

Bad Neighborhoods of Madrid: Problems Facing Madrid Applicants in the United States

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The Madrid Protocol provides foreign trademark owners with a vehicle for extending their "home country" trademark protection into the United States through their local trademark office. While these local filings eliminate the cost of hiring U.S. counsel to prepare the U.S. applications, they also increase the chances that foreign trademark owners will fall victim to the peculiarities of the U.S. trademark system. However, with some understanding of the U.S. trademark system, Madrid applicants can tailor their U.S. extensions and avoid these pitfalls. This article identifies and proposes solutions to the four most common pitfalls that Madrid applicants face in the United States.

Bona Fide Intention To Use

Traditionally, the U.S. trademark system only protected marks that were used in U.S. commerce. In 1988, U.S. law was amended to allow applications for marks not yet in use, subject, however, to the applicant having a bona fide intention to use the mark in U.S. commerce.¹ Madrid applicants are frequently surprised to learn that U.S. extensions are also subject to this "bona fide intention to use" requirement and that it applies to all of their listed goods and services.² Lack of a bona fide intent to use the mark will void an application and lead to cancellation of any resulting registration.³

Under U.S. law, a bona fide intention to use is defined as a good faith intent to use the mark in connection with a product or service in the ordinary course of trade and not merely a desire to reserve a mark.⁴ Thus, "defensive" registrations for goods and services that an applicant has no intention to offer are invalid. Further, the "bona fide" nature of the applicant's intent is judged objectively and requires applicant to provide evidence of specific plans or ongoing efforts to use the mark. Failure to produce a business plan, schematics, or any documentation of steps to use the mark create an inference that bona fide intent is lacking.⁵ Unsupported declarations or statements of subjective intent will not meet the legal test.⁶

Madrid applicants should avoid the following situations that could cast doubt on their bona fide intention to use the mark on the listed goods. First, extremely long lists of goods, especially unrelated goods falling into a large number of classes, have led to successful oppositions based on a lack of bona fide intention to use mark.⁷ Second, overly broad wording, or quoting class headings, invite attacks on bona fide intent.⁸ Third, listing goods and services that the applicant is not actually capable of manufacturing also suggests that there is no bona fide intent.⁹

On the other hand, there is no problem with filing applications to register multiple marks for a product that is in development.¹⁰ The applicant should simply show that it (a) is capable of offering the listed goods and services, and (b) has a documented plan to do so. For example, a bona fide intention to use the mark has been found to exist when the applicant is currently manufacturing similar goods,¹¹ has previously licensed similar goods,¹² or has taken at least some steps to commerce operations.¹³

Madrid applicants should be able to easily avoid problems with the U.S. bona fide intent requirement by only designating goods and services for the U.S. extension that they have plans to offer. Rule 9(4)(a)(xiii) of the Madrid Protocol Common Regulations specifically allows for country-by-country limitations on the original goods and services. Indeed, section 10(b) of the application form (MM2) provides a space to specify the narrower list of goods and services for the United States.

Thus, with some planning, Madrid applicants should not run afoul of the U.S. bona fide intent requirement.

The Identification of Goods and Services

U.S. examiners frequently reject identifications of goods and services as "indefinite," despite the fact that the language was previously accepted by the home country or WIPO examiners. Under U.S. regulations, the identification is to be "specific, definite, clear, and concise," and "understandable to the average person."¹⁴ U.S. examiners are notoriously particular about the description of goods and services and will reject language that (a) merely quotes a class heading, (b) covers goods in more than one class, or (c) covers a nonspecific list of items (such as "cleaning products," "goods made of rubber" or "all other goods in this class").¹⁵

For the Madrid applicant, meeting the U.S. examiner's requirements for the identification of goods and services presents special challenges because U.S. extension cannot expand the home country registration/application, and, the classification cannot be changed from that assigned by WIPO.¹⁶ For example, "leather goods and imitation leather goods in Class 18" is acceptable in some countries but is indefinite under U.S. standards. While Madrid applicants can specify leather goods falling within class 18, they cannot expand or change to goods that the United States places in other classes (such as leather coasters in class 21, leather watch bands in class 14, or leather clothing in class 25).

Further, if the Madrid applicants are required to list specific goods to meet U.S. definiteness standards, they should balance broad coverage with the increased potential for drawing a "relative grounds" refusal. For example, when the original wording "telecommunications products" is deemed indefinite in the United States, a concise yet accurate amendment, such as "telecommunications equipment, namely mobile phones," is less likely to conflict with earlier U.S. rights than an overly detailed list, such as "telecommunications equipment, namely mobile phones with camera attachments, mobile phones with MP3 players, video screens for mobile phones, mobile phone video game software, mobile phones with removable speakers." Prior registrations covering photographic equipment or video games are more likely to be cited as obstacles to the detailed identification.

