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Easier Pay Day Coming for Trademark Infringement Plaintiffs? Supreme Court to Decide Whether Willfulness Is Required for Disgorgement of Infringer Profits



In the 2020 Supreme Court term, trademark owners will get an answer to the long-disputed question of whether an infringer's profits can be disgorged without proof of willful infringement. On June 28, 2019, the Supreme Court granted certiorari in the case *Romag Fasteners Inc. v. Fossil Inc., et al.*, No. 18-1233, to consider a split in the circuits as to whether willfulness is required for an equitable disgorgement of profits in trademark infringement cases. In *Romag*, the Federal Circuit held that willfulness is required and affirmed the lower court's denial of a jury's advisory award of \$6.8 million in profits to the plaintiff.

The issue has evenly split federal circuit courts. The First, Second, Eighth, Ninth, Tenth, and D.C. Circuits require a finding of willfulness before an infringer's profits can be disgorged. The Third, Fourth, Fifth, Sixth, Seventh, and Eleventh Circuits do not require a finding of willful infringement before an infringer's profits can be awarded (although the First and Ninth Circuits only require such a showing when the parties are not direct competitors). According to these courts, willfulness is only one factor to be considered in fashioning an equitable remedy.

The Federal Circuit has yet to decide the issue, though in *Romag* it followed the Second Circuit's law since the appeal came from a court in that district.

The issue of whether willfulness is required has been a long-simmering issue in trademark law. However, the issue has received additional attention since Congress amended Section 35 of the Lanham Act as part of a 1999 amendment to the 1995 Federal Trade Dilution Act to provide that an accounting of profits is available for "a violation under section 1125(a) or (d) or this title, or a willful violation under section 1125(c) of this title..." (amended language in italics). Some circuits have interpreted this amendment as an implicit clarification by

Congress that willfulness is required only for trademark dilution claims and not trademark infringement claims. Other circuits have held that the amendment relates only to dilution claims and therefore was not intended by Congress to alter existing law as to the availability of profits on infringement claims. To these courts, if they had previously held that willfulness is required for a profits disgorgement in an infringement action, the amendment did not impact their prior holdings. A number of commentators, including Professor Thomas McCarthy, concur with this view.

The *Romag* case is a good example of when the issue of willfulness is important in a trademark case. Romag is a manufacturer of magnetic snap fasteners for use as closures in wallets, handbags, and other leather goods. In 2002, Fossil and Romag entered into an agreement to use Romag fasteners in Fossil's products. The relationship continued for several years, but in 2006, the number of Romag snaps Fossil ordered substantially decreased. In 2010, Romag discovered that certain Fossil handbags sold in the U.S. contained counterfeit snaps bearing the Romag mark. After bringing suit for both trademark and patent infringement against Fossil and retailers of Fossil products in the District of Connecticut, Romag won a seven-day jury trial in which the jury found that Fossil had acted with callous disregard, but not willfully, in infringing Romag's trademarks. The jury also found Fossil liable for patent infringement. The jury made an advisory award to Romag of over \$6.7 million in Fossil's profits on a deterrence theory and over \$90,000 in profits on a theory of unjust enrichment. After a two-day bench trial to address Fossil's equitable defenses, the district court rejected the jury's profits award because the jury did not find Fossil's infringement to be willful. The court awarded Romag only a permanent injunction and a small reasonable royalty damage award for the patent infringement.

Romag appealed to the Federal Circuit, which had jurisdiction because of the patent claims, and the Federal Circuit affirmed. Although the Federal Circuit itself had not previously ruled on whether willfulness is required to recover an infringer's profits, it followed the Second Circuit's precedent, which does require such a showing. Therefore, although Romag secured a win in the lawsuit, it has to date been unable to recover any material monetary award in the case. The Supreme Court will determine whether Romag can collect a profits award and resolve the long-running split in the circuits on the profits issue. The Court's decision could also control when profits can be awarded in false advertising cases brought under Lanham Act Section 1125(a)(1)(B). We will continue to follow and report on this case.

