



December 2021



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The December 2021 issue of Sterne Kessler's Markt to Market® newsletter discusses new enforcement tools courtesy of the Trademark Modernization Act; Pfizer's acquisition of Arena Pharmaceuticals; the latest developments in Canopy Growth's patent infringement suit against GW Pharmaceuticals; and the open gTLD Sunrise period.

This year, Sterne Kessler's Trademark & Brand Protection team continued its support of [Stockings from Karen](#), an organization that provides toiletries and gifts for teenage girls in foster care in the Washington, D.C. area.

We wish you and your families a safe and happy holiday season! We look forward to continuing to bring you timely updates and analysis of critical trademark and brand protection matters in the new year.

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Sterne Kessler's [Trademark & Brand Protection practice](#) is designed to help meet the intellectual property needs of companies interested in developing and maintaining strong brands around the world. For more information, please contact

**Editor & Author:**



**Monica Riva Talley**  
Director  
[mtalley@sternekessler.com](mailto:mtalley@sternekessler.com)

**Author:**



**Lauriel F. Dalier**  
Counsel  
[ldalier@sternekessler.com](mailto:ldalier@sternekessler.com)

**Author:**



**Dana N. Justus**  
Counsel  
[djustus@sternekessler.com](mailto:djustus@sternekessler.com)

**Author:**



**Deborah Sterling, Ph.D.**  
Director  
[dsterling@sternekessler.com](mailto:dsterling@sternekessler.com)

**Author:**



**Pauline M. Pelletier**  
Director  
[ppelletier@sternekessler.com](mailto:ppelletier@sternekessler.com)

## **THOROUGHLY MODERN! THE TRADEMARK MODERNIZATION ACT OFFERS NEW TOOLS FOR TRADEMARK OWNERS**

By: [Lauriel F. Dalier](#) and [Dana N. Justus](#)

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By: [Deborah Sterling, Ph.D.](#)

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The USPTO will start accepting petitions requesting expungement or reexamination on or after December 27, 2021 – so which one may be the right course for your enforcement strategy?

Expungement petitions are appropriate when you believe that a registered mark has never been used in commerce with some or all of the goods/services covered by a federal registration. For the next two years (i.e., until December 27, 2023), an expungement petition can be filed against any registration that is at least three years old; after that date, the proceeding is only available against registrations between three and ten years old.

Reexamination petitions are aimed at registrations for which the mark was not in use at the application filing date (for a use-based application) or the Amendment to Allege Use filing date/Statement of Use expiration date (for an intent-to-use application). A reexamination petition may only be filed within the first five years after registration.

Both of these enforcement tools are available to any person or company, and may be requested anonymously unless otherwise required by the Director. As with federal trademark applications, potential petitioners domiciled outside of the U.S. must file these petitions through U.S. licensed counsel.

These petitions may be filed online through the USPTO's Trademark Electronic Application System (TEAS), and must include all of the following requirements:

1. A verified statement that the petitioner conducted a "reasonable investigation" into whether the trademark had been used in commerce with the applicable goods/services, including a concise factual statement detailing the basis for the petition;
2. Evidence supporting a prima facie case of nonuse in commerce ("a reasonable

predicate"), and

3. A fee of \$400 per class of goods/services challenged.

The USPTO will email the registrant or its attorney a copy of the petition (if an email address is on file), and all correspondence related to the petition will be visible in the Trademark Status and Document Retrieval (TSDR) system.

Once the USPTO institutes an expungement or reexamination proceeding, an Examining Attorney will issue an Office Action requiring a response – within three months – with evidence of use and/or excusable non-use (for expungement proceedings involving registrations with underlying §44(e) or §66(a) applications). The registrant may also request a one-month extension of time to respond with the payment of \$125.

If the registrant does not respond, the USPTO will terminate the proceeding and cancel the registration in whole or in part, as requested – but if the registrant does respond, the USPTO will consider the potential use/non-use evidence and issue a decision.

Of note, as part of its efforts to clear the federal register of unused marks, the USPTO Director may also request and initiate expungement and reexamination proceedings on its own if a prima facie case of nonuse is established.

Here are some important considerations to keep in mind for these new tools:

