

Avoid Inadvertent Abandonment of Your Trademark: Strategies for Preventing Abandonment of Federal Trademark Rights

Even though most business owners know that they can easily obtain rights in a trademark and that registration of their mark is a relatively simple process, they may not realize the ease with which their trademark rights can be lost—in many cases through inadvertent conduct. Given the valuable consumer loyalty that is created through trademark use, once a trademark owner has obtained federal registration of its mark, the owner should be sure to continue to take the necessary steps to maintain its rights to the trademark. Failing to do so could weaken the strength of the mark, cause a loss of registration priority over other users, and even result in the abandonment of the owner's rights to the mark altogether.



Use It or Lose It

Abandonment of trademark rights most often results because the mark is not used. To maintain a federal trademark registration, a trademark owner must continue to use the mark in commerce in connection with the goods and services stated in the registration. If an owner ceases to use the mark without the intent to resume use, 15 U.S.C. § 1127 provides that the owner abandons its rights in the mark, and the abandonment will be presumed if the owner fails to use the mark for a period of three years.

However, this presumption of nonuse may be rebutted by presenting evidence to the contrary.¹ There has been some debate over the last few years as to what type of evidence needs to be presented to rebut this presumption of nonuse. Some courts have relied on the plain language of 15 U.S.C. § 1127 by finding that the mark's owner must show that circumstances do not support the presumption of an intent not to resume use, while others have held that the mark's owner needs only to produce evidence of an intent not to abandon the mark.² However, most courts look at the objective

evidence of the owner's intent to resume use and not solely at the owner's subjective intent.³

Although some in the legal community have advocated that the consumers' continued perception of a mark and its associated goods and services that may survive after an owner ceases to use the mark should be sufficient in some cases to rebut the presumption of abandonment, few courts have given weight to this "residual good will" to excuse nonuse without other evidence of an intent to resume use.⁴ Therefore, trademark owners should not rely on their subjective intent not to abandon the mark or any potential residual good will to protect them from a finding that the mark has been abandoned because of nonuse; rather, owners should ensure that they actively use their mark in connection with the goods and services listed on their registration.

Refrain from Substantial Changes to the Mark or the Goods and Services Associated With the Mark

Not only is continued use of the mark required to prevent a finding of abandonment, but such continued use must be in connection with the goods and services stated on the registration. This means that the trademark owner should avoid making substantial changes to the quality or type of goods and services associated with the mark. Minimal changes will not generally result in a finding of abandonment, and an owner may amend its registration to clarify or to limit the goods and services contained in its original registration. However, because a trademark symbolizes the quality and type of goods and services in addition to their source, substantial changes to the quality and type of goods and services could affect the owner's ability to establish continued use and result in a cancellation of its registration.

Similarly, trademark owners should resist substantially changing the design of their marks, because substantial changes could lead a court to determine that the mark no longer has a "continuing commercial impression" and therefore has been abandoned.⁵ Furthermore, specimens showing continued use of the mark are required to be filed with "§ 8 Affidavits" and "§ 9 Renewal Applications" (discussed below). If a substantial change is made to the mark, the owner cannot provide a specimen showing the continued



use of the registered mark, and this could also lead to the expiration of the registration.

Be Careful When Transferring a Mark

Trademark owners should also exercise caution when transferring trademark rights through the licensing or assignment of such rights. Because changes in the quality of the goods and services can destroy the mark's ability to identify the source and quality of the goods and services, granting a license to a third party to use a mark without maintaining adequate quality controls on the goods and services rendered by the licensee can result in a "naked license," which can also lead to a finding that the mark has been abandoned. The level of quality control required to prevent abandonment varies depending on the type of business in which the mark is used and can involve direct supervisory control, reliance on oversight of the licensee, or reliance on contractual provisions.⁶

Similarly, the assignment or transfer of rights to a mark must be accompanied by a transfer of the good will associated with the mark so that the assignee can step into the shoes of the assigner and maintain its trademark rights. "Good will" refers to the good reputation of the business and consumers' awareness of the reputation, and protecting good will is one of the rationales for the protection of an owner's rights in a mark. Therefore, if a mark is transferred and the transferee uses the mark in connection with different

goods or services, the transferee is no longer using the mark in connection with the good will that was originally associated with the mark, and the mark may thus be considered abandoned, preventing the assignee from relying on the assigner's priority use date. The assignee's goods and services only need to be sufficiently similar to the goods and services of the assigner in order to preserve the good will originally associated with the mark.⁷

Comply with Filing Requirements

Trademark owners should also ensure strict compliance with all filing requirements of the U.S. Patent and Trademark Office in order to maintain their registrations. During the one-year period prior to the end of the sixth year of registration, 15 U.S.C. § 1058 requires that the owner file a "§ 8 Affidavit" stating that the owner is still using the mark for the exact goods or services described in the registration. In addition, 15 U.S.C. § 1059(a) requires that an owner renew each trademark registration during the one-year period prior to the registration's expiration by filing a "§ 9 Renewal Application." Section 1606.08 of the Trademark Manual of Examining Procedure further provides that such renewal applications can limit the goods and services for which the owner uses the mark, but they may not expand the goods and services. If the owner fails to file a § 8 Affidavit or § 9 Re-

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Announcing the **6th Annual Greater Washington D.C./Baltimore Public Service Career Fair**

Friday, January 25, 2008

9:00 a.m.—4:00 p.m.