Is a Copyright Small Claims Court Coming?



The U.S. House of Representatives recently passed by a vote of 410–6 the Copyright Alternative in Small-Claims Enforcement (CASE) Act of 2019 (HR 2426). Bill co-sponsor Representative Doug Collins (R-GA) wrote of the need for the bill: “[O]ur copyright system fails small creators. The passage of the CASE Act addresses this failure because the bill would create an easier and more affordable way for small creators to address the theft of their work.” A 2013 study conducted by the U.S. Copyright Office concluded that federal court is “effectively inaccessible to copyright owners seeking redress for claims of relatively low economic value.” An identical version of the bill is currently pending in the Senate after easily passing the Senate Judiciary Committee in July 2019. The White House has not yet commented on the bill, but in light of the overwhelming support for the Act on both sides of the aisle, it seems likely President Trump will sign the legislation if it reaches his desk.

The CASE Act would create a Copyright Claims Board (CCB) housed within the Copyright Office to adjudicate claims with low economic value. To bring a claim, the copyright owner must have completed the application requirements for registration of the work, and a registration certificate must either have been issued or be pending. This requirement is different from the requirement for filing suit in federal court, decided by the U.S. Supreme Court earlier this year in *Fourth Estate Public Benefit Corp. v. Wall-Street.com*, which requires the issuance of a registration certificate before a suit can be filed. Although a registration would not be necessary to file an action with the CCB, the CASE Act provides that the CCB cannot render a final determination of infringement until a registration certificate has been issued for the work in question.

As with claims under the Copyright Act, a claimant would have to elect whether to recover actual damages and profits or statutory damages. Section 504(b) of the Copyright Act would govern actual damages and profits, while Section 504(c) would govern statutory damages, with the limitation that a claimant cannot recover more than \$15,000 in statutory damages per infringed work. A claimant who pursues one or more claims in any single proceeding may not seek or recover in that proceeding more than \$30,000. Additionally, parties would pay their own attorneys’ fees and costs, but the CCB would have the authority to award up to \$5,000 in fees and costs under limited circumstances, including if a party engages in bad-faith conduct in the proceedings.

Importantly, the Act’s small claims process is voluntary. Upon being served, a respondent has 60 days to opt out of the process, at which point the CCB will dismiss the claim without prejudice. The CCB can also enter default if a respondent fails to appear or ceases participation in the proceeding. If a respondent opts out, the claimant’s only recourse is to file its claim in federal court.

The CCB process is designed to be accessible and streamlined. Parties need not be represented by attorneys, and they can participate remotely. Discovery under the Act is limited to document requests, interrogatories, and requests for admission. The CCB can consider documentary and testimonial evidence (but limited to statements of the parties and non-expert witnesses), and it may permit expert-witness testimony for good cause. The CCB may hold hearings as necessary and would have authority to facilitate settlement discussions at the parties’ request.

Judicial review of CCB decisions is limited. If the CCB issues a final determination or makes a finding of default, the issues cannot be retried in a new case filed in federal district court. Parties may submit a reconsideration request to the CCB and, if denied, a second request for review to the Register of Copyrights. A party can appeal a final decision to a federal court but only under three circumstances: (1) the final determination was the result of fraud, corruption, misrepresentation, or other misconduct; (2) the CCB exceeded its authority; or (3) any default or failure to prosecute was due to excusable neglect.

Supporters of the Act include the Copyright Alliance, American Intellectual Property Law Association, American Bar Association, Authors Guild, Recording Academy, and Digital Media Licensing Association. Opponents, including the Re:Create Coalition, Public Knowledge, and the Electronic Frontier Foundation, argue that the process has a high potential for abuse, lacks accountability safeguards, fails to protect the average Internet user from abusive copyright litigation, and effectively transforms the Copyright Office into a copyright traffic court. One of the most vocal opponents of the CASE Act is the American Civil Liberties Union, which is concerned that an increased number of copyright claims due to the CCB process would cause a “chilling effect” on online speech. The ACLU also contends that legally-unsophisticated individuals could get drawn into the process and be unfairly pressured to settle. The ACLU proposes that Congress amend the bill to prescribe more meaningful access to judicial review, create an “opt-in” instead of “opt-out” system, and limit the available damages to \$10,000 or less.

