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6 KEY TAKEAWAYS

Cross-Jurisdictional Nonuse Actions

Kilpatrick partners **Crystal Genteman** and **Wendy Cheng** recently presented **"Big Little Fires Everywhere: Cross-Jurisdictional Nonuse Actions to Clear Deadwood"** at the firm's annual **2024 Advanced Trademark Law Seminar** in New York.

Key takeaways from their presentation include:

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Nonuse cancellations are increasing in China for several reasons, including:

- On average, nonuse cancellation actions have higher chances of success than oppositions and/or invalidation actions.
- Chinese examiners have started applying a stricter examination standard in reviewing use evidence, making it harder for registrants to defend nonuse cancellations.
- Chinese examiners frequently issue similarity refusals (often citing numerous marks) to applications; applicants are increasingly using nonuse cancellations to clear cited

Key Aspects of nonuse proceedings in China:

- Nonuse cancellation actions can be filed three years after the registration date.
- A use investigation report is not required prior to filing nonuse cancellation actions.

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Elements of a Successful Nonuse Ex Parte proceeding in the US: In addition to the $400 filing fee per class challenged, a petition must include an index of evidence and a sworn description of the investigation undertaken by the petitioner. If the petitioner submits enough evidence to make out a prima facie case of nonuse, the examiner will issue an office action against the registration.

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Nonuse Actions in the U.S. Have Largely Been Successful in Clearing Dead Wood from the Registry:

- In the three years since ex parte nonuse actions became available in the U.S., the majority (roughly 80%) of petitioners have successfully established a prima facie case of nonuse.
- Most of the time (around 80%), registrants fail to respond to office actions issued in response to nonuse actions.
- Over 450 cancellations (either full or partial) have issued as a result of nonuse actions.

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In both China and the U.S., ex parte nonuse actions typically are a quick and inexpensive way to clear problematic references and can be a negotiating tool to encourage settlement/consents:

- There is no discovery, and an initial ruling is typically issued within 5-8 months and fees are minimal.
- However, petitioners should be aware that there is no discovery and there is some risk of a retaliatory filing by a registrant in response to a nonuse challenge.

China is considering new use obligations: On 13 January 2023, the China National Intellectual Property Administration (CNIPA) released draft amendments to the China Trademark Law. Although these amendments are still being discussed and have not yet approved, we expect China will impose new use requirements, similar to U.S. use requirements.

- For example, China is proposing that new applications will have to be filed by someone who has either "used" or "had an intention to use" the trademark.
- China is also proposing a requirement that a trademark registrant must submit a use report or justifiable reasons for nonuse within 12 months after every five-year period from the date of approval of the registration.

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