- **Hire an experienced trademark lawyer**: For both potential petitioners who may wish to request expungement or reexamination, and registrants seeking to defend against such a proceeding, it is important to consider hiring a trademark attorney/firm to: (1) investigate the potential claims of nonuse and build the necessary record of evidence; and (2) protect the petitioner's identity (unless specifically required by the USPTO), avoiding potential negative publicity and retribution.
- **Conduct clearance searches prior to filing an application**: This is always advisable and, as these new expungement and reexamination tools could remove the blocking registration(s), a clearance search may alert brand owners about an identical/similar mark that registered without use in commerce.
- **Brand owners in the cannabis and CBD industries have new opportunities to clear the register for their brands in the future**: For brand owners who have not been able to register their marks because of the federal legal framework around cannabis products and CBD-ingredient consumables, reexamination proceedings could be useful for removing recently registered marks for goods/services that were registered based on a fraudulent statement or are for goods that may not be lawfully used in commerce.
- **Brand owners must archive their use of their marks**: In addition to being prepared to institute enforcement actions if merited, brand owners must now (more than ever) be prepared to *respond* to such a proceeding, if one is initiated against your registration. Thus, as always, we recommend that brand owners take care to maintain: (1) examples of use of marks on all relevant goods/services covered by your registrations, including different photographs, brochures, and relevant materials showing use for the same goods/services; (2) documentation, photographs, and screenshots of updated uses, e.g., an updated website; and (3) information regarding the discontinuation of use of marks on particular goods/services – this is particularly critical at the time of filing a Declaration of Continued Use on its own or with a Renewal Application.

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Hot on the heels of acquiring immuno-oncology company Trillium Therapeutics for about \$2.22 billion last month, Pfizer was quickly seeking additional promising drug candidates to complement its development pipeline.

This month, it inked a \$6.7 billion all-cash deal with Arena Pharmaceuticals. While the boards of directors of both Pfizer and Arena have unanimously approved the transaction, it still must be cleared by regulators and Arena stockholders – who are surely happy with the immediate 80% gain in Arena share value. The deal is expected to close in the first half of 2022.

Arena is known primarily for its etrasimod, an oral therapy for immuno-inflammatory diseases, including ulcerative colitis and Crohn's disease. But it is also known for its dedicated cannabinoid research and development arm. And notably, the acquisition includes Arena's investigational drug Olorinab, an oral, full agonist of the cannabinoid type 2 (CB2) receptor, formulated to treat visceral pain associated with gastrointestinal disorders. Its selectivity for CB2 versus CB1 makes it promising for pain relief without psychoactive effects.

This means that Pfizer is now entering the cannabis space. And it is not the first major pharmaceutical company to do so. In early 2021, Jazz Pharmaceuticals acquired GW Pharmaceuticals and its FDA-approved cannabinoid therapy Epidiolex, a treatment for children with severe seizures. Tilray made a medical cannabis distribution arrangement with drug giant Novartis AG in 2018. And in 2017, Johnson & Johnson brought Avicanna on board.

As cannabis products show more promise for viable therapies for debilitating conditions, more large pharmaceutical companies are likely to follow in Pfizer's footsteps. For those cannabis companies seeking their very own billion-dollar cash deal, a strong patent portfolio, well-aligned with the assets that bring the most value to the business, is essential. It not only provides confidence in a secure market presence that minimizes competition, but can also provide freedom to operate comfort, both of which are big factors in the total company valuation.

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In this patent infringement suit, filed by Canopy Growth one year ago on December 20, 2020, Judge Albright conducted a *Markman* hearing on October 9, 2021, and issued a claim construction order on November 27, 2021. According to the claim construction order, only one term was disputed, namely, the meaning of “CO<sub>2</sub> in liquified form under subcritical pressure and temperature conditions.” According to the order, GW contended that “subcritical pressure and temperature conditions” means that “both” the pressure and temperature need to be below the critical pressure and critical temperature, respectively, whereas Canopy Growth contended that “subcritical” simply means “not supercritical.” In a decision considering each party’s arguments regarding the intrinsic and extrinsic evidence in turn, Judge Albright ultimately adopted a form of GW’s proposed construction: the plain-and-ordinary meaning wherein the plain-and-ordinary meaning is “CO<sub>2</sub> in liquified form under both subcritical pressure and temperature conditions.”

Judge Albright’s claim construction order emphasizes that “while the Court essentially adopts Defendants’ proposed construction, the Court does not do so based on lexicography or a finding of a prosecution disclaimer,” noting “the Court bases its decision on the plain language of the claims and the specification, and to a lesser degree, the prosecution history.” The order explains that “because the extrinsic evidence is not directed to claim term at issue, it does not outweigh the intrinsic evidence.” That the subject matter of the patent relates to extraction of cannabinoids, including THC, did not feature substantively or specifically in the analysis.

We will continue to monitor this case for further developments, as it represents an example of cannabis patent litigation between two important industry players, including a leader in cannabinoid therapeutics, and is unfolding in a popular and fast-moving venue.

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As of December 22, 2021, ICANN lists a new Sunrise period as open for the following new gTLD that may be of interest to our clients. A full list can be viewed [here](#).

### **.day**

ICANN maintains an up-to-date list of all open Sunrise periods [here](#). This list also provides the closing date of the Sunrise period. We will endeavor to provide information regarding new gTLD launches via this monthly newsletter, but please refer to the list on ICANN's website for the most up-to-date information – as the list of approved/launched domains can change daily.

Because new gTLD options will be coming on the market over the next year, brand owners should review the list of new gTLDs (a full list can be found [here](#)) to identify those that are of interest.

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