Although the CASE Act would create a more streamlined and less expensive system to litigate copyright claims, the process would not offer defendants many of the protections available in federal court, including full discovery and use of expert witnesses, trial by jury, and appellate review. The expense of litigation can also serve as an inducement to copyright owners to settle claims reasonably. We therefore anticipate that, in many cases, defendants will benefit by opting out of a CCB claim.

U.S. Supreme Court Decides the USPTO Cannot Recover Attorneys' Fees in Appeals to District Courts



On December 11, 2019, the U.S. Supreme Court entered a unanimous decision in a patent case that also has important implications for trademark owners. The case, *Peter v. NantKwest Inc.*, involves the recent decision of the U.S. Patent and Trademark Office (USPTO) to reinterpret a provision in the Patent Act to allow the USPTO to recover the attorneys' fees it incurs in appeals of its decisions to federal district court whether the USPTO prevails on appeal or not. The statutory provision at issue is Section 145 of the Patent Act, which awards "all the expenses of the proceedings" to the USPTO but does not mention attorneys' fees. Although Section 145 has been on the books since 1839, the USPTO did not begin to interpret the statute to allow it to recover its fees on appeal to federal district court—win or lose—until 2013. The district court in *NantKwest* ruled against the USPTO on the issue, and the Federal Circuit affirmed in an en banc decision.

The issue has relevance for trademark owners because there is a similar provision in the Lanham Act (15 U.S.C. § 1071(b)(3)) that allows the USPTO to recover "all the expenses of the proceeding" in an ex parte appeal by a trademark applicant to a federal district court. The USPTO has recently taken the position that it is entitled to recover its fees, win or lose, in appeals in this situation as well. (Note that there is not a similar provision if an adverse decision of the USPTO is appealed to the Federal Circuit.) The only federal circuit court to have considered the issue in a trademark case is the Fourth Circuit in *Shammas v. Focarino*, which sided with the USPTO. The Federal Circuit in *NantKwest* expressly disagreed with the Fourth Circuit's decision, creating a split in the circuits that made the issue ripe for Supreme Court review.

The Supreme Court first held that the "American Rule," a general principle in U.S. law that parties are responsible for their own attorneys' fees, is applicable to Section 145, contrary to the government's argument. The Court then noted that it has only departed from the American Rule when Congress has provided a "specific and explicit" indication of its intent

to overcome the American Rule's presumption against fee shifting." The Court found that the reference to "expenses" in Section 145 did not provide "the kind of clarity we have required to deviate from the American Rule," and found that the term "expenses" has "long referred to a class of expenses commonly recovered in litigation to which attorney's fees did not traditionally belong." The Court thus found that Section 145's text does not overcome the American Rule's presumption against fee shifting and affirmed the Federal Circuit's denial of fees to the USPTO.

Appeals to federal district court can be beneficial to a trademark owner whose registration application has been denied by the Trademark Trial and Appeal Board (TTAB) of the USPTO for several reasons. Appeals to the Federal Circuit are considered on a closed record (meaning that the applicant cannot introduce new evidence), and the Federal Circuit reviews the TTAB's fact findings under a substantial evidence standard (meaning that the findings will be affirmed if they are supported by any substantial evidence in the record). In appeals to a federal district court, the applicant may make new arguments and introduce new evidence not introduced before the TTAB. If new evidence is introduced, the court enters its own findings of fact. District courts are also guided by the law of the circuit in which they sit, which could be more favorable to the applicant than the law of the Federal Circuit.

