"First-to-file" versus "First-to-use"

There are generally two trademark protection legal systems—civil law systems and common law systems. Most countries in the world, including China, use the Civil Law system, under which the first entity to register a trademark gets priority over its use and enforcement. In these systems, because actual use of the mark in business at the time of registration is irrelevant, mark registrations are often extremely broad, listing a wide array of goods and services, regardless of the actual intended scope.

Common law systems like the United States of America, on the other hand, recognize trademark rights based primarily on the "first to use" principle. In these countries, the first entity to actually use a trademark in business usually has the preferential position in a dispute with another entity who attempts to later register the mark.

In America, use of the mark is the key. However, owners of foreign trademarks enjoy a privileged status in registering their marks in the U.S. because of leniency in the use requirement. U.S. entities and any other mark owner seeking to register a mark in the U.S. under Section 1 of the Lanham Act must prove actual use of the mark in commerce before the trademark will be registered.2

On the other hand, foreign owners seeking to register their trademark in the U.S. under either Section 44 or Section 66 of the Lanham Act do not have to demonstrate actual use to obtain U.S. registration. Rather, the foreign owner need only stipulate a bona fide intent to use the mark in commerce in order to obtain registration.3

Run a thorough search for U.S. use before attempting registration

As noted, actual use creates priority trademark rights in the U.S.; U.S. registration alone, including by a foreign mark owner, does not create a trademark right. Indeed, use by a trademark registrant may actually constitute trademark infringement, in that the registrant's use may infringe on the rights of a prior user, even though that user had not registered the mark. Before attempting to register a foreign mark in the U.S., therefore, it's critical for a foreign owner to perform a very thorough trademark search, looking for existing U.S. usage to determine availability. That search needs to include both national and state registries, as well as unregistered trademarks in actual use.

Because of the relative difficulty and expense in procuring a U.S. trademark, a new foreign parent company with plans to enter the U.S. market should consider U.S. trademark availability from the outset before it chooses a global trademark. Choose a trademark that is not in use in the U.S. and protect it as soon as possible.

Eligibility for U.S. registration may differ from your home country

The Paris Convention for the Protection of Industrial Property (the "Paris Convention") was originally signed by 11 countries in 1883; as of August 2, 2008, it now has 173 countries, including both China and the United States. Under the Paris Convention, intellectual property systems of one contracting nation are accessible to nationals of other contracting nations. The Paris Convention also provides for a "priority right," under which applicants from one contracting nation can use their first filing date in any contracting nation as their priority filing date in another contracting nation, so long as the applications are filed within six (for industrial designs and trademarks) or 12 (for patents and utility models) months on one another.

The Madrid Protocol, administered by the World Intellectual Property Office in Geneva, is a much newer international contract (both China and the United States are members). The Madrid Protocol enables international trademark registration,
providing a method by which nationals of member countries can essentially “bundle” trademark registrations in separate member jurisdictions.

Despite the reciprocal protections of the Paris Convention and the Madrid Protocol, the U.S. will still refuse to register a trademark if it is not eligible under the Lanham Act.

For example, the USPTO will not allow marks that infringe on another mark, marks that are devoid of any distinctive character, and marks that are contrary to morality or public order. This became a problem for Dr. Matthias Rath, whose foreign marks DR. RATH and RATH were barred from registration (he applied for U.S. registration under Section 44(e). In re Rath, 402 F.3d 1207 (Fed. Cir. 2005). The USPTO determined that surname marks are descriptive and therefore devoid of any distinctive character pursuant to under Section 2(e)(4) of the Lanham Act. The Federal Circuit court panel rejected Rath’s argument that the Paris Convention requires registration of Rath’s application regardless of Section 2, stating: “[T]he history generally confirms that the principal register was available to foreign registrants and United States citizens on equal terms — both had to meet the eligibility requirement of United States law.” 402 F.3d at 1212.

