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## What You Should Know About Use of Non-U.S. Marks in the United States on an Intent-to-Use Basis

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*INTA Bulletin*—Features Subcommittee

Seasoned non-U.S. trademark practitioners know that the U.S. Trademark Act imposes relatively strict trademark use requirements before a registration will issue. This strict use/bona fide intent to use requirement is particularly tricky for foreign trademark owners.

In some countries, use of a mark is not required for registration. As a result, non-U.S. registrations often contain long, detailed claims, with no particular consideration of the actual scope of use of the mark. However, U.S. trademark applications—including those based on the Paris Convention or the Madrid Protocol—contain a sworn or verified declaration either that the applicant has already used the trademark in U.S. commerce or that the applicant has a bona fide intent to use the mark in U.S. commerce. Viewed merely as a formality by some, these declarations, if made hastily and without careful consideration, can have serious consequences. In fact, a trademark applicant's creation of an exhaustive list of goods or services without any concrete plans to sell those goods or services under the trademark in the United States is one of the most common, and potentially disastrous, mistakes non-U.S. trademark applicants can make. A finding that a trademark applicant's declaration of use or bona fide intent to use was false can result in a finding that the registration is void ab initio in whole or in part.

The Trademark Trial and Appeal Board (Board) has made clear that a mere subjective intent to use the mark on or in connection with the identified goods or services will not support a claim of bona fide intent. As the Board stated in the early case of *Lane Ltd. v. Jackson International Trading Co.*, 33 U.S.P.Q.2d 1351, 1355 (T.T.A.B. 1994), the determination of whether an applicant has a bona fide intention to use the mark in commerce is to be a fair, objective determination based on all the circumstances. These circumstances include the applicant's possessing a written, concrete business plan in existence at the time of filing of the trademark application, and even the reasonable ability to execute those plans successfully, to meet the "bona fide intent to use" standard. In contrast, an "applicant's mere statement of subjective intention, without more, would be insufficient to establish applicant's bona fide intention to use the mark in commerce." *Id.* at 1355.

*Lane* presented a case in which the Board found a sufficient bona fide intent to use to ground a trademark application. In that case, the Austrian applicant found its trademark application for SMUGGLERS for tobacco and smoking paraphernalia challenged for want of priority and the absence of a bona fide intent to use for the claimed "tobacco." In denying the opposer's motion for summary judgment, the Board was impressed by the applicant's correspondence with a U.S. tobacco company, the applicant's proven ability to bring similar goods to market in the United States, its efforts to locate a licensee to import tobacco to the United States, and similar activities. *Id.* at 1356.

However, applicants can fail to meet this standard. For example, in *Intel Corp. v. Steven Emeny*, Opposition No. 91123312, at 10 (T.T.A.B. May 15, 2007) (non-precedential), the Canadian applicant filed an intent-to-use trademark application for IDEAS INSIDE for an "on-line ordering and distribution service" for an extraordinarily long list of goods (including more than 200 individual items of clothing). Opposer Intel Corp. was able to demonstrate that the applicant lacked a bona fide intent to use his trademark in connection with all the services/goods listed in the application simply because the application included "an unreasonably broad listing of goods and services." That, combined with the applicant's lack of any business plans, business contacts or potential business partners or suppliers, and the applicant's admission that he wanted to "make sure that nobody else [can] take advantage of those marks," led the Board to conclude that the applicant never really had a bona fide intent to use his trademark in commerce. The application was not allowed.

The ability actually to produce and sell the goods claimed in the application is another important factor in determining objectively whether an applicant can accurately declare that it has a bona fide intent to use a trademark in commerce. In *Boston Red Sox Baseball Club LP v. Sherman*, 88 U.S.P.Q.2d 1581 (T.T.A.B. 2008), the opposer claimed that the applicant, an individual with "no relevant experience, training, or business connections," lacked a bona fide intent to use his claimed trademark SFX ROD

Here, too, the applicant's failure to produce any documentary evidence constituted "objective proof sufficient to prove that the applicant lacks a bona fide intention to use its mark in commerce." However, the Board took particular note of the fact that the applicant lacked any business experience bringing the claimed goods to market, which became another factor in the objective determination of bona fide intent to use the mark in commerce. The applicant's mere assertions to the contrary, coupled only with "subjective self-confidence," were not enough.

