent to use application is not allowed except to a successor to the applicant's business, or portion of the business to which the mark pertains, if that business is ongoing and existing (15 USC § 1060).

Partial assignments of trade marks are permitted. For example, a trade mark owner may assign one class of goods/services to another.

The PTO will not conduct a substantive review, and recording of an assignment is not an indication of validity.

Copyright

Assigning a copyright involves transferring ownership rights. An assignment must be in writing and signed by the owner of the rights being assigned. The agreement must clearly indicate the scope of the rights being transferred and whether it is a full or partial assignment. A copyright may be bequeathed or passed by intestacy at death.

The Copyright Act permits authors or their heirs, under certain circumstances, to terminate the transfer or licence of a copyright. These termination provisions are set forth in 17 USC §§ 203, 304(c) and 304(d), and generally require the author to serve a "notice of termination" on the grantee and record it with the USCO. Grants made via a will or involving a work for hire may not be so terminated.

6.2 Licensing Requirements or Restrictions

Trade Mark

A trade mark licence does not have to be in writing to be valid. But, for a licence to be valid, the trade mark owner must continue to control the nature and quality of the goods and services provided under the trade mark and the agreement should so state. Failure to maintain quality control may result in a finding that the licence is "naked" and that the owner invalidated its rights.

Trade mark licences should also indicate the territory, the field of permitted use, authorised goods and services, and whether the licence is sole, exclusive or non-exclusive. Licences may be perpetual or limited by time. A trade mark application may be licensed. The PTO will record licences, but doing so is not required.

Copyright

While informal non-exclusive copyright licences exist, it is advisable to have a written licence agreement that outlines the terms of the licence. Exclusive copyright licences must be in writing. Licences should specify which rights are being licensed, the territory, whether the licence is exclusive, the royalty and the term.

6.3 Registration or Recording of an Assignment or Licence

Trade Mark

The PTO will record assignments, but it is not required. However, when maintenance documents are due, such as renewals, the filing will need to be in the name of the proper owner. Therefore, assignments should be recorded in advance of the maintenance deadline.

Acknowledgement of a recorded assignment is prima facie, evidence of the execution thereof. Moreover, an assignment is void against any subsequent purchaser for valuable consideration without notice, unless the assignment is recorded within three months after the date of the assignment or prior to the subsequent purchase.

The PTO will record licences, which will put third parties on notice of the licence, but recording is not required.

Copyright

The licence does not need to be recorded with the USCO to be valid, but there are benefits. A recorded licence provides public notice and can help establish priority over competing claims to the same work. Recording a security interest may also be necessary to perfect a creditor's interest. Recordation may provide "constructive notice", meaning that others are deemed to have knowledge of the facts in the document and cannot claim otherwise.

7. Initiating Trade Mark and Copyright Lawsuits

7.1 Timeframes for Filing Infringement Lawsuits

Trade Mark

If a trade mark owner waits too long after it became aware of a trade mark infringement, a defendant can assert the equitable defences of laches or acquiescence. Federal court claims brought within the time period of the applicable state's statute of limitations are often presumptively timely, whereas claims brought outside the analogous state statute of limitations for similar claims are more likely to be equitably barred by the delay. In addition, interlocutory relief such as a preliminary injunction may be unavailable if there is delay in seeking such relief.

Acquiescence is available as a defence when the plaintiff undertakes some affirmative conduct that conveys to the defendant that the plaintiff does not object to defendant's mark and/or use. Whereas laches is passive, acquiescence requires some affirmative act.

Copyright

A copyright owner has three years from the date of the infringement to file a lawsuit. There is a split of authority as to when the period begins. Some courts have adopted an "injury rule" of accrual, which requires the claim to be brought within three years of the infringement. Other courts apply a discovery rule, which requires a party to bring a claim within three years of when it became aware or should have become aware of the infringement, not necessarily when it first occurred. Where there is ongoing infringement,

the statute of limitations may reset with each new act of infringement.

