



New Year's resolutions

Jennifer Fraser, partner at Novak Druce Connolly Bove & Quigg LLP suggests a resolution for all trademark applicants: Document your intent to use the mark in the United States or your application could be at risk.

In 2013, the Trademark Trial and Appeal Board (TTAB) at the US Patent and Trademark Office (USPTO) decided several cases illustrating that applicants should have contemporaneous documents showing their efforts to use the mark in the United States for all the goods and services identified in the application. What might also surprise some applicants is that this applies to US and non-US applicants alike, including those seeking protection in the United States based on a home-country registration under Section 44 or under Section 66 of the *Trademark Act*, as well as those filing under Section 1(b). In the absence of corroborating documentation showing an applicant's bona fide intent to use the mark in commerce for all the goods and services, an application could be considered void.

This past year, the TTAB has provided some significant clarification of what evidence does and does not support the claim of a bona fide intent to use the mark in commerce when such intent has been challenged in *inter partes* cases at the TTAB. Absent documentation such as business plans or marketing efforts, the TTAB has rendered such applications void or, in some situations, rejected the application for the particular goods/services.

When filing an application in the United States based on Section 1(b), or Section 44 or Section 66 (a home-country application or registration, or through the Madrid Protocol), an applicant is required to state it has a bona fide intent to use the mark in commerce for all of the identified goods/services. Specifically, Section 1(b) of the *Trademark Act*, 15 U.S.C. §1051(b), provides that

an applicant may file an application based on a bona fide intention to use a mark in commerce "under circumstances showing the good faith of such person." Such a verified statement of an applicant's bona fide intention to use the mark in commerce must also be included in applications under §§44 and 66(a). As explained in the Trademark Manual of Examining Procedure Section 1101, generally, an applicant's declaration of a bona fide intention to use the mark in commerce will be sufficient evidence of good faith during examination, unless there is clear evidence to the contrary, but typically, such challenges to intent arise in opposition and cancellation proceedings at the TTAB.

Evidence of intent

When challenged in an *inter partes* case, the applicant has to provide objective evidence of its bona fide intent to use the mark in US commerce. Objective evidence is usually in the form of documentary evidence and must be for all of the goods and services in the application. As explained by the TTAB in *PRL USA Holdings, Inc. v Rich C. Young*, "(a)n applicant's bona fide intent to use a mark must reflect an intention that is firm, though it may be

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Résumé

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Jennifer is a Partner and co-chair of the firm's Trademark and Copyright Section. She has been recognized as a leading trademark practitioner in the Washington, DC area by World Trademark Review, and has been a Top 100 filer of U.S. trademark applications nationwide for the past few years. Jennifer represents clients in a variety of areas including trademarks and trademark and copyright litigation. Her practice focuses primarily on the selection, use and enforcement of trademarks including prosecuting U.S. and foreign applications, litigating rights before the courts and the Trademark Trial and Appeal Board, and resolving domain name disputes.



contingent on the outcome of an event (that is, market research or product testing) and must reflect an intention to use the mark ‘in the ordinary course of trade, ... and not... merely to reserve a right in a mark.’” The determination is objective, based on all the circumstances, and as reiterated this year in the precedential decision, *Swatch AG v M.Z. Berger & Co.*, it is not based “... on applicant’s subjective state of mind alone. Rather, evidence of circumstances bearing on intent ‘is “objective” in the sense that it is evidence in the form of real life facts and by the actions of the applicant, not by the applicant’s testimony as to its subjective state of mind.”

In *PRL USA Holdings, Inc.*, in response to document requests, the applicant repeatedly explained it was in “intention to use status” and does not have “any business planning yet.” The applicant did not have any explanation for the lack of documents, other than the application, and its denial that the organization lacked a bona fide intent, and stated it would proceed with planning if the application was approved was not sufficient. The applicant also failed to produce any evidence it had a current business.

The Board’s decision in *Swatch AG* might surprise some because some documents and testimony on efforts to use the mark for at least some goods were provided. The applicant, M.Z. Berger & Co., had been in the clock and watch business, and filed for IWATCH for clocks, watches and various parts. The applicant had done a search prior to filing and this documentary evidence, along with some unclear testimony about mockup clocks after the filing, as well as other trademark applications, was insufficient to show a bona fide intent in the face of testimony that they did not expect to use for clocks, and the “parts” were added to be broad to leave options open. For the watches, there was testimony that IWATCH would be a good name if the company did a “smart watch” with technological features, which had never been done before by the company, and no steps to develop such features had been taken although there was testimony about brainstorming sessions. The applicant also testified that it ceased any efforts when the opposition was filed. The TTAB did

explain that the applicant had long been in business, and the capacity to produce the goods weighs against finding a lack of bona fide intent, but cautioned each case is decided on the individual circumstances and proceeded to declare the entire IWATCH application void. The TTAB explained the timing of the documentary evidence is not dispositive so some evidence after filing could be contemporary evidence of intent but the TTAB still found that the applicant’s efforts were insufficient.

