As Tariffs Rise, Cos. Can Address Trademark Non-Use Risks

By **Heather Dunn and Lawrence Myung** (April 28, 2025)

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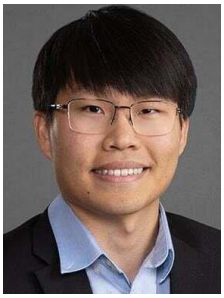

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Rising geopolitical tensions in the form of tariffs and sanctions are a topic of increasing concern for many companies. As governments pursue assertive trade and foreign policy agendas, a likely result is that many companies may temporarily be unable to sell their goods and services in the U.S.

A downstream effect is the potential impact on a company's trademark portfolio. If a period of trademark non-use in the U.S. becomes extended, this creates a risk that the trademark rights could be lost.

Third parties can challenge a company's marks based on non-use, arguing that the company's mark has been abandoned because it is no longer used and, thus, is unenforceable and should be canceled. Companies may also have difficulty renewing or maintaining their trademark registrations for marks not being used in commerce.

However, there are strategies to minimize this risk and protect a company's trademark portfolio. This article provides guidance on how companies can navigate these challenges and maintain a strong trademark portfolio in the U.S. market.

Cancellation Challenges

Trademark rights and registrations can be challenged based on a claim of abandonment through non-use, and third parties can seek to cancel a registered mark before the Trademark Trial and Appeal Board. Three years of non-use creates a presumption of abandonment.

But challenges can often be overcome by showing that there was no intention to abandon the mark, generally with demonstrable evidence concerning the circumstances of the non-use, the reasonableness of the period of non-use, and plans to resume use.

A 2019 decision by the TTAB illustrates how a company can overcome a challenge based on non-use due to tariffs. In Double Coin Holdings Ltd. v. Tru Development, the TTAB found in a precedential decision that a trademark had not been abandoned despite Double Coin Holdings ceasing to use the mark in the U.S. due to American tariffs.[1]

In 2015, an 88% tariff was imposed on the mark owner's tires, which were imported from China. Double Coin Holdings publicly announced its intention to halt tire shipments to the U.S., in view of the tariffs.

The company followed through after this announcement, ceasing importation when the tariff was put in place, and eventually ran out of U.S. inventory. This led to a period of 2 1/2 years of the mark not being used in commerce.

Eventually, another company, Tru Development, sought to cancel this trademark, claiming

Double Coin Holdings had abandoned the mark. However, the TTAB found that this mark had not been abandoned, pointing largely to the following evidence:

- Double Coin Holdings' website remained accessible and unchanged, displaying images of the trademarked goods;
- Double Coin Holdings developed a plan to produce tires outside of China in Thailand, building a factory in 2017 in order to sell to the U.S., and resumed importing tires to the U.S. in 2018; and
- Double Coin Holdings' expert explained industry customs and practice regarding products manufactured in China for shipment and sale in the U.S., including a trend of relocating manufacturing to countries outside China to avoid tariffs.

The TTAB found that this was sufficient evidence that Double Coin Holdings had never intended to abandon their trademark, and always had concrete plans to resume using the mark in the U.S. Therefore, the TTAB found that the mark was not abandoned, and upheld the registration.

Many companies face a similar situation: Their current manufacturing infrastructure subjects them to American tariffs, which makes selling products in the U.S. market infeasible. These companies still have every intention to continue to access the U.S. market, but they need time to adjust and accommodate for tariff changes.

After all, it can take years to plan and build another factory, or build out an alternative logistical network. In the meantime, it might not be economically feasible to continue to use their mark in commerce in the U.S.

Moreover, rapidly changing tariff policies mean that companies might want to wait to see how the situation matures and develops before making drastic changes in their supply network. Thus, it is imperative that companies show they have not abandoned their marks, by having concrete plans and an intention to continue to use their marks in the U.S.

Maintaining Registration

The U.S. Patent and Trademark Office generally requires a trademark be in use in commerce in the U.S. to maintain its registration after the first five years, and upon every 10-year renewal. A trademark owner typically files "use in commerce" declarations and evidence of use in commerce of a registered mark at these intervals in order to maintain a trademark registration.

Alternatively, when maintaining a registration under Title 15 of the U.S. Code, Section 1058(b)(1), a trademark owner can also seek to excuse non-use by filing:

> an affidavit setting forth those goods or services recited in the registration on or in connection with which the mark is not in use in commerce and showing that any such non-use is due to special circumstances which excuse such non-use and is not due to any intention to abandon the mark.[2]

Similarly, a trademark holder owning a U.S. registration obtained through the World Intellectual Property Organization under the Madrid Protocol can file a Section 71 declaration to maintain their registered mark, even if it is not in use in commerce, if it

"include[s] a showing that any non-use is due to special circumstances which excuse such non-use and is not due to any intention to abandon the mark."[3]

For acceptable non-use, a company must show that there are: (1) circumstances beyond its control, and (2) intent to continue using the mark.

