

ALERT

SYNOPSIS OF RECENT TRADEMARK-RELATED DECISION

Posted: November 16, 2016

WHAT'S THE USE: CAFC FINDS MINIMAL TRADEMARK USE SATISFIES THE "USE IN COMMERCE" REQUIREMENT FOR REGISTRATION

The Lanham Act provides that "[t]he owner of a trademark *used in commerce* may request registration of its trademark." 15 U.S.C. § 1051(a)(1) "Use in commerce" means the *bona fide* use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. 15 U.S.C. § 1127.

How much use is enough? Not much, concluded the Court of Appeals for the Federal Circuit in finding that a single sale of two branded hats for slightly more than \$38 was sufficient to constitute "use in commerce" for trademark registration purposes. [*Christian Faith Fellowship Church v. Adidas AG*](#), 120 USPQ2d 1640 (Fed. Cir. 2016) (November 14, 2016) [precedential] The decision effectively demolishes any remaining notion that a very small, but *bona fide*, use of a trademark will always be considered *de minimis* and not sufficient for trademark registration purposes. The decision also sweeps away the notion that solely intrastate use of a mark – use only in one state - can never be a sufficient use in commerce to qualify for registration.

The Christian Faith Fellowship Church of Zion Illinois obtained two trademark registrations in 2006 for variations of the mark ADD A ZERO for clothing items. These registrations were later cited as a 2(d) "likelihood of confusion" bar to a 2009 application by Adidas to register ADIZERO for clothing items. Adidas decided to press the issue and sought to cancel the registrations on several grounds including a claim that the Church failed to use the marks in commerce prior to registration. In defending against the charge, the best the Church could apparently muster was a cancelled check from February 2005 in the amount of \$38.35 in payment for two ADD A ZERO marked hats. The check displayed a pre-printed Wisconsin home address.

The Trademark Trial and Appeal Board found this decidedly underwhelming amount of use to be *de minimis* and ordered the cancellation of the registrations.

The CAFC saw it differently.

The CAFC began its analysis by noting, as it had in prior decisions, that the power of Congress under the Commerce Clause is broad. [*Larry Harmon Pictures Corp. v. Williams Rest. Corp.*](#), 929 F.2d 662, 664 (Fed. Cir. 1991)

In drawing from three Supreme Court commerce clause cases – one 1942 case involving wheat quotas and two more recent cases involving marijuana – the CAFC concluded that when a general regulatory statute bears a substantial relation to commerce, the *de minimis* character of any one instance arising under that statute is of no consequence and Congress has the power to regulate it under the Commerce Clause. As a general principle of applying the Commerce Clause, proof that any individual's conduct in and of itself affected commerce is not needed. Rather, all that is needed is proof that the individual's conduct fell within a category of conduct that, in the aggregate, has the requisite effect on commerce.

So size doesn't matter after all. The Church's sale of two hats is one small part of a category of conduct or transactions that, in the aggregate, does have a substantial effect on interstate commerce. The CAFC found it to be "clear" that the Church's sale of two "ADD A ZERO" hats was a valid "use in commerce" under the Lanham Act that fit "comfortably" within the bounds of those Commerce Clause powers set out by the Supreme Court.

As the CAFC found:

[I]t is clear in light of the foregoing precedent that the Church's sale of two "ADD A ZERO"-marked hats to an out-of-state resident is regulable by Congress under the Commerce Clause and, therefore, constitutes "use in commerce" under the Lanham Act...Further, it cannot be doubted that the transaction at issue the private sale of goods, particularly apparel, to an out-of-state resident—is "quintessentially economic." ...This transaction, taken in the aggregate, would cause a substantial effect on interstate commerce and thus it falls under Congress's Commerce Clause powers. ...The Church did not need to present evidence of an actual and specific effect that its sale of hats to an out-of-state resident had on interstate commerce. Nor did it need to make a particularized showing that the hats themselves were destined to travel out of state. (Citations omitted)

The CAFC pointedly noted that the Board's rationale that the sale was "*de minimis*" and thus insufficient to show use that affects interstate commerce was "squarely at odds" with some earlier decisions of the CAFC. This includes one recent decision where the CAFC refused to adopt a *de minimis* test for the "use in commerce" requirement in finding that use of a service mark by a single-location restaurant that serves only a minimal number of interstate travelers constituted a valid service mark use. *Larry Harmon Pictures Corp.* 929 F.2d at 666.

The CAFC also took the opportunity to note the Board also erred to the extent it relied on prior Board decisions for the proposition that an intrastate sale of goods can never be a sale "in commerce" without the trademark applicant doing something more, such as knowingly directing the movement of goods across state lines. To the contrary, it is beyond dispute that "the definition of commerce in the Lanham Act means exactly what the statute says, i.e. 'all commerce which may lawfully be regulated by Congress.'" *Larry Harmon*, 929 F.2d at 666 (quoting 15 U.S.C. § 1127) Because one need not direct goods across state lines for Congress to regulate the activity under the Commerce Clause, there is likewise no such *per se* condition for satisfying the Lanham Act's "use in commerce" requirement.

Let there be no more doubt. With this decision, the CAFC sweeps away once and for all the notion that a small so called *de minimis* use is not a sufficient use in commerce for registration purposes and there is no corresponding requirement that the use always must be in more than one state regardless of the effect on Interstate or Foreign commerce. Would-be Opposers or Petitioners looking to challenge applications or registrations on the grounds the mark at issue was not in use in commerce might want to shift their focus to argue instead that the use was not a *bona fide* use of the mark in the ordinary course of trade— e.g. the use was solely for purpose of reserving rights in the mark and not part of a legitimate commercial transaction- or that the use was not really a trademark or service mark use in the first place.

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