The Board took this analysis even further in *Honda Motor Co. v. Friedrich Winkelmann*, 90 U.S.P.Q.2d 1660 (T.T.A.B. 2009). In that case, Honda opposed a trademark application based on a German registration for various motor vehicles. Though the applicant was an experienced businessman who was successfully using the trademark in Germany, the applicant's requests, which were produced during discovery, indicated that he had not yet made any business plan for sales of his goods in the United States or identified any U.S. channels of trade. The applicant was able to produce only printouts from his website showing how his mark was used in Europe, and copies of his "German, European and WIPO" trademark registrations. The Board stated that to prove bona fide intent to use a mark in the United States, the applicant was required to rely on specific facts showing not only his will to use the mark in the United States but also his ability to do so at the time of filing of the application.

A foreign trademark applicant should be aware of U.S. rules concerning the actual intent to use a trademark on the goods listed in the application, and the focus on documenting the plans and the ability to use the mark in the United States. Although it is common for non-U.S. registrations to cover a broader scope of goods than those on which the mark owner actually uses the mark, a non-U.S. applicant must beware of declaring a bona fide intent to use the mark on all the goods listed in its foreign registration. Non-U.S. applicants contemplating a global filing program that includes the United States should retain pre-filing documentation of their business plans in the event of a challenge. Consulting U.S. counsel, even before extending an International Registration, is strongly advisable.

*For more on this topic, see "Bona Fide Intent to Use in the United States and Canada," The Trademark Reporter, Vol. 100, No. 3, May-June 2010.*

## Four Lessons in Challenging Trademark Use in TTAB Proceedings

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Several recent decisions by the Trademark Trial and Appeal Board (TTAB) are instructive for potential opposers in challenging use. Here are four tips that can help to successfully strike down a mark, based on non-use.

### 1. Conduct research on the applicant and its business.

A critical inquiry into whether the applicant had a bona fide intention to use its mark is the applicant's ability to offer the goods or services identified in the application. The varying types or sheer number of goods or services in the application could be telling. Thus, a consideration of the identified goods and services, along with an understanding of the applicant's business, may provide useful information for an opposition.

An applicant's capacity to market or manufacture the goods or services identified in the application is evidence that weighs against a finding that an applicant lacked a bona fide intent to use the mark. *Swatch AG v. M. Z. Berger & Co.*, 108 U.S.P.Q.2d 1463, 1477 (T.T.A.B. 2013). Thus, an applicant that is currently in the business of offering the types of goods or services identified in the application may be easily able to demonstrate an intention to use a new mark for those same goods or services. However, where such an applicant lacks evidence to support its intention to use a mark, or has contradictory witness testimony on the issue of intent, the TTAB has sustained oppositions challenging a bona fide intent to use. *Id.*

A newcomer to the industry often is in a more difficult position to provide documentary evidence of an intention to use a mark. A failure to produce evidence of any business related to the goods or services identified in the application, or any current business at all, has been cited as a major factor in sustaining an opposition. *PRL USA Holdings, Inc. v. Rich C. Young*, Opposition No. 91206846 (T.T.A.B. Oct. 16, 2013) (non-precedential). A plan to develop a business at some unspecified time in the future should the mark be approved for registration is not a bona fide intent to use. *Id.*

An investigation into an applicant's business may reveal whether the applicant would reasonably be expected to expand into the type of goods or services identified in the application. For example, in *Pacific Poultry Co. v. George D. Stirling, Jr.*, Opposition No. 91204620 (T.T.A.B. June 12, 2013) (non-precedential), the opposer successfully challenged the applicant's bona fide intent to use its mark, which was used on sauces, for grocery store services. The TTAB rejected the applicant's argument that providing his sauces to grocery stores was a retail grocery store service, since a service must be performed primarily for the benefit of others.

Similarly, an alleged intent to use a mark on numerous goods or services, especially when unrelated, may signal such intent is not bona fide. In *Future Ads LLC v. Kent G. Anderson*, Opposition No. 91203191 (T.T.A.B. Apr. 10, 2014) (non-precedential), the applicant was found to lack the requisite bona fide intent with his 22-class application, with goods ranging from tire pressure gauges to Christmas cards to golf clubs.