7.2 Legal Claims for Infringement Lawsuits and Their Standards

Trade Mark

Trade mark owners can bring federal law, state law and common law claims.

Generally, a claim for trade mark infringement requires the following:

- The plaintiff has rights in a protectable trade mark.
- The use is likely to cause confusion.

Unfair competition law is broader. An unfair competition may be filed under federal law (under the Lanham Act (15 USC § 1125a)), state statutes or common law. Unfair competition law broadly covers trade mark infringement, false advertising, false designation of origin and false endorsement.

Trade mark infringement and unfair competition law may be found through direct infringement, contributory infringement and vicarious infringement.

- Direct infringement is infringement by the defendant.
- Contributory infringement may occur in various forms but generally occurs when a party knowingly encourages or facilitates unlawful activity.
- Vicarious infringement generally imputes liability on a third party where the defendant has the right to control the activity or the infringing product, can bind the third party or the parties act as an apparent or actual “partnership”.

In addition, there are some other causes of action which may be available depending on the nature of the trade mark right.

Dilution

Dilution claims are only available if a mark is famous, that is, a “household name” to the general consuming public.

Under dilution, there is no need to show a likelihood of confusion.

- Dilution by tarnishment considers whether an association between the junior user and the famous mark is likely to reputationally harm the famous mark.
- Dilution by blurringdetermines whether the junior users’ use of a mark will impair the distinctiveness of that famous mark.

Dilution is governed the Lanham Act. Some states have somewhat broader dilution laws that cover marks that are famous in niche markets or in a particular locale.

False Endorsement

False endorsement is when a defendant uses the persona of another to create the false impression that the individual approves, sponsors, endorses, etc the defendant’s business and/or product.

Cybersquatting

Cybersquatting in the US is governed by the Anticybersquatting Consumer Protection Act (15 USC § 1125 (d)). The Act applies when a defendant in bad faith registers a domain that is confusingly similar to or dilutive of another’s mark for profit. Under the Act, a plaintiff can recover damages.

Copyright

Copyright owners can bring claims in federal court or before the Copyright Claims Board (see **7.5 Lawsuit Procedures**). In certain circumstances, the government can pursue criminal copyright claims against a wilful infringer (17 USC §§ 501 and 506).

Copyright owners have several legal claims available to them when pursuing civil infringement. These claims can vary based on the nature of the infringement and the specific rights involved but may include:

- Direct infringement: Infringement by the defendant.
- Contributory infringement: Infringement by a third party is imputed to a defendant "who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of" the third party.
- Vicarious infringement: The defendant can be held vicariously liable for copyright infringement of a third party if the defendant: (1) "possess[es] the right and ability to supervise the infringing conduct" and (2) "ha[s] an obvious and direct financial interest in the exploitation of copyrighted materials".

Generally, the elements of civil copyright infringement are:

- Ownership of a valid copyright.
- Proof that the defendant violated one or more of the exclusive rights of copyright such as the right to copy, perform, make derivative works, distribute copies or display the work.
- Copying can be proven by showing the defendant's access to the copyrighted work and substantial similarity between the accused work and the copyrighted work. See 7.3 Factors in Determining Infringement.

7.3 Factors in Determining Infringement

Trade Mark

To determine whether there is infringement, a court must consider whether there is a likelihood of confusion. courts generally consider the following factors in determining likelihood of confusion:

- strength of the mark (conceptually and commercially);
- similarity of the marks;
- similarity of the goods or services;
- similarity of the channels of trade;
- sophistication and care of consumers;
- likelihood of expansion into products of the other;
- defendant's intent; and
- whether there is actual confusion.

Not all factors may be relevant in a particular case. In some instances, only one factor may be dispositive.

Copyright

The Copyright Act states: "Anyone who violates any of the exclusive rights of the copyright owner… is an infringer…" "To establish infringement, two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original" (*Feist v Rural Tel.*, 499 U.S. 340, 361 (1991)).

