

Maintaining U.S. Trademark Registrations: Small Uses by Foreign Owners Sufficient¹

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Foreign owners of U.S. trademark registrations have a problem. They obtain a U.S. registration, without using the mark in the U.S., based on a home country registration or an International Registration. However, the owner must use the mark in the U.S. later to keep the U.S. registration alive. To prevent the USPTO from automatically cancelling the registration, the foreign trademark owner must file a document (an affidavit or declaration) in the USPTO claiming **current** use in the U.S. during the 6th year after registration and with the renewal application at 10 year intervals after registration. A claim of excusable non-use can also work, but is difficult to prove. Often, the foreign owner uses the mark in its home country and wants to maintain the U.S. registration, if possible, to reserve the mark for a future U.S. launch or help prevent pirates from confusing people in the U.S. who know the mark. The purpose of this article is to suggest some tricks and tips to help the foreign owner to efficiently make the minimum necessary use, including by making full use of the Internet.

TOKEN USE IS INVALID—EARLY PLANNING IS BEST FOR MORE SUBSTANTIAL USE

The foreign trademark owner should not make a **one-time**, trivial use, in the U.S., near the 6th year or renewal deadline, such as shipping a few units of product to a friend in the U.S. The U.S. Patent and Trademark Office does not look at the use circumstances and will accept a declaration based on that use. However, a private party could attack the use (and the registration) in later litigation. Valid use is defined in Section 45 of the U.S. Trademark Act as “bona fide use of the mark in the **ordinary course of trade**, and **not made merely to reserve a right in a mark.**” A small, but commercial, use is valid, but a single, contrived token use, right before a deadline, is clearly invalid.

There are surprisingly few modern cases on whether small uses are valid, and almost none decided since the advent of the Internet. Existing case law suggests that each case will be decided based on its own, particular facts, considered in light of practices in the industry. This is assuming that the trademark owner does not admit that the use was made “merely to reserve a right in the mark” and claims that the small use was commercially justified, both in testimony in any litigation and in internal documents that the adversary can find in discovery in litigation.

To improve the chances of a small use being held valid, if it is ever challenged, it is better if the use begins long before the use deadline, continues indefinitely, or at least for a long period after the deadline, is not trivial in volume, and is otherwise as commercial in character as possible (is profitable, for example). The high cost of litigation in the U.S. also discourages challenges to well-executed small uses, especially if the small use can be justified as a type of common, but limited, commercial use, such as sales in a niche market or test marketing.

¹ A version of this article titled “Small Uses, Big Rewards” was published in the May 31, 2011 issue of the journal *Managing Intellectual Property*.

VALID SPECIMENS ARE ALSO NEEDED

The use declaration must be accompanied by a specimen of current use of the mark in the U.S. Therefore, the actual use must take place **and** must generate an acceptable specimen. For goods, the USPTO will accept a photo of (1) a label or package bearing the mark, (2) the mark imprinted directly on the product, or (3) the mark on point-of-sale displays. Invoices, catalogs or advertisements are usually **not** acceptable. For services, invoices to U.S. customers or advertisements in the U.S. are acceptable.

VALID USE FOR TRADEMARKS FOR PRODUCTS

1. E-Commerce Online Sales to U.S. Customers through the Trademark Owner's Site

Many trademark owners have e-commerce websites which could be used to make at least some sales to customers located in the United States. Foreign trademark owners should make it easy for U.S. residents to buy through those sites by having the sites in English, by providing information on shipping to the U.S., by accepting payment with typical credit cards owned by Americans, such as MasterCard and Visa, and perhaps by doing some very modest U.S. advertising online to draw U.S. customers to the sites.

2. Adding the Mark to Online Catalog Listing for an Existing Product

In certain limited circumstances, catalogs, including online catalogs, are deemed equivalent to point-of-sale displays and are acceptable specimens in the USPTO, according to Section 904.03(h) of the TMEP (the official USPTO trademark examination manual). The printed catalog or online catalog is a sufficient specimen if it (1) includes a picture or a sufficient textual description of the relevant goods; (2) shows the mark sufficiently near the picture or textual description of the goods to associate the mark with the goods; and (3) includes the information necessary to order the goods (e.g., an order form or a phone number, mailing address or email address for placing orders).