If the Supreme Court had sided with the USPTO, appeals to a federal district court would have been too expensive for most trademark owners other than in cases involving their most important marks, materially limiting appeal options for trademark owners. The Court's decision therefore leaves open this important appeal avenue. Moreover, because the Court found that Section 145 does not address attorneys' fees, the USPTO will not (absent extraordinary circumstances) be able to recover attorneys' fees even when it prevails on a trademark owner's appeal to district court.

Legislative Update: Senate Conducts Hearing on Fraudulent Trademark Filings



On December 3, 2019, the U.S. Senate Committee on the Judiciary's Subcommittee on Intellectual Property held a hearing, "Fraudulent Trademarks: How They Undermine the Trademark System and Harm American Consumers and Businesses." Fraudulent trademarks are marks that are registered by an entity without bona fide use of the mark and thus without a legal claim to the mark. The purpose of the registrations is often to harass businesses that are using the same or a similar mark in commerce. Subcommittee members listened to testimony on experiences with fraudulent trademarks, how they are negatively impacting businesses and consumers, and what policymakers can do to prevent this issue.

Witnesses included Barton Beebe, professor, New York University Law School; Douglas A. Rettew, partner, Finnegan, Henderson, Farabow, Garrett & Dunner LLP; Megan K. Bannigan, of counsel, Debevoise & Plimpton; Thomas Williams, lecturing fellow, Duke University Law School; and Stephen Lee, chief intellectual property counsel, Target Corporation.

Opening Remarks

Chairman Thom Tillis (R-NC) began his testimony by noting the surge in trademark filings from China and the threats the country presents to the United States, specifically pertaining to fraudulent trademark applications. He said the purpose of the hearing is to learn from experts about experiences with fraudulent trademarks, how they are negatively impacting businesses and consumers, and what policymakers can do to prevent this issue. Chairman Tillis noted this hearing will be just one in a series of discussions on the topic of fraudulent trademarks.

Ranking Member Chris Coons (D-DE) stated that trademarks and brands enhance the economy and protect the public from dangerous counterfeit products. He said that the U.S. Patent and Trademark Office (USPTO) register includes more than 2.5 million trademark registrations and suffers from clutter.

Witness Testimony

Barton Beebe noted that at its best, trademark law promotes fair competition allowing for low barriers to entry for small companies, which benefits consumers. However, research indicates that it is becoming more difficult for businesses to locate new trademarks that have not already been registered. He stated that this problem is particularly acute for small business and has been termed "trademark depletion." Beebe noted that this problem is accentuated by fraudulent trademark applications from China, which often submits fraudulent evidence of use via doctored photographs during the registration process. He said that this issue leads to "clutter" on the trademark register—"clutter" being the term used in trademark law to describe trademarks that are registered but not used in commerce. Beebe stated that to prevent these issues from continuing, he supports reforms such as expunging trademarks not used in commerce, specialization of trademark examiners, and requiring the USPTO to study and report annually on fraudulence in the trademark register.

Stephen Lee said that fraudulent trademark filers can effectively block Target's legitimate efforts to trademark its own brand products that it has developed. He stated that the USPTO has taken steps to address increases in fraudulent filing, but that more needs to be done, including modernization of the USPTO toolkit for reviewing fraudulent applications, providing the USPTO with flexibility to set response timelines, and allowing third parties to object and offer evidence on pending applications.

Megan Bannigan noted that allowing fraudulent or invalid trademarks to remain on the register can stifle innovation. She stated that litigation efforts to prove fraud and cancel a trademark from the register is very difficult. Bannigan noted, however, that lowering the barrier to removing fraudulent trademarks prevents serious risks, such as the potential to cancel marks based on innocent mistakes. She said that a frequent problem is when applicants claim that the trademark is being used on more goods and services than it is used on, known as "deadwood." She said a balanced approach to distinguishing intentional fraud and innocent mistakes is needed, including requiring applicants to submit specimens of use for all goods and services, requiring applicants to be represented by U.S. counsel, and implementing a more streamlined process to canceling a mark and preventing deadwood.