In general, the copyright owner can satisfy the second element by proving that the alleged infringer had access to the work and that there are substantial similarities between the accused work and protectable elements of the copyright owner's work. Further, because violation of "any of the exclusive rights of the copyright owner" constitutes infringement, courts have interpreted the second element to include unauthorised reproduction, distribution, performance, display

or creation of derivative works of the copyright work. See **7.2 Legal Claims for Infringements Lawsuits and Their Standards**.

7.4 Prerequisites and Restrictions to Filing a Lawsuit

Trade Mark

To file a trade mark lawsuit, the plaintiff must have a good faith basis to believe that it has a valid mark and that the defendant's use of the accused mark is likely to cause confusion. Filings made in bad faith or without a basis in law are impermissible and can expose the plaintiff to liability.

Copyright

While copyright protection exists automatically upon the creation of the work, in order to file a lawsuit for copyright infringement of a US work, the work must be registered with the USCO. Registration is not required for registration of a work first published outside the US, but registration of the work in the US prior to infringement occurring allows the copyright holder to seek statutory damages and attorneys' fees.

7.5 Lawsuit Procedure

Trade Mark

Courts for Trade Mark Infringement Proceedings

Federal courts have non-exclusive original jurisdiction of trade mark infringement and unfair competition cases under the Lanham Act. State courts can also hear trade mark and unfair competition cases. Most trade mark cases are heard in federal court.

Pre-Filing Costs

The plaintiff must conduct pre-filing investigations to assess the viability of its claim. This investigation may include determining how and where the defendant is using the accused mark, whether there is actual confusion and whether the accused conduct appears wilful. Trade mark searches are sometimes conducted to assess how diluted the subject mark may be and determine whether the defendant has any trade mark registrations. Most importantly, the plaintiff will want to be sure that it has priority and that the defendant does not have a basis to counterclaim.

In most cases, the plaintiff will also send a demand letter before filing suit.

The expense will vary from case to case.

Foreign Trade Mark Owners

A foreign trade mark owner may file an infringement claim in the US provided the mark in question is in use or registered in the US. A foreign trade mark registration is insufficient to bring suit.

Copyright

Except for very limited exceptions, claims for copyright infringement are brought in federal court. An individual can proceed pro se, but a corporate entity must be represented by an attorney. Copyright infringement claims asserted in federal court can also seek other remedies including monetary damages, impoundment or destruction of infringing items, and attorneys' fees, where applicable.

Copyright infringement can also be adjudicated by the Copyright Claims Board (CCB). The CCB is a three-member administrative tribunal within the USCO that represents a more efficient, less formal option by which to resolve certain copyright disputes. Parties do not need to be represented by an attorney. CCB decisions are binding on the parties, they cannot be re-litigated, and appeals are limited. The CCB also does

not have authority to issue injunctions, make wilfulness findings or award monetary damages greater than USD30,000. See **7.7 Small Claims**.

Pre-filing costs for a copyright case are similar to those described above for trade marks. One additional pre-filing cost in copyright lawsuits is the need to first obtain a copyright registration (or, in certain cases, a refusal). However, works first published outside the US do not need to be registered prior to filing suit.

It is sufficient to have merely filed a copyright application to file a case at the CCB, but if the pending application is later refused, the CCB will dismiss the claim without prejudice (meaning that the plaintiff can then file the claim in federal court).

7.6 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

For both trade marks and copyright, an accused can file a declaratory judgment action asking a court to declare that the accused conduct is not infringing or that the underlying rights are unenforceable. To qualify for declaratory judgment, there must be a "real case and controversy" such that the accused infringer is at imminent risk of litigation. This usually means that one party has created a "reasonable apprehension" of liability in the other party such as by sending a letter explicitly threatening suit.