In fact, the USPTO provides guidance relating to embargoes as excusable non-use of a trademark. The Trademark Manual of Examining Procedure provides that non-use "may be considered excusable where the owner of the registration is willing and able to continue use of the mark in commerce but is unable to do so due to a trade embargo."[4]

However, the manual also provides guidance that business decisions and decreased demand are not excusable non-use. It is unclear if tariffs that increase the price of goods, but are not wholesale bars to a good's sale, would be sufficient to support an excusable non-use claim.

Recent cases and government action emphasize how excusable non-use requires circumstances beyond the company's control — which is complicated by rhetoric that accuses foreign countries of exploiting the U.S. market, and encourages a shift in manufacturing to the U.S.

In ARSA Distributing Inc. v. Salud Natural Mexicana SA de CV, the U.S. District Court for the Eastern District of Virginia found in 2024 that non-use was not excusable.[5] Salud Natural Mexicana was prohibited from selling its goods in the U.S. because it was sanctioned by the U.S. Department of the Treasury, since it was allegedly a part of a drug trafficking operation.

Since the court determined it was within Salud Natural Mexicana's control to refrain from drug trafficking, it found that the company brought the ban upon itself. Moreover, the judge stated that in order not to undermine congressional intent, the sanctioned organizations "must suffer the consequences associated with that congressionally imposed sanction."[6]

Since the embargo was deemed to be due to Salud Natural Mexicana's actions, and not imposed by external forces beyond the company's control, the court found that the company's non-use was not excusable.

Recently, the U.S. has even taken actions to override findings of excusable non-use by the USPTO and federal courts.

Countrywide embargoes have traditionally been more likely to support an excusable non-use claim. Cuban corporations have been able to maintain trademark registrations based on excusable non-use.

In PEI Licensing LLC v. Havana Club Holding SA, the USPTO held in 2020 that "the Cuban trade embargo has been recognized by the [USPTO] as a special circumstance beyond a registrant's control and sufficient to excuse non-use."[7] In 1998, Congress modified its laws to prevent trademark renewal of certain Cuba-affiliated registrations, and a temporary thaw in U.S.-Cuba relations in 2016 allowed for temporary renewal of Cuban-based trademarks.[8]

In 2023, in response to a decadeslong dispute over a Cuban-based trademark, Congress further passed the No Stolen Trademarks Honored in America Act, which prevents courts from recognizing trademarks that were illegally confiscated by the Cuban government.[9]

It is an open question on whether the U.S. federal government will accept non-use claims based on severe tariff effects on a trademark owner's business.

On one level, they analogous to countrywide embargoes, being something beyond a company's control. The USPTO could look at each tariff on a case-by-case basis, looking at the extent and nature of the tariff.

However, the U.S. government may believe that the USPTO should not undermine the executive branch's intent, which is to punish foreign manufacturing. This is especially true given that the USPTO is an executive agency.

Recommendations

Despite the uncertainty, there are several steps companies can take even when tariffs make use of their mark in the U.S. infeasible. If a company wants to maintain their trademark portfolio as they plan their next steps, it should take the following actions:

- Review renewal and expiration dates for your existing trademark portfolio. If there are any statements of use or renewal deadlines coming up, complete those filings as soon as possible.

- Clearly express the company's interest in accessing the U.S. market. Internal and external communications can be used as evidence before the USPTO, the TTAB and courts.

- Have concrete plans for accessing the U.S. market. Document plans and communications, since evidence of plans to resume use and steps taken toward the same — especially with dates in the near future — are strong evidence of a company's intent to use a mark in commerce in the U.S.

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[1] 2019 USPQ2d 377409.

[2] 15 U.S.C. § 1058(b)(1).

[3] Id.;37 C.F.R. §7.37(6)(ii).

[4] TMEP 1604.11 & 1613.11

[5] WL 7301427.

[6] Id. at *10.

[7] PEI Licensing LLC v. Havana Club Holding SA, 2020 TTAB LEXIS 322, at *8 (T.T.A.B. 2020) (not citable as precedent).

[8] H.R. 4328, 105th Cong. § 211 (1998).

[9] H.R. 1505, 118th Cong. (2024).