Thomas Williams said reducing costs to trademark protections for small businesses is critical due to the important role those businesses play in the development and success of the U.S. economy. He stated that the clients advised by the Duke Start-Up Ventures Clinic incur significant costs when having to rebrand so that they do not infringe on the intellectual property rights of other trademark holders. Williams said that providing a means of challenging existing fraudulent or inactive trademarks would provide critical aid to small and emerging companies. He said that a fair ex parte system, which would supersede the interests of predecessors that are no longer actively using marks, would be incredibly helpful in creating a less burdensome playing field for small businesses in the U.S. Williams also stated that implementing some form of anonymity when challenging trademarks would help prevent unwarranted backlash against small business owners.

Douglas Rettew argued that a rebuttable presumption of irreparable harm for Lanham Act violations should be added to the Act because it is appropriate, needed to protect consumers from infringement, and would provide clarity for courts and litigants on the issue.

Question & Answer

Responding to a question from Chairman Chuck Grassley (R-IA), Beebe said that China's widespread trademark fraud is being driven by efforts from municipal governments that hope to engage in this conduct to receive support from their central government. He also noted that economic warfare plays a role. Grassley asked if the USPTO is doing enough to address the issue and if not, then what can be done. Beebe noted that the organization is doing well, but needs to do more to prevent these issues, including specialization of trademark examiners and expungement and ex parte examination. Beebe referenced a rule implemented by the USPTO in October 2019 requiring foreign applicants to use U.S. local counsel. He said this reform has contributed to a decline in fraudulent trademark applications, though it remains an issue that needs to be addressed. Williams said that for small businesses specifically, it is difficult to determine which trademarks are actually fraudulent and how to conduct investigations to determine an answer.

Ranking Member Chris Coons (D-DE) asked what the cost and time is for filing a trademark application and successful post-grant challenge. Williams said that the cost to file is \$275 and requires standard front-end work, but that the cost for a challenge can be very high. Bannigan said that while she does not have a specific number for a challenge, it can cost in the hundreds of thousands of dollars. Beebe said that the cost for a challenge can be anywhere from \$150,000 to \$500,000 and that the burden is often too much for small businesses and can stifle innovation. Lee said that for Target, the biggest impact is in the time lost in developing and researching a new brand, which can cost millions of dollars.

Coons asked about codifying a rebuttable presumption of irreparable harm and litigation seeking injunctive relief as a possible legislative solution. Rettew said that presumption would be helpful when someone was submitting an infringement action in federal district court to stop the use of a mark, but not necessarily a remedy to the fraud component within the USPTO. Coons also asked for comments on a proposal to give the USPTO director the authority to reexamine registered trademarks and then have expungement proceedings, and whether or not that would be a sufficient solution. Lee said there is concern about language on expungement in the current draft that includes a clause that could create a loophole for bad actors to extend the timeline to prove actual use in commerce. Bannigan said that she agrees expungement is a great start, though this process relies on third parties and is not the perfect solution.

Tillis asked Bannigan how to strike a proper balance between protecting trademarks and clearing the register. Bannigan said that clearing out deadwood within the register is important. She also said one potential solution would be to require applicants to submit proof of use for all goods, though that can be burdensome. Tillis asked the panelists to provide feedback on the proposed legislation in the House. Rettew said he thinks the legislation on irreparable harm is very good, not only because it calls for the presumption of irreparable harm but also because it makes the presumption rebuttal.

Senator Richard Blumenthal (D-CT) asked if platforms such as Amazon are taking insufficient steps to police their sites against fraudulent and counterfeit goods. Rettew stated that these retailers can be scammed during the process and that it is a difficult issue because these platforms do not want to be the arbiter in determining whether or not these products are

counterfeit. He said that it is an ongoing process. Rettew noted that lawsuits could be helpful, but again, this is a complex problem and due to the scope of goods sold on these platforms, can be difficult to track.

Coons asked the panelists if there were any solutions not currently in draft legislation that should be recommended and timely to assist the USPTO with clearing the registry. Lee stated that both he and Beebe suggested creating a specialized review team within the USPTO that could review trademark applications to locate clear signs of misconduct or fraud.