The risk of an alleged infringer bringing a declaratory action is a reason that in some circumstances, infringement plaintiffs sue infringers first and send a demand letter after the fact. This allows the plaintiff to pick the court and avoid the risk of being forced to fight in an unfavourable forum.

7.7 Small Claims

Trade Mark

There is no special small claims court to handle small trade mark infringement disputes. Infringement claims must be brought in court. Disputes solely related to the right to register a mark may be brought before the TTAB.

Copyright

As an alternative to litigation, the CCB has the authority to adjudicate certain copyright disputes seeking no more than USD30,000 in monetary damages, subject to an opportunity for the defendant to opt out of the proceeding. See **7.5 Lawsuit Procedure**.

The CCB has certain advantages over federal court, including that the procedures are more streamlined without the burdens of extensive discovery, lengthy motion practice and trial. The CCB has procedural limitations that make it unsuited for complex cases.

7.8 Effect of Trade Mark and Copyright Office Decisions

Trade Mark

Some courts may give weight or consideration to a trade mark examiner's decisions registering or rejecting the registration of a mark, but the decision is not conclusive or binding.

With regard to opposition and/or cancellation decisions by the TTAB, there is a risk that the decision may be binding in a civil case: "When an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim" (*B&B Hardware, Inc. v Hargis*, 135 S. Ct. 1293 (2015)).

Copyright
See **8.2 Effect of Registration**.

7.9 Counterfeiting and Bootlegging
Trade Mark Counterfeiting
A counterfeit mark is a "spurious mark which is identical with, or substantially indistinguishable from, a registered mark" (15 USC § 1127).

There are special remedies for litigating counterfeit marks. For example, a court may, upon an ex parte application, order the seizure of counterfeits, the means of manufacture, and records relating to the violation. Where ex parte seizure is sought, the movant must give notice to the US Attorney's Office that seizure will not prejudice a criminal prosecution.

In some cases, such as those involving knowing counterfeiting of a registered mark, the court can award the plaintiff profits earned by the infringer or the damages suffered by the plaintiff, trebled damages, and attorneys' fees.

As an alternative, plaintiffs may elect statutory damages in the amount of USD1,000 to USD200,000 per mark per type of good or service. If the counterfeiter is found to have acted wilfully, statutory damages may be increased to up to USD2 million per type of goods.

Pre-judgment interest can be awarded for counterfeiting under 15 USC § 1117(b).

In addition to the enhanced damages available for trade mark counterfeiting, a successful plaintiff may seek an award of attorneys' fees and the full range of permanent injunctive remedies including the impounding and destruction of counterfeits, the means of making them, and related records.

Counterfeiting is also subject to severe criminal penalties, including fines and incarceration. Criminal counterfeiting prosecutions must be brought by the government.

Copyright
Copyright "counterfeiting" generally concerns the unauthorised reproduction, distribution or sale of copyrighted works. Copyright counterfeiting is primarily addressed under 17 USC §§ 501 and 506 and 18 USC §§ 2323, 2318 and 2319 (regarding criminal acts of counterfeiting such as bootleg, recordings of live musical performances and the unauthorised recording of films in movie, theatres).

Civil remedies available for these copyright violations include:

- Injunctive relief, such as the destruction of all infringing copies, materials used to reproduce the copyright, and records documenting the infringing conduct.
- Actual damages, that is to say, damages directly related to the infringement, or any profits attributable to the infringement. In lieu of actual damages, an owner may elect statutory damages not less than USD750 or more than USD30,000 as the court deems just. For wilful infringement, there is discretion to increase the statutory damages to not more than USD150,000.
- Attorneys' fees to the prevailing party.

Copyright violations of this type are also subject to criminal penalties. A person may be found criminally liable for copyright counterfeiting and subject to harsh fines and imprisonment.

8. Litigating Trade Mark and Copyright Claims

8.1 Special Procedural Provisions for Trade Mark or Copyright Proceedings

Trade Mark

The US does not have any specialised courts for adjudicating trade mark disputes (outside of the TTAB relating to registration issues).