If the trademark owner already has a printed catalog or an e-commerce site that generates some sales in the U.S., it can create a use and specimen by adding the mark as a style name to one or more listings of products in the catalog or website, which have no style names, and making some sales U.S. sales, without ever actually placing the mark on the product itself or on packaging or labeling. This can save considerable expense.

3. Sales through Single Sites or Stores Owned by Third Parties

The trademark owner may be able to persuade a U.S. e-commerce site or real-world store to carry some of its goods. Appropriate specialty or ethnic sites and stores can easily be found through web searches. Regular sales to even one such store or site should be sufficient for a valid use.

A. Specialty Product Sites and Stores

Many specialty e-commerce websites (online stores) and real-world stores in the U.S. focus on particular types of products, such as electronics, gourmet foods, comic books, DVD and Blu-Ray movies, video games, shoes, automobile parts or sporting goods.

B. Ethnic Sites and Stores

The United States has immigrants from almost every country. As a result, the U.S. has many online stores and real-world stores that specialize in selling products from foreign countries (Japan, Ireland, Italy, etc.) or regions (Asia, Latin America, Indo-Pak, etc.), such as foods, cosmetics, recorded movies, music CD's, small appliances not readily available elsewhere (such as rice cookers), non-prescription drugs and newspapers and magazines.

Foreign trademark owners, who wish to rely on sales in these stores, should take care, as much as possible, to comply with two legal requirements. One is that, in order to have valid U.S. sales, the products should be properly labeled under U.S. law. For foods and cosmetics, for example, a label should have basic information, such as ingredients, in English, and contents in English units rather than metric units (fluid ounces rather than milliliters, for example). This can be an extra paper label attached to existing foreign packaging. Second, the foreign trademark owner should export the products **directly** to the U.S. retailer, if possible. Some U.S. retailers buy their products from middlemen, sometimes without the knowledge or consent of the foreign manufacturers. There is a suggestion in U.S. case law that the use in the U.S. must be made directly and intentionally, by the trademark owner, in order to be valid, and that unintended "incidental" or "spillover" use may not be valid.

4. Sales in Guam, Puerto Rico and Other U.S. Overseas Territories

For many reasons, a foreign product not sold in the mainland U.S., might be able to find a market in overseas U.S. territories. For example, producers of Spanish-language books have a natural market for their products in the U.S. territory of Puerto Rico, where Spanish is the main language. Producers of products in Japan, who do not think that there is sufficient demand for their products in the U.S., might find a small market for their products among Japanese visitors to Guam or Hawaii and find stores there willing to stock those products. Sales of goods in any U.S. flag territory are valid use. TMEP 901.03.

5. Clinical Trial Use of Drugs and Medical Devices

Owners of marks for prescription drugs or medical devices can make a valid use in the United States by applying the mark to samples of their products used in clinical trials in the United States, before those drugs or devices have obtained approval from the Food and Drug Administration and before any actual commercial launch of the products in the U.S. In addition, even if the trademark owner is not conducting clinical trials in the United States, continued efforts to develop a product for U.S. markets, or prosecuting an application for new drug approval or device approval in the FDA, is often a good basis for filing a declaration of excusable non-use in order to maintain a registration (and especially if the product or device is already on sale in a foreign country).

6. Unbranded OEM Products

Many foreign manufacturers export **unbranded** OEM (original equipment manufacturer) products to customers in the U.S., who then use them as parts in their products, such as OEM car seats sold to car manufacturers. The customers often insist that these products bear no marks. Valid use is still possible in one of two ways: (1) apply the mark to shipping boxes or to shipping pallets for the unbranded goods, and submit a photo of this use as the specimen, or (2) use the mark in an online or printed catalog, directed to OEM customers, with ordering information, showing the mark next to a photo or description of the product.

7. Use on Goods Produced for Export in the United States

Some foreign trademark owners have their goods (such as foods) produced and labeled in the U.S. for export to their home country for sale there. U.S. consumers never see the goods. Nevertheless, use on these goods produced for export in the U.S. is a valid use.

