

Trademark Cancellation Proceeding Business Considerations

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A successful trademark petition to cancel (“cancellation”) results in the defendant trademark registration being cancelled. A hard fought trademark (tm) cancellation will take about two years, and cost each party to the cancellation tens of thousands of dollars. Accordingly, it pays at the outset to determine from available facts and relevant law, a likelihood of success and costs to proceed in order to make a rational business decision. Each case has its own facts which means guidance on likelihood of success requires retaining and consulting with counsel. However, the procedure, time line, and applicable costs, after the cancellation commences, are generally predictable. I summarize the time line and costs at each stage in the remainder of this article.

In contrast to a trademark opposition, which occurs prior to the registration of a trademark, the petitioner in a cancellation proceeding has to show that the registration is invalid. Generally speaking, within five years from the date of registration, a petitioner may file based on any ground that would have prevented the mark from registering. After the five-year deadline, there are causes of action, such as allegations of fraud or constructive abandonment, which may be raised at any time.

The first period of time comprises initiation of the action. During this period, the petitioner files a petition to cancel and the defendant has 40 days to file an answer to the allegations in the petition. Preparing and filing an answer generally requires 2-4 hours of attorney time. The next Trademark Trial and Appeal Board (TTAB) requirement is a discovery teleconference between the parties, scheduled for 30 days after the answer is due. During this call, the attorneys discuss procedural matters and are required to discuss potential points of settlement. The preparation and teleconference generally require 1-2 hours of attorney time. The total attorney time for the first period is in the range of 4 to 8 hours.

The second period of time comprises the discovery phase, which opens after a party files its initial disclosures, which generally occurs following the discovery conference. Discovery is similar to discovery in a trial governed by the Federal Rules of

Civil Procedure; its purpose is to collect evidence and to clarify the issues for settlement and trial. Each party may serve several rounds of discovery during the course of a cancellation. Preparing each of a series of discovery requests, which may include interrogatories, requests for production of documents, and requests for admissions, can take roughly 2-4 hours of attorney time. Responding to a series of discovery requests can take roughly 2-7 hours of attorney time and requires input from the party on factual matters. To obtain highly detailed testimony, a discovery deposition may be taken. A discovery deposition of a party (or non party) must be noticed during the discovery period and the associated attorney time for preparation, travel, and conducting or defending the deposition can require several days of attorney time. The total attorney time for the second period is in the range of 10 to 20 hours, not counting any discovery depositions.

The third period of time comprises the presentation of evidence and submission of trial briefs. The petitioner's pretrial disclosures are originally scheduled for 10 months after the petition to cancel, with the petitioner's trial period ending roughly 45 days thereafter. However, a hard-fought cancellation will often push back the start of the petitioner's pretrial disclosures deadline another 6-12 months. Evidence is often introduced via deposition testimony, which can be as costly as a discovery deposition. Finally, a trial brief can necessitate 40 or more hours of attorney time.

Negotiations culminating in a written settlement agreement, which will result in termination of the cancellation, may take a couple days of attorney time. This typically occurs over the course of a few months overlapping the time periods noted above.

My attorney time estimates presented cover items generally controlled by the attorney. However, they do not cover issues outside the control of the attorney, such as communication to and from both the client and opposing counsel, preparation of motions that are required in response to actions by the opponent, and merits hearings.

In addition, the presented time estimates can vary, particularly in view of extensions requested by either party, the time that the proceeding is suspended for settlement negotiations (which may be done at any time if both sides consent) and for the interlocutory attorney to decide motions, and the amount of time it take the three judge panel of the TTAB to issue a decision. Based upon my experience, therefore, petitions to

cancel that are simple and not hard fought require in the range of 3 to 10 attorney hours and hard fought petitions to cancel may require in the range of 40 to 85 hours of attorney time over a two year period, plus any time and costs associated with depositions.

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