Copyright

There are no special procedures if a plaintiff seeks copyright relief in federal court. However, the CCB is available for small claims.

Jury Trial

The right to a jury trial is enshrined in the US Constitution. A party must request a jury trial. If no party makes this request, the judge will act as the fact finder and decision maker in a bench trial.

8.2 Effect of Registration

Trade Mark

A trade mark registration is prima facie, evidence of the validity of the mark and the owner's right to use the mark in commerce nationwide.

Provided there has been no final decision adverse to the owner's rights in the registration and after five years of continuous use, a registrant may file a declaration of incontestability. After incontestability, the registration is conclusive evidence of validity, ownership and nationwide right to use, subject only to certain defences and limitations (15 USC § 1065).

See also **5.1 Timeframes for Filing an Opposition or Cancellation** and **5.2 Legal Grounds for Filing an Opposition or Cancellation**.

Copyright

A copyright registration (or refusal) is necessary for the owner of a US work to sue in court.

Timely registration provides additional benefits. A registration with an effective date "before or within five years after first publication of the work [is] prima facie, evidence of the validity of the copyright and of the facts stated in the certificate" (17 USC § 410(c)). Judges have discretion regarding the evidentiary weight given to registrations with effective dates more than five years after first publication. A party may also be eligible for statutory damages and attorneys' fees if it prevails in its copyright infringement claim and the registration was issued before the infringement commenced or was otherwise timely filed.

8.3 Costs of Litigating Infringement Actions

The cost of litigating an infringement action can vary significantly depending on the complexity of the matter. Fees can vary wildly depending on the vigour with which the case is fought, the complexity of discovery, e-discovery issues, and whether expert testimony is needed. US litigation is expensive, and the fact-intensive nature of trade mark and copyright litigation means that the proceedings are not often resolved through a motion to dismiss or summary judgment. These cases can take years to be decided at trial.

9. Defences and Exceptions to Infringement

9.1 Defences to Trade Mark Infringement

Defences to a trade mark infringement case include:

Invalidity

- The mark is invalid or unenforceable because it is (i) generic or (ii) descriptive without secondary meaning.
- A non-traditional mark such as product packaging, sound, colour, etc is not inherently distinctive and lacks secondary meaning.
- Product features that are functional – whether aesthetic or utilitarian – cannot be protected as trade marks. A feature is functional if it is essential to the product's use or purpose, or if it has an impact on the product's cost or quality or puts competitors at a significant non-reputational disadvantage.

Priority

- The defendant was using the accused trade mark before the plaintiff in the relevant field of use and/or territory.
- If the defendant has priority in a common law mark, that priority may be local and may only insulate it in the trading area where it had priority.

Abandonment

- The plaintiff has not used the asserted mark for some time and lacks an intention to resume use. Intent not to resume may be inferred from circumstances. Non-use for three consecutive years is prima facie, evidence of abandonment. This can be a complete bar to liability.

Fair Use

- Classic fair use: The defendant used the plaintiff's mark in its plain English meaning or in some other descriptive manner.
- Nominative fair use: The defendant used the mark to fairly and non-confusingly to refer to the plaintiff or the plaintiff's product.

Parody

- The defendant used the trade mark in a parodical way to comment on the owner of the trade mark or the product in a manner such that no consumer could reasonably be confused. Parody is a subcategory of the fair use exception. In *Jack Daniel's v VIP*, 599 US 140 (2023), the Supreme Court made clear that parody does not protect the junior user when it uses the mark as a source identifier, even if the mark is humorous.

Unclean Hands

- Unclean hands is a defence that considers the plaintiff's bad faith, wrongful conduct, etc. It is usually used to reduce damages rather than as a complete defence; however, it can act as a complete defence to liability. Examples of unclean hands include fraudulent filings to secure registration.