Moreover, as noted, foreign registrations are often quite broad in scope, encompassing a wide list of goods and services to be covered by the mark, regardless of actual use. The U.S. Patent and Trademark Office must accept the classification of goods and services stated in the foreign application, and cannot reclassify them.

Although the examiner may not reclassify the goods or services listed, he may require that the goods be described with greater particularity:

Foreign registrations will often include broad statements of the identification of goods and services.

Foreign registrations will often include broad statements of the identification of goods and services. In many cases, the identification is merely a repetition of the entire general class heading for a given class. These broad identifications are generally unacceptable in United States applications. The identification of goods and services in the United States application must be definite and specific even if the foreign registration includes an overly broad identification.

The lesson for foreign mark owners — before attempting to register your foreign mark in the U.S. under Sections 44 or 66, consult a trademark attorney or specialist to ensure that your mark will meet the eligibility and scope requirements of the USPTO.

Cautions and tips when stipulating Bona Fide Intent

As noted above, foreign trademark owners applying to register their marks in the U.S. under Sections 44 or 66 of the Lanham Act do not have to demonstrate actual use in the U.S. in order to register their marks. However, under both sections, the foreign applicant must state that it has a “bona fide intention” to use its mark in U.S. Commerce. (Sections 44(d) (2), 44(e) and 66(a)).

The term “bona fide” is not defined in the Lanham Act, but legislative history indicates that “Congress intended the test of ‘bona fide’ to be shown by ‘objective’ evidence of ‘circumstances’ showing ‘good faith.” An adversary (such as one opposing an application, claiming it will dilute their own existing mark) may challenge an application by claiming a lack of a bona fide intent. The Trademark Trial and Appeal Board (the “TTAB”) has rejected the applications of applicants who failed to produce objective evidence of intent to use the mark. When an application is opposed on these grounds, the TTAB will consider the scope of goods and services listed in the application and look for some evidence of bona fide intent to use the mark on all of those goods — business plans, correspondence with vendors, buyers, potential partners, or other relevant communications.

Foreign mark owners should be aware of this standard when applying to register their foreign marks. Most foreign countries, including China, allow a trademark owner to register a long list of goods and services purportedly covered under their mark even though the mark owner is not using the mark for all of those purposes, and have no immediate plans to do so. But that application may be too broad to withstand an opposition that alleges lack of bona fide intent to use the mark as stated.

The best preemptive maneuver for foreign owners is to ensure that documents exist that indicate objective intent to use the mark in commerce in the manner and scope indicated in the foreign registration and U.S. application, whether a business plan, memoranda, or other correspondence.

Well-known/ famous mark protection

Foreign owners of famous marks that are unregistered and not in use in the United States by the foreign owner face a particular challenge if a U.S. company is using that mark to market goods or services in the U.S. without the foreign owner’s consent. Because U.S. trademark law generally gives preference to the first user of a mark in the U.S., a foreign owner of a famous mark may not automatically receive priority merely due to the well-known nature of their mark.

In the past, foreign owners have tried to rely on the “famous marks doctrine,” which offers protection for a famous foreign mark that is only used outside the U.S., but which is well-known in the U.S. When applied, the doctrine finds that there would be a likelihood of confusion between the foreign famous mark and the junior U.S. user.

However, foreign mark owners should be aware that U.S. courts have not uniformly or consistently applied the famous marks doctrine to protect foreign marks. For example, in TTC Ltd. V. Panchgini Inc., 482 F.3d 135 (2nd Cir. 2007), the 2nd Circuit refused to apply the famous marks doctrine, despite language in the Paris Convention indicating that member nations should protect one another’s well-known marks against uses that may result in a likelihood of confusion. By contrast, for example, the 9th Circuit has extended the doctrine