Is the entire application void or can it be amended?

In another precedential decision, *Syndicat Des Proprietaires Viticulteurs De Chateaufneuf-Du-Pape v Pasquier Des Vignes*, the Board added clarity to the open issue as to whether the entire application would be declared void *ab initio*, or whether certain goods/services could remain in the application or registration. On the facts of that case, where the applicant’s counsel agreed to amend the application to the goods for which there was a demonstrated intent, the application was allowed for such goods and the opposition to the other goods for which there was no intent was sustained. However, this case should be read in connection with the 2011 precedential case, *Spirits International, B.V. v S.S. Taris Zeytin Ve Zeytinyagi Tarim Satis Kooperatifleri Birligi*, where the challenger did challenge bona fide intent for all the goods in the Notice of Opposition, and the applicant did not respond to issues challenging all the goods. Of course, fraud provides another basis to challenge the validity of the entire application and can also be considered.

Effect on filing strategies for applicants

In view of the recent TTAB decisions, those filing in the United States are well advised to review the list of goods and services carefully before applying, or seeking to extend their home-country registration to the United States. Many countries allow broad descriptions of goods and services, or “laundry lists” of possible items but, in the US,

such long lists can be a red flag for those challenging the bona fide intent to use. To prevent any issues before they arise, the list can be narrowed and, it is advisable to maintain documentary evidence in the event of such a challenge.

The types of documentary support can vary and can include business plans, promotional activities, discussions with manufacturers, attempts to enter into contracts and the like and should cover the full range of goods and services in the US application. *PRL USA Holdings, Inc.*, *Swatch AG* and other cases illustrate that more than testimony, a search and an idea are required, even while an applicant waits until it is “safe” to use the mark after approval by the USPTO.

Attacking a bona fide intent

For those challenging an applicant’s bona fide intent to use, this basis for an opposition or cancellation is rarely known when a Notice of Opposition, or Petition for Cancellation, is filed at the TTAB. The information to support such a challenge is typically learned after some fact discovery such as interrogatories or admissions, or even depositions. Unfortunately, it can take some time and expense to get to this point. In some situations, the issue might be raised in a discovery conference but many parties do not delve into much substance during such calls and/or are unlikely to get such an admission from the other party. If the interlocutory attorney participates in the call, it might also be possible to raise the issue but different interlocutory attorneys may choose not to question the applicant or counsel at that time (absent some strange facts such as very disparate goods/services, etc.).

Once this basis for challenge is discovered, challengers should promptly seek leave to amend the Notice of Opposition to add this basis because the TTAB could deny a Motion to Amend the basis if it is too late and there is prejudice to the other side, although the TTAB will typically grant the motion if it is in the pre-trial stage. Once this claim is made, challengers can also look for ways to dispose of the case early on, however, the TTAB has stated the issue of intent is unsuited to early disposition by a motion for summary judgment and, if there are disputed facts, the motion will be denied. That said, if there are admissions or a lack of documentary evidence, an opposer can establish a prima face case and prevail on a summary judgment motion, as was done in *PRL USA Holdings, Inc.* The new procedures at the TTAB might allow the parties to choose Accelerated Case Resolution (ACR) to permit the TTAB to decide disputed facts on its own, but ACR requires the consent of both parties.

In *Syndicat Des Proprietaires Viticulteurs De Chateaufneuf-Du-Pape v Pasquier Des Vignes*, the lack of bona fide intent was initially pleaded in the Notice of Opposition and the red flag appeared to be an



amendment to the goods in response to the Examiner’s request (the Examiner requested amendment of “spirits” to “distilled spirits” for the mark CHEMIN DES PAGES). Accordingly, practitioners should also be wary of merely adopting the Examiner’s suggestions if such an amendment might affect the legitimacy of the applicant’s intent.

Conclusions

While the 2013 cases at the TTAB suggest a range of evidence and testimony that may or may not support a bona fide intent to use, in 2013 the TTAB suggested the following might not be sufficient to show intent to use:

- the capacity to manufacture, if other facts suggest a lack of intent,
- a trademark search prior to filing,
- efforts several years later that are not considered contemporaneous,
- waiting for USPTO approval to begin developmental efforts,
- adding goods/services, such as “parts” that might be included,
- filing an application,
- unclear testimony, and
- a lack of an explanation for no documentation.

As with most legal issues, there is no bright line test and other factors might be present to support or corroborate a bona fide intent to use the mark in commerce, but it is clear documents should be developed and retained and merely an idea, or an attempt to reserve a mark, is not sufficient.



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