Violation of Competition Laws/Trade Mark Misuse

- Antitrust violations may fall under the unclean hands defence and generally require that the plaintiff is misusing the trade mark beyond the scope if its claimed rights to create a monopoly. This is not often used.

Delay

- Laches is a defence to infringement when the plaintiff has waited unjustifiably long to sue, and the defendant would be prejudiced by the delay. Courts will often look to an analogous state law's statute of limitations, as the federal Lanham Act does not provide for a statute of limitations.
- Laches is often a bar to monetary damages, but depending on the case and court, it may or may not be a sufficient defence to an injunction, given the focus of trade mark law on protecting consumers.

Acquiescence

- Acquiescence is available as a defence when the plaintiff undertakes some affirmative conduct that assures the defendant that the plaintiff has no objection to the use and then delays in making objection to the defendant's mark.

Estoppel

- The plaintiff engaged in intentionally misleading representations concerning its abstention from suit, and the alleged infringer detrimentally relies on the copyright owner's deception and is prejudiced.

9.2 Defences to Copyright Infringement (Fair Use/Fair Dealing)

For both copyright and trade mark, there is a "fair use" exception that allows limited use of a copyrighted or trademarked material without the owner's consent. See **9.1 Defences to Trade Mark Infringement** for the discussion of trade mark parody and fair use.

Section 107 of the Copyright Act codifies "fair use", allowing certain uses of copyrighted material without permission. There are no uses that are per se "fair", but the Copyright Act expressly recognises that unauthorised use for purposes such as criticism, comment, news reporting, teaching, scholarship or research may qualify as fair. Determining fair use requires assessment of at least these non-exhaustive factors:

- Purpose and character of the use, including whether use is commercial or is for nonprofit educational purposes. In general, "transformative" uses are more likely "fair".
- Nature of the work, including whether the work is published or unpublished and whether it is more factual or more creative.
- Amount and substantiality of the portion used in relation to the work as a whole. In general, the larger the amount of the work or more qualitatively important, the less likely it will be fair.
- Effect of the use upon the potential market for or value of the work. If the use is likely to substitute for the copyrighted work or harm the market, this factor is likely to weigh against fair use.

Parody is "use of some elements of a prior author's composition to create a new one that, at least in part, comments on [and mimics] that author's work" (*Campbell v Acuff-Rose*, 510 U.S. 569, 580-81). Satire is the use of one copyrighted work to comment on something else. See *Warhol v Goldsmith*, 598 U.S. 508, 530-31 (2023) (distinguishing parody and satire). Parody and satire, like any other uses, are subject to the relevant fair use factors and judged case by case. See *Dr. Seuss v ComicMix*, 983 F.3d 443 (9th Cir. 2020).

9.3 Exhaustion

Trade Mark

The US generally applies the first sale doctrine to resale of items that bear a trade mark. Once an item bearing a mark is lawfully sold, the trade mark owner cannot restrict its resale and is immune from infringement liability. However, there are exceptions. For example, if a party resells an item that has been modified so that it is materially different, the doctrine does not apply. It also does not apply if the reseller holds itself out as related to the owner of the trade mark.

Copyright

The US applies the first sale doctrine to lawfully acquired, physical copies of copyrighted works. Under Section 109, once a copyright holder has

authorised the sale or distribution of a particular copy of a work, the owner of that particular sold copy is entitled, without the authority of the copyright owner, to resell or otherwise dispose of that physical copy.

10. Remedies

10.1 Injunctive Remedies

Trade mark and copyright owners can seek preliminary and permanent injunctive relief.

Permanent Injunction

A court can order an injunction to restrain violation of trade mark rights according to the principles of equity on terms it deems reasonable. To do so, the court must find that the trade mark owner has suffered or will suffer an irreparable injury, there are no other sufficient remedies available at law, monetary damages are inadequate to compensate for the injury, the balance of hardships between the plaintiff and defendant weighs in favour of the plaintiff, and the injunction would not harm the public interest. A plaintiff seeking any such injunction is entitled to a rebuttable presumption of irreparable harm. Such presumption may be rebutted by showing, for example, the plaintiff unreasonably delayed in seeking relief.

