

ALERT

**CAFC DECISION UNDERSCORES NEED TO THINK STRATEGICALLY
ABOUT USE OF MARKS IN ITU APPLICATIONS**

In a recent noteworthy decision, the Court of Appeals for the Federal Circuit (“CAFC”) affirmed a decision holding that a trademark application based on intent to use a mark can be successfully opposed if the applicant did not have a *bona fide* intent to use the mark. The CAFC also found that proof of such bona fide intent should be established by *objective evidence based on all the circumstances*. A general desire to perhaps use a mark in the future and activities relating to trademark clearance and prosecution may not always be enough. The decision clarifies the law and underscores the importance of considering issues relating to use at an early stage and documenting any plans or preparation for use. *M.Z. Berger & Co., Inc., v. Swatch AG*, No. 2014-1219, 2015 U.S. App. LEXIS 9276 (Fed. Cir. Jun. 4, 2015).

The applicant, M. Z. Berger filed an ITU application to register iWatch for watches, clocks and other related goods. Berger declared, as required by Section 1(b)(1) of the Lanham Act, it had a bona fide intent to use the mark in commerce in connection with all listed goods.

Swatch opposed the application claiming both that iWatch is confusingly similar to its Swatch mark and Berger lacked a bona fide intent to use the mark. The Trademark Trial and Appeal Board (“TTAB” or “Board”) found no likelihood of confusion but sustained the opposition on the second ground that Berger lacked the required bona fide intent at the time the application was filed.

The decision was an easy one with respect to all goods except “watches” as the company CEO admitted that Berger never intended to use the mark on anything other than watches.

There was some evidence, however, to support a claim with respect to watches. This included a pre-application trademark search, trademark prosecution activities and the creation of images of iWatch watches for use in connection with the application. The Board found this evidence not to be persuasive because it only related to the trademark application and did not reflect a genuine intent to commercialize iWatch watches. Moreover, the other circumstances - including the lack of other supporting evidence, the failure to bring the product to market and the testimony of the company CEO that he thought iWatch would be a good mark “*if* the company decided” to market a technology watch - led the Board to conclude that Berger had little more than an aspiration to reserve rights in the mark and not a true bona fide intent to use. *Swatch AG v. M.Z. Berger & Co.*, 108 USPQ2d 1463 (TTAB 2013).

The CAFC affirmed. In a case of first impression for it, the CAFC found that the lack of a *bona fide* intent to use a mark is a proper statutory ground for a trademark opposition.

CAFC upholds decision finding trademark applications may be successfully opposed if the applicant did not have *bona fide* intent to use the mark.

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(Continued)

The CAFC then turned its attention to what constitutes bona fide intent. After reviewing the language of the statute and relevant legislative history, the CAFC concluded there must be “objective evidence of intent.” Such intent must be “firm” and demonstrated by “a fair, objective determination of applicant’s intent based on all the circumstances.”

The bar for establishing such intent is not high, as the CAFC acknowledged, but it does exist. In this case, the CAFC found substantial evidence supported the Board’s decision. In doing so, the CAFC agreed that the evidence offered by Berger appeared to relate only to trademark prosecution and deferred to the Board’s decision to give little weight to that evidence.

This decision likely will become the touchstone for the resolution of all future issues relating to bona fide intent for some time to come. As the opinion makes clear, a generalized desire to possibly use a mark at some point in the future and even efforts relating to clearance and registration of that mark may not be sufficient to demonstrate a bona fide intent in the absence of other objective evidence. The CAFC suggested such evidence could consist of proof of product research or development, market research, manufacturing activities, promotional activities, and steps to acquire distributors or to obtain governmental approval or other similar activities - the same activities that can support a claim of “good cause” to request an extension of time to file a Statement of Use pursuant to 37 C.F.R. § 2.89(d). There is no suggestion or reason that other types of efforts might not be sufficient as well.

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