

## CLIENT ALERT

### Federal Circuit Finds That the Actual Provision of Services is Necessary to Support a Use-Based Service Mark Application—Advertising of Services is Not Enough

Mar.20.2015

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In addressing the issue for the first time, the Court of Appeals for the Federal Circuit, in *Couture v. Playdom, Inc.*, No. 2014-1480 (Fed. Cir. Mar. 2, 2015), has found that the mere advertising or offering of a service, without the actual provision of that service, is not sufficient to constitute use in commerce for trademark registration purposes under the Lanham Act. In order to apply for a use-based application, under Section 1(a) of the Lanham Act (15 U.S.C. § 1051(a)), the identified services must have actually been rendered in commerce, *as of the date of the application*, as a necessary condition for registration.

Challenges: Be Careful of Unintended Comparative Claims and Lack of Clear Disclosures

The message is clear. The actual rendering of services in commerce is required to claim use for registration purposes. Simply offering or advertising those services in conjunction with a service mark is not enough. For those looking to file a service mark application in an instance where there may be some doubt as to whether the services have actually been rendered, the best practice may be to initially file an application for registration based on an intent to use the service mark under Lanham Act § 1(b) (15 U.S.C. § 1051(b)), and later amend to a use-based application under Section 1(a) when appropriate. Similarly, with respect to a pending use-based application, if a question arises as to whether the services had actually been rendered as of the filing date, the best practice may be to amend the application to one based on an intent to use, and to later amend back to a use-based application when actual use has been confirmed. Once the registration issues, it will be too late to correct any filing deficiencies regarding claims of use.

The facts of *Couture* demonstrate the importance of correctly basing an application for registration of a service mark on either actual use or an intent to use. In 2008, Couture filed a use based application to register PLAYDOM for various entertainment services. The specimen of "use" submitted by Couture consisted of a screen capture of a website, created on the same day the application was filed, describing the services being offered. The described services were not actually provided until 2010, well after the application was filed and after registration was granted in 2009.

After having its own application to register PLAYDOM refused as a result of Couture's existing registration, Playdom petitioned to cancel the registration, arguing that Couture had not used the mark in commerce as of the date of his application and the registration was void *ab initio*. The Trademark Trial and Appeal Board agreed and cancelled the registration finding that "mere[ ] post[ing of] a website advertising his readiness, willingness and ability to render ... services" was not an actual rendering of services as required by the Lanham Act.

In affirming the Board's cancellation of Couture's registration, the Federal Circuit pointed to the plain language of the Lanham Act, which defines "use in commerce" as "the bona fide use of a mark in the ordinary course of trade" and further specifies that "a mark shall be deemed to be in use in commerce":

[O]n services when it is used or displayed in the sale or advertising of services *and the services are rendered in commerce*, or the *services are rendered* in more than one State or in the United States and a foreign country *and the person rendering the services is engaged in commerce in connection with the services*.

15 U.S.C. § 1127 (emphasis added).

The Federal Circuit also affirmed the Board's refusal to permit Couture to retroactively amend the basis of his application to an intent to use after obtaining registration. The Federal Circuit explained that, under 37 C.F.R. § 2.35(b) and TMEP §

806.03(j), any change to the basis of an application must be requested during pendency of the application, and is not permitted after the mark is registered.

The Federal Circuit's decision in *Couture* underscores the importance of assessing whether or not services have actually been rendered in conjunction with a service mark prior to seeking registration based on use in commerce. To avoid the potential for use-related issues that may detrimentally affect the registration of a service mark, the relevant services should be described or clearly referenced in advertising and steps should be taken to ensure that the services have actually been rendered in conjunction with the service mark.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.