Preliminary Injunction and TRO

A court may order a preliminary injunction to immediately restrain an infringement where there is a likelihood of irreparable harm unless the injunction is issued pending trial. Courts consider the equities including the extent of the harm, the likelihood of ultimately prevailing at trial, and any public or private interests impacted by the injunction. A plaintiff seeking a preliminary injunction is entitled to a rebuttable presumption of irreparable harm if there is a finding of likelihood of success on the merits for the movant in the case of a motion for a preliminary injunction or temporary restraining order. A movant may have to post a bond to address potential harm suffered by defendant if the injunction is later found wrongful.

Temporary Restraining Order

A temporary restraining order (TRO) is a short-term injunction only available in limited "emergency" situations in order to preserve the status quo pending a preliminary injunction hearing. A high standard of proof is required to demonstrate why relief of a limited record is required. An ex parte injunction or seizure order is issued without notice to the alleged infringer on an emergency basis. They are only available in limited situations, such as counterfeiting cases, where, for example, there is concern that evidence will be destroyed if notice of the action is given before evidence is impounded and secured.

Destruction

Courts can also order that the infringing merchandise and materials used to manufacture the same are delivered up and destroyed. Where this relief is sought, the movant must give notice to the US Attorney's Office that seizure will not prejudice a criminal prosecution.

Asset Freeze Orders

Asset freeze orders may also be granted in injunction proceedings to prevent the dissipation of assets that could be used to satisfy a potential judgment.

Copyright

For copyright cases, the right to injunctive relief is similar to the rights in a trade mark case. However, the risk of irreparable harm is not presumed.

10.2 Monetary Remedies

Monetary remedies for trade mark infringement are "subject to principles of equity" and include:

- Actual damages: This includes the actual loss suffered by the trade mark or copyright owner due to infringement such as its lost profits. In cases of egregious conduct such as wilful infringement or counterfeiting, a court may enhance the award in its discretion up to three times actual damages.
- Profits: An infringer may be ordered to pay the profits it earned from the infringement. This is often calculated based on the sales attributed to the infringing activity minus the costs of goods sold. The plaintiff only needs to establish the gross sales, and the defendant has the burden of establishing its expenses. If the court finds that the recovery based on profits is inadequate or excessive, the court has discretion to award a sum it finds to be just.
- Costs of action
- Attorneys' fees: A prevailing party may recover attorneys' fees and litigation costs in an "exceptional case". The standard to recover attorneys' fees is sometimes lower under state law causes of action.
- In counterfeiting cases involving a registered mark, statutory damages, pre-judgment interest and other enhanced remedies are also available. See **7.9 Counterfeiting and Bootlegging**.

Monetary remedies for copyright infringement include:

- Actual damages: This includes the actual loss suffered by the copyright owner due to infringement. For copyright owners, this may include lost sales or licensing fees.
- Profits: An infringer may be ordered to pay the profits it earned from the infringement. This is often calculated based on the sales attributed to the infringing activity minus the cost of producing the goods.
- Statutory damages: A copyright owner may elect to recover statutory damages in lieu of actual damages and profits in an amount in the discretion of the court of not less than USD750 or more than USD30,000 per work infringed. For wilful infringement, a court may increase the statutory damages up to USD150,000.
- Costs of action
- Attorneys' fees: The prevailing party may recover attorneys' fees.

An award of statutory damages and/or attorneys' fees is unavailable where infringement of an unpublished work began before registration or where, in the case of a published work, infringement commenced after publication and before registration (unless registration was made within three months after publication).

Restrictions and Considerations to Damages

Awards for damages must be reasonable and just.