Madrid applicants may be able to minimize these problems by reviewing the U.S. Acceptable Identification of Goods and Services Manual,¹⁷ and conducting a brief search of U.S. trademark records to craft specific language that is both definite and less likely to draw relative grounds for refusal.

The Use In Commerce Requirement

Unlike U.S. companies, Madrid applicants may obtain a U.S. registration without establishing that the mark is "used in commerce." However, eventually Madrid applicants must submit evidence of use in U.S. commerce for all listed goods and services between the fifth and sixth anniversary.¹⁸ Failure to submit such evidence will automatically lead to cancellation of the U.S. registration.¹⁹

These submissions beg the question of what "use in commerce" actually means under U.S. law. Use of a mark on goods sold or services rendered exclusively outside the United States is not "use in commerce."²⁰ Further, token sales in the United States also fail to satisfy the "use in commerce" requirement.²¹ Rather, for goods, the mark will need to be placed on the goods that are sold or transported in U.S. commerce.²² For services, the mark must be displayed in the sale or advertising of the services that are rendered in U.S. commerce.²³

When submitting evidence of use, the registrant must delete any of goods or services in its identification that are not actually being offered in the United States. Intentional or reckless failure to delete goods and services not being offered in the United States may be deemed "fraud" and result in cancellation of the entire U.S. registration.²⁴ Furthermore, the registrant is liable in a civil action for injuries others have suffered due to its fraud.²⁵ Thus, U.S. maintenance and renewal requires a complete reevaluation of the identification of goods and services. Madrid registrants with long, detailed lists of goods and services may find it challenging to parse through each and every item to determine what is used in U.S. commerce. Madrid applicants who have tailored their goods and services in the U.S. extensions to avoid the bona fide intent and indefiniteness issues outlined above will face fewer difficulties in determining actual use in U.S. commerce.

In addition, for each class of goods and services listed in the U.S. registration, the registrant must submit one specimen showing the mark as used in the United States.²⁶ The specimens submitted must match the registered mark precisely and must have actually been circulated in the United States.²⁷ For services, the specimens may include advertisements, brochures, or documentation used in rendering the service.²⁸ For goods, the requirements are narrower, requiring either a photo of the mark affixed to the goods, labeling or packaging bearing the mark, or a catalog associating the mark with the goods.²⁹ Websites selling the goods may also be acceptable specimens so long as the goods are clearly associated with the mark and the web page provides a means for U.S. residents for ordering the goods.³⁰ However, a web page that merely provides information about, but does not provide a means of ordering, the goods is generally not acceptable to show trademark use on goods.³¹

Enforcement Issues

In planning U.S. enforcement, Madrid applicants should bear in mind two peculiarities of the U.S. system.

First, the United States employs a "likelihood of confusion" test to determine whether two marks conflict.³² When determining the similarity or dissimilarity of goods or services, this test focuses less on whether registrations and applications have overlapping descriptions of goods and services, and instead grants more weight to real-world factors, such as whether the goods and services at issue are "related." Goods and services are typically considered "related" when they are (a) within the same zone of normal expansion, (b) complementary products normally used together, (c) normally advertised or sold in the same channels, or (d) normally encompassed in the same federal trademark registrations.³³ Thus, Madrid applicants need not create an expansive list of goods and services to ensure adequate protection. In fact, use of expansive lists beyond their intended products only creates difficulties for Madrid applicants, as noted above.

Second, although Madrid applicants may obtain a U.S. registration without actual use of the mark, injunctive relief may not be "ripe" until the registrant establishes either (a) actual use or impending use in the disputed geographic territory,³⁴ or (b) a reputation in the disputed territory.³⁵ While U.S. registrations confer nationwide priority on the Madrid registrant, the registrant's absence from the disputed territory precludes the "likelihood of confusion" necessary for injunctive relief. This rule leaves both the registrant and the junior user in a precarious position. While the registrant cannot yet enjoin the infringement, the junior user faces an uncertain future, because its use of the mark will be cut short once as the registrant becomes known or is about to enter the disputed territory.³⁶

To avoid this "ripeness" problem, Madrid applicants should maintain records of actual use of the mark in the U.S. If the mark is not yet in use in the disputed U.S. territory, they should document their plans and initial efforts to use the mark in the United States (which should be retained anyway to meet the "bona fide intent" requirement). Preparations to lease property, negotiations for local licensees, and extensive advertising in the territory have been held sufficient to show impending entry into, or a reputation in, the disputed territory.³⁷

Conclusion

Because the U.S. trademark system places such an emphasis on use of a mark, the Madrid Protocol is not perfectly compatible with the U.S. system. However, the problems created by the differences in the two systems can be managed by the Madrid applicant with some advance planning. The key to successful use of Madrid in the United States is for applicants to tailor the U.S. extensions to fit their actual plans and activities in the United States.

