Trademark Use in the United States & Canada

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COMMON LAW:

- Trademark rights arise in the United States from the actual use of the mark. Thus, if a product is sold under a brand name, common law trademark rights have been created.
- The term "common law" indicates that the trademark rights that are developed through use are not governed by statute.
- Earlier common law use can defeat a later filed application or narrow the geographical scope of the registration.
- Common law rights may be limited to the geographical area of use.
FEDERAL REGISTRATION

- Federal registration is almost always recommended and gives a trademark owner substantial additional rights not available under common law (i.e. prescriptive ownership in all 50 States; "incontestable" after 5 years of registration).

- An application for registration may be based upon actual use in commerce or upon a bona fide intent to use (ITU). An ITU application will not become a registration until documents evidencing actual use of the mark.

- The filing date of an ITU application becomes the "actual use" date once registration issues (for priority purposes).
In the United States, a mark must be **used in commerce** to be registered as a trademark.

The definition of **use in commerce** was amended in 1988 to add the phrase "the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark." The primary purpose of the amendment was to eliminate the practice of "token use," or use made solely to reserve rights in a mark.

The Lanham Act (U.S. trademark law) provides that a mark shall be deemed to be in "use in commerce":

1. (1) on goods when
   - (A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and
   - (B) the goods are sold or transported in commerce.

2. (2) on 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."
For the purpose of obtaining federal registration, "commerce" means all commerce that the U.S. Congress may lawfully regulate; for example, interstate commerce or commerce between the U.S. and another country.

- For goods: the mark must appear on the goods, the container for the goods, or displays associated with the goods, and the goods must be sold or transported in commerce.
- For services: the mark must be used or displayed in the sale or advertising of the services, and the services must be rendered in commerce.

The USPTO defines "Interstate Commerce" as sending goods across state lines with the mark displayed on the goods or the packaging for the goods. "Interstate Commerce" for services involves offering a service to those in another state or rendering a service which affects interstate commerce (e.g. restaurants, gas stations, hotels, etc.).

In practical terms: "Use in Commerce" could mean that your product (goods) or service was sold outside of the state in which it originates or was advertised out of state.
Some factors that may be important in determining compliance with the statutory requirement for a "bona fide use of a mark in the ordinary course of trade" are: (1) the amount of use; (2) the nature or quality of the transaction; and (3) what is typical use within a particular industry.

The meaning of "use in the ordinary course of trade" varies from one industry to another. The report of the House Judiciary Committee stated that:

While use made merely to reserve a right in a mark will not meet this standard, the Committee recognizes that "the ordinary course of trade" varies from industry to industry. Thus, for example, it might be in the ordinary course of trade for an industry that sells expensive or seasonal products to make infrequent sales. Similarly, a pharmaceutical company that markets a drug to treat a rare disease will make correspondingly few sales in the ordinary course of its trade; the company's shipment to clinical investigators during the Federal approval process will also be in its ordinary course of trade....

Registrations remain in force for ten years at which time they must be renewed.

Notice: (R) for registered marks and (TM) (optional) for pending or common law marks.

In the United States, in the fifth year after registration of the trademark, the registrant must file an affidavit or declaration stating that the trademark is in use in commerce.

For renewal, the United States requires an affidavit showing use within six months preceding expiration of the ten year period or, upon payment of a penalty fee, within three months after expiration. Not only must the application be filed within the required time, but the oath and evidence of use must also be based on the time period in question.

Non-use of a trademark for three consecutive years is prima facie abandonment. Though previously abandonment required an actual intent to abandon, now only an intent not to resume a commercial level of use is necessary. An intent not to resume use may be inferred from an affirmative act such as the company announcing publicly its intent to discontinue the sale of a product. The requisite intent can also be inferred based only on non-use of the trademark depending upon the length of the non-use, the cause of non-use and other relevant factors.
Rights to a trade-mark accrue from the mere use of the mark at common law or from the filing of a proposed use application.

Common law rights can be relied on to challenge a subsequent user of a mark provided there is sufficient reputation for the plaintiff's mark and an ability to show damage to their goodwill.

Unique to Canadian practice is the requirement to claim any existing Canadian use in a trade-mark application at the time of filing by stating an approximate date of first use in order to maintain the validity of the mark. This claim cannot be added at a later date and must be claimed up front at the time of filing. The failure to claim existing Canadian use is a technical flaw that provides a clear point of challenge in an opposition proceeding.

The recent decision of the Supreme Court of Canada affirmed the longstanding position that the first user of a mark is the entitled party to that mark, regardless of any subsequent registration by the other - and regardless of where that use takes place.
While there is no specific reference in the Act or the Trade-mark Regulations to the term “genuine use”, Section 4 of the Act, provides the criteria for determining whether a trade-mark is in use in Canada in association with goods and services:

1. A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.
2. A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.
3. A trade-mark that is marked in Canada on wares or on the packages in which they are contained is, when the wares are exported from Canada, deemed to be used in Canada in association with those wares.

Advertising alone is not sufficient; the relevant services must be performed (or at least available) in Canada and the trade-mark must be used or displayed in the performance or advertising in Canada of those services.

Token use is not considered to be proper trade-mark use, however, a single sale made in the ordinary course of trade may be sufficient to establish use.
• A Canadian trademark registration is valid for 15 years and may be renewed indefinitely for further 15-year periods upon payment of a renewal fee.

• Notice: Canadians generally follow the use of (R) for registered marks and (TM) for pending or common law marks.

• Failing to use a registered mark for a period of three years makes the trademark vulnerable to attack from competitors, who can initiate a summary procedure to cancel or amend the registration.

• There are no set rules as to what type of evidence must be provided, however, a bare assertion of use is not sufficient (“a deponent may not simply state; he or she must describe and show how the trade-mark was used during the relevant period.”) The burden on the registrant, however, “is not a stringent one, and a prima facie case will suffice for the purposes of section 4 of the Act.”

• Canada requires an intent to abandon.