8. Use on Entertainment Products through Electronic Downloads and the Like

Foreign owners of marks for entertainment works, such as older musical sound recordings and video games, might no longer distribute physical copies of the works in the United States, such as game discs or music CD's. However, those games and albums (or single music tracks) may continue to be distributed in the United States in either downloadable form (on pay-to-download sites) or for real time play online (in online game play or music sites). In this way, the games and music tracks (or albums) continue to be sold or delivered to U.S. consumers who download or play them online. Video game titles can be registered as trademarks in the U.S. for "computer game software" or "video game software" in Class 9. Individual song or album titles will not be registered marks in the U.S., but the rock group name can be registered in the U.S. for "musical sound recordings," in Class 9, if the group name appears on more than one album. Making the games and music tracks (or albums) available by these electronic means is a valid use of those marks, **if** the trademark owner authorizes electronic delivery. An **unauthorized** posting of the game or album (or music track) on a file-sharing site, by contrast, is not a continuing use attributable to the trademark owner.

Similarly, other entertainment media, no longer sold in print, disc or broadcast form, are often still available **online** in the U.S. A Japanese anime television series title could be registered as a service mark for entertainment services in the U.S. when it was broadcast in the U.S. as a television series. Even though that television series is off the air, the same anime series episodes may still be available online in the U.S. as streaming video with the trademark owner's authorization.

When these types of products are made available online, the specimen of use can be a printout of the download screen, mentioning the mark, or a screen shot of the opening screen or title screen for the product. TMEP 904.03(e).

9. Use of Video Game Titles in Compilation Discs or Collections

Old video games may also have a new life in the U.S. when they are sold as part of compilations or collections of games on discs. The registered game title trademark will appear on the discs as one of the many games included in the disc. This is probably a sufficient use to maintain a registration for the game title. The specimen of use would be a copy of the disc label showing the title or a screen shot of the game title screen when the game is played.

10. Parts for Discontinued Vehicles

Many foreign companies register model names for cars, trucks and motorcycles in the U.S., and then, in a few years, discontinue production of that vehicle. Typically, however, the manufacturer will continue to produce **parts** for that vehicle for many years. If the U.S. registration for that model name covered both the vehicle, such as "automobiles," and "parts thereof" or similar language, the foreign trademark owner will be able to maintain the registration for parts, even though the registration cannot be maintained for the vehicles themselves, because no new vehicles are manufactured and exported under that mark. It is important, of course, that the manufacturer place the trademark on the packaging for the part in order to have a suitable specimen.

11. Use through Print to Order E-Commerce Websites

A few U.S. online retailers operate print-to-order online stores, such as www.cafepress.com and www.zazzle.com. These companies keep inventories of unprinted t-shirts, sweatshirts, drinking mugs, computer mouse pads, refrigerator magnets, clocks and other goods. They also have a large online catalog of artwork, consisting of logos, graphics, slogans and the like, submitted to the company by their owners or creators. When a customer orders one of the products, with a particular logo or artwork, the company individually prints and mails the product, such as t-shirts bearing the artwork. The company then pays, to the owner or the creator of the artwork, pre-arranged money royalties. It is quite easy for a foreign trademark owner to submit its trademark or artwork (preferably in logo form, suitable for printing on products) to one of these companies in order to generate sales. The sales would then constitute use of the mark on products in the U.S. Some small U.S. advertising may be needed to alert potential U.S. customers to the availability of the products on the site, so that consumers actually buy the products.

This kind of use is particularly suitable for foreign sports and entertainment names and titles, such as the name of a character in manga (Japanese comic books) or anime or the name of a foreign sports team. The owners of these marks might not have licensees selling goods in the U.S. when the use declaration is due, but will usually have at least some fans in the U.S., who will buy products bearing these marks. No investment by the trademark owner is needed. Also, the permission to use the marks can be non-exclusive, and will not prevent the trademark owner from finding a more lucrative license deal later.

Another advantage of this type of use (and also of use made by conventional licensees for t-shirts and other souvenir-type goods) is that this use permits owners of foreign sports teams to obtain some registration protection for their team names in the U.S., even though those teams might never play any games in the U.S. This means that registrations for the team names as marks for sports entertainment services could not be maintained in the U.S. due to lack of use in the U.S.