Endnotes

¹ Trademark Law Revision Act of 1988, effective as of November 16, 1989.

² 15 U.S.C. § 1141f(a).

³ *Commodore Elecs. Ltd. v. CBM Kabushiki Kaisha*, 26 U.S.P.Q.2d 1503 (T.T.A.B. 1993).

⁴ 15 U.S.C. § 1127.

⁵ *L.C. Licensing, Inc. v. Berman*, 86 U.S.P.Q.2d 1883 (T.T.A.B. 2003).

⁶ *Id.*

⁷ See e.g., *Intel Corp. v. Emery*, Opposition. No. 91123312 (T.T.A.B. May 15, 2007); *Boston Red Sox Baseball Club Ltd. v. Sherman*, 88 U.S.P.Q.2d 1581 (T.T.A.B. 2008).

⁸ Senate Judiciary Committee Report on S. 1883, S. Rep. No. 100-515, pp. 23-24 (Sept. 15, 1988).

⁹ *Honda Motor Co., Ltd. v. Friedrich Winkelmann*, 90 U.S.P.Q.2d 1660 (T.T.A.B. 2009).

¹⁰ House Judiciary Committee Report on H.R. 537, H.R. No. 100-1028, p. 9 (Oct. 3, 1988).

¹¹ *The Wet Seal, Inc. v. FD Management Inc.*, 82 U.S.P.Q.2d 1629 (T.T.A.B. 2007).

¹² *Lane Ltd. v. Jackson Int'l Trade Co.*, 33 U.S.P.Q.2d 1351 (T.T.A.B. 1994).

¹³ *Diaz v. Servicios de Franquicia Pardo's S.A.C.*, 83 U.S.P.Q.2d 1321 (T.T.A.B. 2007).

¹⁴ TMEP § 1402.01.

¹⁵ TMEP §§ 1402.01(b), 1402.03.

¹⁶ TMEP §§ 1402.01(c), 1904.02(c).

¹⁷ <http://tess2.uspto.gov/netahhtml/tidm.html>.

¹⁸ 15 USC § 1058; TMEP § 1613.10.

¹⁹ *Id.*

²⁰ *In re Silenus Wines, Inc.*, 557 F.2d 806 (C.C.P.A. 1977); *Linville v. Rivard*, 26 U.S.P.Q.2d 1508 (T.T.A.B. 1993).

²¹ 15 USC § 1127.

²² *Id.*

²³ *Id.*

²⁴ *In re Bose Corp.*, 91 U.S.P.Q.2d 1938 (Fed. Cir. 2009); *Daimler Chrysler Corp. v. American Motors Corp.*, 94 U.S.P.Q.2d 1086 (T.T.A.B. 2010).

²⁵ 15 U.S.C. § 1120.

²⁶ TMEP § 1613.12(a).

²⁷ TMEP §§ 807.12; 1613.13.

²⁸ TMEP § 1301.04 et seq.

²⁹ TMEP § 904.03 et seq.

³⁰ TMEP § 904.03(i).

³¹ *Id.*

³² *In re E.I. DuPont de Nemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973); TMEP § 1207.

³³ TMEP §§ 1207.01(a)(v)-(vi).

³⁴ *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959).

³⁵ *Scientific Applications, Inc. v. Energy Conservation Corp.*, 436 F. Supp. 354 (N.D. Ga. 1977).

³⁶ *Jerrico Inc. v. Jerry's, Inc.*, 376 F. Supp. 1079 (S.D. Fla. 1974).

³⁷ *Fotomat Corp. v. Cochran*, 437 F. Supp. 1231 (D. Kan. 1977) (lease); *Church of Scientology Int'l. v. Elmira Mission*, 794 F.2d 38 (2d Cir. 1986) (license); *Century 21 Real Estate Corp. v. Century 21 Real Estate, Inc.*, 929 F.2d 827 (1st Cir. 1991) (advertising).

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