So What's the Big Deal About Using the Registered "R" Symbol (®)?*



Most trademark owners know that the "Circle R" symbol is used to denote to consumers and future trademark applicants that a mark is registered with the U.S. Patent and Trademark Office (USPTO). Nevertheless, we frequently encounter a belief among some legal and marketing professionals that use of the symbol is a good idea but not truly necessary. Although it is true that use of the symbol is not required, it would be a mistake to believe there are not important statutory benefits that accompany its use.

The symbol serves as notice to the public of the registration and ownership of the mark by the trademark owner and can thus be evidence of knowing and willful infringement by an infringer (which can help open a path to a disgorgement of profits). Perhaps more importantly, failure to use the symbol will result in a forfeiture of the right to recover damages and profits for infringement of the registered mark under Section 32(1) of the Lanham Act unless the trademark owner can prove the defendant had actual knowledge the mark was registered. That is often a high burden. Damages and profits may still be available on an infringement claim brought pursuant to Section 43(a) of the Act (which does not depend on the mark being registered), but statutory damages may not be available in counterfeiting cases if the Circle R symbol is not used because registration is a statutory requirement for counterfeiting claims. Notably, statutory damages for counterfeiting can reach up to \$2 million per mark infringed.

We are often asked whether the registration symbol needs to be used every time the mark is used. The answer is no; it only needs to be used prominently in the materials in which the mark is used, preferably with the first use of the mark. Nevertheless, it is a good idea to use the symbol every time the mark is used because it will better support a claim that any infringement of the mark is knowing and willful.

What can you do before you have a registration? Use the common-law trademark symbol "TM" where the Circle R would appear next to your mark for goods, and use "SM" for service marks. Although there is no specific legal significance to the use of these symbols, the symbols will communicate to the public your claim of rights in the marks. Use of the symbols may therefore dissuade third parties from adopting the same or confusingly similar marks, particularly if your mark is descriptive (such as a surname or geographically descriptive mark).

In sum, use of the Circle R symbol is not just good trademark hygiene, it can open important benefits to your business if your mark is infringed. In other words, use it or lose it.

**The firm would like to thank Taylor Lin, a law student at Georgia State University, for her assistance with this article.*

The First Amendment Wins Again: Supreme Court Holds "Immoral" and "Scandalous" Trademarks Are Registrable



The U.S. Supreme Court has confirmed that trademarks will no longer be refused registration on the basis that they constitute "immoral or scandalous" matter. In a 6-3 majority opinion written by Justice Kagan, the Supreme Court held that the bar against such federal registrations violates the First Amendment.

The case originated with a trademark application filed in 2011 for the mark FUCTION, covering various clothing goods. In 2012, the U.S. Patent and Trademark Office (USPTO) refused to register the trademark based on Section 2(a) of the Lanham Act, 15 U.S.C. § 1052(a), which, since its enactment in 1946, has prohibited the federal registration of a trademark that "[c]onsists of or comprises immoral ... or scandalous matter."

The trademark owner, Erik Brunetti, appealed to the Trademark Trial and Appeal Board (TTAB), which affirmed the refusal. Brunetti then appealed to the Federal Circuit, which reversed, holding that refusing registration to Brunetti would unfairly deprive him of his right to free speech. The Supreme Court granted certiorari on January 4, 2019.

Decision

In a decision issued on June 24, 2019, the Supreme Court affirmed the Federal Circuit's ruling. All nine Justices agreed that the "immoral" portion of Section 2(a) violates the First Amendment because it "disfavors certain ideas." However, three Justices disagreed with the majority about the "scandalous" portion of the provision.