### 2. Investigate actual use of the mark for the applicant's products or services.

The goods identified in a use-based application must have been sold or transported in commerce and services must have been

rendered in commerce. Mere advertising or promotion of the goods or services, or preparation for sale, is insufficient to demonstrate use. An application may be successfully opposed by proving that an applicant failed to sell its goods or render its services in commerce before filing a use-based application.

Steps taken in preparation to offer goods or services for sale are not sufficient uses in commerce. For example, the shipment of parts bearing the mark for production of the goods identified in the application does not constitute a use in commerce under the Trademark Act. *Clorox Co. v. Hermilo Tamez Salazar*, 108 U.S.P.Q.2d 1083, 1086-87 (T.T.A.B. 2013). Similarly, the transportation of goods from a manufacturer to the owner of the trademark is an insufficient use in commerce, because such activity is purely a delivery of goods in preparation for offering the goods for sale. *Id.* at 1087.

Merely advertising goods or services, without making any accompanying sales or transporting the goods, is also not a bona fide use in commerce. *Id.* at 1086. By the same token, posting a website demonstrating an ability to render services set forth in an application is an insufficient use in commerce. *Playdom, Inc. v. Couture*, Cancellation No. 92051115 (T.T.A.B. Feb. 3, 2014) (non-precedential). Such advertising must be accompanied by actual performance of the services, which includes rendering free services. *Blast Blow Dry Bar LLC v. Blown Away LLC d/b/a Blast Blow Dry Bar*, Opposition No. 91204769 (T.T.A.B. Jan. 2, 2014) (non-precedential).

### **3. Review the application's assignment records for compliance with the Trademark Act's anti-assignment provisions.**

Evidence of a bona fide use of the mark must be filed by the applicant or the successor to the applicant's business. Pursuant to the anti-assignment rule for intent-to-use trademark applications, such applications are assignable prior to filing an allegation of use only to a successor to the business of the applicant or portion thereof to which the mark pertains. Trademark Act § 10(a)(1), 15 U.S.C. § 1060(a)(1). If an intent-to-use application was assigned prior to use of the mark, information should be obtained to determine whether the assignment was valid.

In *Central Garden & Pet Co. v. Daskocil Manufacturing Co.*, 108 U.S.P.Q.2d 1134 (T.T.A.B. 2013), an intra-company assignment of an application from a subsidiary to a parent, where no portion of the subsidiary's business was assigned, was held invalid. Since the assignment was not to a successor in interest to the business, the assignment violated the terms of the Trademark Act, and the challenged registration was cancelled. *Id.* at 1149-50.

### **4. Take discovery on the issues of intent to use and actual use.**

Opposition proceedings allow for written discovery and depositions. These discovery tools provide an opportunity to gain information about any intent to use a mark or use in connection with the sales of goods and services.

An opposer has the burden of establishing by a preponderance of evidence that an applicant had no bona fide intent to use or no bona fide use of the mark at the time the application was filed. One way in which an opposer can satisfy this burden is by proving an applicant lacks documentary evidence to support its allegation of bona fide intent to use or use of the mark in commerce. The burden of production then shifts to the applicant to put forth evidence that adequately explains or outweighs its failure to provide documentary evidence.

In *Diageo North America, Inc. v. Captain Russell Corp.*, Opposition No. 91203745 (T.T.A.B. June 12, 2013) (non-precedential), the TTAB cited specific deposition testimony and an interrogatory response in holding the applicant had no bona fide intent to use its mark on cocktail mixes. In deposition testimony, the applicant admitted that it lacked the financial resources to produce the product and that it had no budget documents, market research, recipe development, advertising plans or investors. The applicant also attested in an interrogatory response that it did not have concrete plans to use the mark, but intended to use the mark only to "take advantage of perceived opportunity." As there was no evidence in the record to support the applicant's claimed bona fide intent to use the mark, summary judgment on this issue was granted.

In sum, careful investigation and analysis of the facts surrounding use or an intent to use are important in developing the best arguments to challenge a bona fide use or intent to use a mark in commerce.

Although every effort has been made to verify the accuracy of items in the *INTA Bulletin*, readers are urged to check independently on matters of specific concern or interest.

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