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It is with great pleasure that we invite you to participate in the 6th Annual Washington D.C./Baltimore Public Service Career Fair! Last year's event brought more than 75 employers and 400+ students together through interviews, "table-talk" sessions, or résumé collections to meet and discuss public interest and government opportunities in the Washington, D.C. area.

Hosted by six area law schools and the FBA, the career fair offers law students an opportunity to learn about participating organizations and agencies, including available summer and post-graduate positions. This is an excellent opportunity for employers to meet talented students seeking public service careers and for students to develop their job search strategies and interviewing skills.

There is no fee to participate. By registering through our online registration system, you can participate in this one-day event, which includes informal table-talk and more structured interviews. If you are unable to attend, we can collect résumés on your behalf and send them to you after the event for your consideration.

Please visit www.fedbar.org/careerfair.html for more information. If you have any questions please contact the PSCF Coordinator at George Mason University School of Law, at ashephe2@gmu.edu or (703) 993-8052. We hope to see you in January!

For more information visit www.fedbar.org/careerfair.html

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the legislature. Rather, the more personal attacks and the attempts to police the third branch outside of such legislation are a matter of concern.)

Similarly, we need to renew our efforts to obtain fair and just compensation for federal judges. The fact that judges are again leaving the bench for other employment opportunities that offer higher salaries should concern all federal practitioners. Whatever is determined to be a fair level of compensation should be established and not made dependent upon

changes to the compensation of members of political branches. Only in this manner can we continue to ensure that we have an independent judicial body that enjoys the confidence of the country as a whole. TFL



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new Application within these time periods (plus any applicable extension periods) the owner's registration can be canceled.

Don't Use Your Mark in a Generic Sense

Trademark owners also need to be aware that, under the provisions of 15 U.S.C. § 1127, use of a mark in a generic sense could be deemed to be abandonment of the mark. Generic use of the mark may result in abandonment when the mark becomes so heavily used or associated with a general category or type of goods that the mark no longer indicates the source or quality of the goods and services associated with the mark.⁸ Therefore, trademark owners should refrain from using their marks in a generic sense. Although current trademark law does not provide any real recourse by which to prevent generic usage of a mark by the media or other noncommercial third parties, owners should at least send such a user a cease-and-desist letter and suggest proper usage, which, if needed, can be cited as evidence of the strength of a mark.⁹

Contest Third-Party Usage

Finally, uncontested usage of a trademark by third parties who use the mark without the owner's consent or in a confusingly similar manner can weaken the strength of the mark and can even cause the mark to become generic. In order to prevent such use by third parties, a trademark owner should monitor applications and registrations as well as general use of the mark and take steps to protect the owner's rights in the mark. Such steps may take the form of litigation to halt an infringing use, an opposition proceeding to prevent an offending application from becoming a registration, or a cancellation proceeding to nullify an existing offending registration.

Although there are numerous ways by which a trademark owner can lose trademark rights, trademark owners can diligently protect these rights by continuing to use the mark properly, by being cautious with the licensing and transfer of such rights,

by following the filing requirements set by the Patent and Trademark Office, and by carefully monitoring potential infringement of their rights in the mark. TFL

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Endnotes

¹*ITC Ltd. v. Punchgini Inc. et al*, 482 F.3d 135, 148 (2nd Cir. 2007).

²See, for example, *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 99 (5th Cir. 1983); *Seidemann Yachts Inc. v. Pace Yacht Corp.*, 14 U.S.P.Q. 2d 1497 (D.Md. 1989).

³See *EH Yacht LLC v. Egg Harbor LLC*, 84 F. Supp. 2d 556, 566 (D.N.J. 2000).

⁴See David S. Ruder, *The Fallacy of Trademark Residual Goodwill*, 22 no. 1, INTELL. PROP. L. NEWSL. 1 (2003); Laurence R. Hefter and Lisa F. Peller, *US Courts in Quandry Over "Abandoned" Trademarks*, INTELL. PROP. WORLDWIDE (June 1999); *Sterling Brewers Inc. v. Schenely Indus. Inc.*, 441 F.2d 675 (C.C.P.A. 1971).

⁵J. Thomas McCarthy, MCCARTHY ON TRADEMARK AND UNFAIR COMPETITION, §§ 17:24 and 17:26 (4th ed., 2007).

⁶*Barcamerica Intern. USA Trust v. Tyfield Importers, Inc.*, 289 F.3d 589, 596-598 (9th Cir. 2002); J. Thomas McCarthy, MCCARTHY ON TRADEMARK AND UNFAIR COMPETITION, §§ 18:48 and 18:55-60.

⁷*Sugar Busters LLC v. Brennan*, 177 F.3d 258, 265-266 (5th Cir. 1999).

⁸See TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1209.01(c) (3rd ed., rev. June 1, 2002) (citing examples of generic marks).

⁹J. Thomas McCarthy, MCCARTHY ON TRADEMARK AND UNFAIR COMPETITION, § 12:28.