But the Punchgini court did accept an alternative cause of action for foreign owner of a famous mark—an unfair competition claim against a junior U.S. user of the mark for misappropriation. Under this theory, the famous mark owner asserts that the junior user misappropriated the owner’s property right—the owner’s goodwill in the mark. A well-known business has developed and earned goodwill that constitutes a property right and/or commercial advantage that is protected from misappropriation (at least under New York’s unfair competition law). In order to succeed on this claim, the foreign owner must show that the junior user deliberately copied the famous foreign mark and that consumer of the junior user’s marked goods or services must primarily associate the mark with the foreign trademark owner—the latter issue requires a fact-specific analysis.13

Use is required by everyone after registration

Even though foreign mark owners may not have to demonstrate actual use in commerce before obtaining U.S. trademark registration through Sections 44 or 66 of the Lanham Act, every trademark registrant must demonstrate actual use in commerce following registration. Failure to use the mark after registration may result in claims of abandonment and ultimate cancellation of the mark.

Specifically, Section 8 and 5 of the Lanham Act requires every U.S. trademark owner to file a Declaration of Use between the fifth and sixth years after obtaining registration—failure to do so will result in cancellation of the mark.14 In the Declaration of Use, the mark owner must verify that the mark is actually in use for all of the goods and services identified in the registration. The purpose of this provision is “to remove from the register automatically marks which are no longer in use.”15

In the Declaration of Use, the mark owner must delete every item for which the mark is not in use. The TTAB has a strict fraud policy on this issue. If the Declaration includes goods or services that should have been deleted for non-use, the entire registration may become subject to a fraud attack that could, if successful, result in the registration being declared void as to one or more classes of goods or services. In General Car and Truck Leasing Systems Inc. v. General Rent-A-Car Inc., 17 USPQ 2d 1398 (S.D. Fla. 1990), the court determined that the registrant’s failure to remove leasing of “boats” and “aircraft” from listing of services in the Section 8 affidavit—when registrant knew it was not using the mark in conjunction with those services—was sufficient to prove fraud as a matter of law and resulted in cancellation of the entire registration.

Claims of fraud are common in TTAB proceedings, and foreign mark owners need to be exceedingly vigilant in filing an accurate Declaration of Use. Because foreign registrations are often so broad in scope, there is a high likelihood that they will list goods and services in regards to which the relevant trademarks are not being used five to six years after U.S. registration.16

The Lanham Act also requires that the mark is used “in commerce”17—interstate commerce that is regulated by the U.S. Congress—to remain in force. Though foreign mark owners have encountered difficulty trying to convince tribunals that their foreign activities took place in U.S. interstate commerce,18 it is possible. Foreign mark owners who conduct their primary business outside of the U.S., but can demonstrate advertising and promotion of its goods and services within the U.S., as well as other efforts to connect with and sell its goods and services to U.S. consumers, have an excellent chance of proving use of the mark in regular commerce.19

Continuous use and vigilance required

In the U.S., you must use your trademark rights, or you lose them. Foreign mark holders are not except from the concept of “abandonment,” which provides the grounds for cancellation of the mark registration due to non-use. A mark is deemed “abandoned” when its use has been discontinued with intent that it would not be resumed. Nonuse for three consecutive years is prima facie evidence of abandonment. Imperial Tobacco Ltd. v. Philip Morris Inc., 899 F.2d 1575, 1579 (Fed. Cir. 1990). This argument most recently comes up when a foreign mark owner’s competitor petitions for cancellation, arguing that the foreign owner has not performed any services or sold any goods under the mark in the U.S., thereby meeting the Lanham Act’s definition of “abandonment.” The registered foreign trademark is good for ten years, but can be renewed for another ten years an indefinite number of times by filing a Section 9 affidavit verifying that the mark has been in continuous use since registration or the last renewal. Those Section 9 affidavits are subject to claims of fraud by opponents just like the Section 8 Declarations, as discussed above. In Torres v. Cantine Torresella S.r.l., 808 F.2d 46 (Fed. Cir. 1986), the federal court upheld cancellation of a 20-year registration because in the Section 9 affidavit, the registrant generally averred “continuous use” of the mark. LAS TORRES & Design, when in fact he had dropped the “LAS” and had changed the design before filing the affidavit.