The trademark owner's authorization to the print-to-order company to use the artwork is, technically, a trademark license. U.S. law requires quality control in trademark licensing. Therefore, the trademark owner should exercise some minimal quality control over the goods—such as ordering one sample of each product—in order to have a valid licensed trademark use.

12. Substantial Sales of Discontinued Products on E-commerce Sites or Other Outlets

A mark is often registered for a product at around the same time as the product is launched. Years later, when the registration is due for a continued use declaration or renewal, the product might no longer be in production. However, substantial inventory of the discontinued product might still be available in retail stores, online retail stores or in stores specializing in closeout or discount merchandise.

The leading trademark law treatise in the U.S., **McCarthy On Trademarks and Unfair Competition**, states at Section 19:139 that sales of discontinued products can support a trademark registration maintenance filing “unless the sales reach such a low level that they clearly cannot constitute use in ‘the ordinary course of trade’ for this particular type of product,” although there is no case law directly on point. The treatise distinguishes such continuing retail sales of discontinued products in substantial volumes from re-sale of products originally sold at retail years previously and offered unused to collectors in small quantities on internet websites, such as eBay. Such small sales would be insufficient to support a maintenance filing for the registration.

VALID SERVICE MARK USES

Merely **advertising** a product or service in the U.S. (on a website, for example), with no actual sales in the U.S., is not use in the U.S. for purposes of maintaining a registration. The normal way to use a service mark in the U.S. is for a person physically located in the United States to render the service, usually to customers also located in the U.S. However, that is not the only way to have a valid use of a service mark in the U.S.

1. Services Rendered in Foreign Countries to Customers Located in the U.S.

In this increasingly inter-connected world, with easy instantaneous communications, foreign service providers, such as consultants and providers of financial or company information, can easily serve customers in the U.S. Such use should be sufficient use of the services to maintain a U.S. registration for the services. The definition of “use in commerce” for services in the U.S. Trademark Act, Section 45, requires only that the services under the mark be “rendered in commerce.” The word “commerce” means “all commerce which may lawfully be regulated by Congress.” There is no requirement that employees of the trademark owner actually travel to the U.S. in order to render the services.

However, foreign trademark owners should be careful not to claim, in documents filed in the USPTO, that they are using a mark “in commerce” (in the U.S.) if that would constitute an unfavorable admission for other legal purposes. For example, a foreign financial services or insurance company, with a U.S. registration for “banking,” “insurance” or “brokerage” services based on its home country registration, should be careful about claiming use for those services in a use declaration if, in fact, it does not have the required federal or state government regulatory approval to render those services in the United States. Filing a use declaration for those services could simply be incorrect, which renders the filing invalid, or could even be viewed as an arguable admission that the company is violating U.S. law. Conceivably, also, a claim of use “in commerce” in a service mark declaration could be used as evidence, by the U.S. Internal Revenue Service, to collect U.S. tax on the service mark owner for income from its activities connected to the U.S. In other words, foreign owners of service marks, who do not regularly operate in the U.S., should consult with their attorneys for tax and regulatory matters before they claim use of their marks in the U.S. in USPTO filings.

2. Retail Services

In some foreign countries, marks for services of selling products at retail are not considered registrable. In the U.S., marks for retail services are registrable. For example, an approved identification in the USPTO in Class 35 is “on-line retail services featuring [indicate field or type of goods],” such as “on-line retail services featuring clothing.” Similarly, for real-world stores, an approved identification is “retail [indicate type or field] stores,” such as “retail clothing stores.” Foreign trademark owners often overlook the possibility of obtaining registration for these online or real-world stores services. Even if the foreign trademark owners do not have a dedicated store, bearing their mark as the main store name, in the U.S., they may still be able to register their mark in the U.S. if they have an online store with some U.S. customers.

3. Fan Club Services

Foreign entertainment service providers, such as sports teams and music groups, can also obtain and maintain U.S. service mark registrations for their names or logos for fan club services, even though they do not play or perform in the U.S., so long as U.S. residents participate in fan activities. The U.S. fans could do so, for example, by subscribing to a worldwide “official” fan club website—maintained and controlled by the service mark owner—for the team or music group. The specimen of use would be a printout of the fan club web page.

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