Courts avoid awarding damages that would result in double recovery – plaintiffs cannot claim both profits and actual damages for the same infringement.

10.3 Attorneys' Fees and Costs

See **10.2 Monetary Remedies**.

10.4 Ex Parte Relief

Trade mark and copyright owners can seek certain forms of relief without prior notice to the defendant, particularly in the context of seeking temporary or preliminary relief:

Ex parte applications: In some extenuating circumstances, trade mark and copyright owners may seek a court order (ex parte) without notifying the defendant in advance. This is typically done in urgent situations where providing notice could lead to harm, such as the destruction of evidence or continued infringement.

Even when relief is granted without notice, courts often require that the defendant be notified as soon as possible after the order is issued. This allows the defendant to respond and seek to dissolve or modify the order. See **7.9 Counterfeiting and Bootlegging** and **10.1 Injunctive Relief**.

10.5 Customs Seizures of Counterfeits or Parallel Imports

United States Customs and Border Protection (Customs) has the power to seize, forfeit and destroy merchandise seeking entry into the US if it bears an infringing trade mark or copyright that has been registered with the PTO or the USCO and recorded with Customs. Trade mark and copyright registrations can be recorded with Customs at iprr.cbp.gov/s/

There is limited customs protection for parallel imports in the US under the "Lever Rule" if there are material differences between the unauthorised "parallel" imported goods and the US goods sold under the same trade mark. See *Lever Brothers Co. v U.S.*, 981 F.2d 1330 (1993). To qualify, the trade mark registration must be owned, or jointly owned, by a US citizen and a special request must be made to Customs (1) stating the basis for this claim with particularity, (2) supporting the claim by competent evidence, and (3) providing Customs with summaries of the alleged physical and material differences that exist between the merchandise authorised for sale in the US and those intended for other markets.

11. Appeal

11.1 Appellate Procedure

Judicial decisions regarding trade mark or copyright infringement can be appealed. As with most federal civil cases, a party has the right to appeal any final judgment or order made by trial courts (district courts). Non-final orders can also be appealed in certain circumstances, but typically require leave of court.

To initiate an appeal, the appellant must file a Notice of Appeal with the court that issued the original decision. The deadline to do so is strict. A late filing cannot be cured except in very rare circumstances. Once the appeal is initiated, both parties will have an opportunity to file legal arguments and argue the case before the appeals court. Most appeals take more than a year or two to be heard and a decision rendered.

11.2 Timeframes for Appealing Trial Court Decisions

The Notice of Appeal must be filed within 30 days of the entry of judgment or order being appealed. This is a strict deadline.

12. Additional Considerations

12.1 Emerging Issues

AI continues to be a hot button issue. AI companies are currently subject to litigation from creators who claim that the AI was impermissibly trained on their works, and that the AI's outputs infringe on their works. These cases are making their way through the courts. In the realm of registration, the USCO has denied registration of materials that are completely AI-generated, as US copyright law requires that the creator be a human author. Copyright registrations may be granted to works partially generated by AI, but

which require human selection, editing and other creative inputs.

The US is still seeing how two recent Supreme Court decisions, *Warhol* and *Jack Daniel's*, impact fair use defences in copyright and trade mark law, including when it comes to AI. We are starting to see the impact of these cases in lower court decisions.

12.2 Trade Mark and Copyright Use on the Internet

The Digital Millennium Copyright Act (DMCA) created the notice-and-takedown system, which allows copyright owners to inform online service providers about infringing material. Section 512 of the DMCA shields online service providers from monetary liability and limits other forms of liability for infringement – referred to as safe harbours – in exchange for taking down infringing content after notice.

The Lanham Act creates a cause of action for cybersquatting which arises when a person uses (or "registers" or "traffics in"), in bad faith and with the intent to profit, a domain name that is identical or confusingly similar to a trade mark owned by another (1999 Anticybersquatting Consumer Protection Act, 15 USC § 1125(d)).

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