Additionally, once a foreign trademark owner has registered its trademark in the U.S., it must remain on guard against usage of the same or similar trademarks by other businesses and in other industries to avoid “dilution” of the mark. Failure to protect the mark can lead to claims of abandonment or acquiescence to the misuse. When similar use is discovered, the mark’s owner must immediately take action to protect the mark, first by filing a cease and desist letter, then by seeking an injunction via litigation if necessary. As soon as use of a similar mark is discovered, it is important to consult a trademark attorney to discuss enforcement options.20
Endnotes:

1. The Lanham Act, also referred to as the Trademark Act, is the primary statute governing trademark rights in the United States. It is codified at 15 U.S.C. Section 1051 et seq. The Lanham Act provides for essentially three ways to register a trademark in the U.S.; those are set forth in Sections 1, 44, and 66 of the Trademark Act (discussed herein in more detail).

2. Under Section 1(b) of the Lanham Act, a domestic or foreign national may apply for a trademark registration based on a "bona fide intention to use" the trademark in commerce. But still, the applicant must demonstrate actual use in commerce prior to ultimate registration.

3. Section 44(d) of the Lanham Act (15 USC Section 1126) enables U.S. trademark registration based upon a trademark registration granted in the mark owner's home country. A foreign entity may file for U.S. registration under Section 44(e) based on a pending registration application abroad via the Paris Convention or similar treaty, though that foreign trademark must be registered before obtaining final U.S. registration.

4. Section 66 of the Lanham Act (15 USC Section 1141) enables a foreign national to obtain international registration pursuant to the Madrid Protocol.

5. To "use the mark in commerce," for purposes of U.S. trademark registration, means to use the mark in "commerce which may be lawfully regulated by Congress." Section 45 of the Lanham Act, 15 USC Section 1127.

6. The mark and the goods or services recited in the foreign registration should be equal to the mark and the goods and services claimed in the U.S. application. Section 44 of the Lanham Act.

7. Lanham Act, Section 2, 15 USC Section 1052.


12. The court noted that the famous marks doctrine had been applied infrequently, and in order to be well-known or famous under the doctrine, the mark had to be well-established in the American market - real challenge for foreign marks not in use in the U.S. 482 F.3d at 159 - 165.

13. 482 F.3d at 153 - 156.

14. The statute does allow a six-month grace period for late filing of the Section 8 filing.


16. In Medinol Ltd. v. NeuroVasx, Inc., 67 U.S.P.Q.2d 1205 (TTAB 2003), for example, the TTAB canceled a trademark owner's registration based on a determination that the trademark owner, NeuroVasx, had defrauded the USPTO when it filed its Statement of Use (SOU). NeuroVasx had claimed intent to use its trademark with medical devices, neurological stents and catheters. Medinol petitioned to cancel the registration because NeuroVasx had not used the mark with stents as of the date it filed its Statement of Use. NeuroVasx claimed that the inclusion of stents was an error that was overlooked and sought to amend its registration by removing "stents," but the TTAB sided with Medinol, finding that NeuroVasx knew or should have known that the mark was not in use on all of the goods it claimed when it filed its SOU.


18. See, e.g., Cerveceria Centroamericana S.A. v. Cerveceria India Inc., 892 F.2d 1021 (Fed. Cir. 1989) (finding abandonment because the registrant had not imported its beer into the U.S. for several years and thus there was no evidence of use within the U.S.); Imperial Tobacco, supra (holding that an English cigarette company had not sold any of its product in the U.S. from the time of registration until the petition for cancellation began; the registrant's argument that its mark was known by reputation in the U.S. was insufficient to demonstrate use in the U.S.).


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