The government argued that the provision is viewpoint neutral and looks not to the message itself but to the *means* of conveying the message. The majority disagreed. Because the government allows registration of marks “aligned with conventional moral standards” and refuses registration of those “hostile to them,” the Court held that the provision is viewpoint based. Looking to the dictionary definitions of “immoral” and “scandalous,” the majority concluded that “the Lanham Act permits registration of marks that champion society’s sense of rectitude and morality, but not marks that denigrate those concepts.” Noting that the Trademark Office treats “immoral or scandalous” as a unitary term, the majority found no reason to distinguish between the two words in the phrase.

The government also argued that the Court should take a narrow view of Section 2(a) and allow it to stand with regard to obscene, vulgar, or profane marks. The majority declined to rewrite the law in that manner, writing that the statute’s language does not support such an interpretation.

Concurring and Dissenting Opinions

Justice Alito wrote a concurring opinion stressing the importance of free speech, noting that “[v]iewpoint discrimination is poison to a free society,” yet suggesting that Congress could adopt its own more carefully focused statute to preclude registration of vulgar terms “that play no real part in the expression of ideas.” He further suggested that “[t]he particular mark in question in this case could be denied registration under such a statute.”

Chief Justice Roberts and Justice Breyer filed opinions concurring in part and dissenting in part, arguing that although the “immoral” portion of the statute could not be saved, the “scandalous” wording could be read more narrowly to avoid the First Amendment issue, focusing simply on marks that are “obscene, vulgar, or profane.”

Justice Sotomayor also filed an opinion concurring in part and dissenting in part, which Justice Breyer joined. Justice Sotomayor argued that, given the unique and highly regulated area of trademark law, the “scandalous” portion of the statute did not offend First Amendment rights since it could be read to simply prohibit the registration of marks using a scandalous mode of expression without making a viewpoint judgment. Justice Breyer wrote that “the trademark statute does not clearly fit within any of the existing outcome-determinative categories,” but the interests of the First Amendment would not be harmed by upholding the “scandalous” portion of the statute. Justice Sotomayor concluded that trademark registration should be treated as either a limited public forum or a government program, both of which allow restrictions on free speech when the government has a reasonable interest in restricting such speech.

Implications

The Court’s decision may result in an increase in the number of applications for marks that may have previously been refused based on the immoral or scandalous bar. Congress may also heed the concurring Justices’ call to amend Section 2(a) of the Lanham Act to include a narrower basis for refusal of obscene, vulgar, or profane marks.



AROUND THE WORLD



Brazil Joins the Madrid Protocol, Making Trademark Filings There Easier and Cheaper

On July 2, 2019, the World Intellectual Property Organization (WIPO) received Brazil’s accession document to the Madrid Protocol. The Protocol entered into force in Brazil on October 2, 2019, making Brazil the 106th Madrid Protocol member.

Brazil’s entry to the Protocol is good news for U.S. brand owners seeking to register trademarks in Brazil because it means that Brazil can be designated as part of an international registration through WIPO based on a U.S. registration or application, which can provide a more streamlined and cost-efficient option in some cases. International registrations through WIPO can also be renewed through one central payment through WIPO. Direct filing in Brazil will remain available and may be advisable in cases where brand owners would like to cover a different or expanded listing of goods or services from its home country registration if there are concerns about the viability of a brand’s trademark rights in the home country or if there are concerns that the home country registration could be assigned in the future to a non-Madrid country.



The New Canadian Trademark Renewal System

The Canadian Intellectual Property Office (CIPO) moved to a per-class fee structure for trademark renewals effective June 17, 2019. The renewal fee is slightly higher under the new structure: US\$320 for the first class and US\$100 for each additional class.

Canada officially began implementing Nice classification on June 17, 2019. An owner can still renew an unclassified registration as of June 17, 2019, upon payment of the one class fee, but payment of additional government fees for all classes that CIPO considers covered by the registration will be required, and the owner will be required to classify the registration within a short timeframe.

Effective June 17, 2019, the renewal term of a registration is 10 years (as opposed to 15 years under the prior structure), regardless of when the registration is renewed, and an owner can only renew a registration six months before a renewal deadline to six months after a renewal deadline. Previously, there was no limitation to when an owner could renew.

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