Federal Circuit Rules Launching a Website or Other Advertising Alone Is Not Service Mark "Use"

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Launching a website or other advertising alone is not enough to prove "use" of a service mark. You must actually render the services you claim in connection with your service mark before you file your federal use-based registration application or statement of use. The Federal Circuit has ruled that use in commerce exists only if the services offered in connection with the mark were actually provided. This answers the frequently asked question of what constitutes use in commerce of a service mark. Attorneys in McCarter's Intellectual Property group have significant experience with trademark prosecution and disputes, and are available to discuss the implications of this important decision for your IP strategy.

For the first time, the Federal Circuit directly addressed whether the advertising or offering of a service, without the actual provision of the service, constitutes use in commerce for a service mark. *Couture v. Playdom, Inc.*, No. 2014-1480 (Fed. Cir. Mar. 2, 2015). In affirming the Trademark Trial and Appeal Board's (TTAB) cancellation of the service mark PLAYDOM, the court held that the mark was void *ab initio* because the associated services were not rendered as of the use-based application's filing date even though the mark owner had used the mark to advertise the services by launching a website, and that such advertising alone does not constitute use in commerce.

David Couture filed an application in May 2008 to register the service mark PLAYDOM claiming actual use in commerce under Section 1(a) of the Lanham Act. The mark was registered in January 2009. A month later, the game development company Playdom, Inc. ("Playdom"), which was acquired by Walt Disney & Co. to expand Disney's online social network gaming presence, filed an application to register the identical mark, and the application was denied based on Couture's registration. Playdom petitioned to cancel Couture's registration, arguing that it was invalid because Couture had not used the mark in commerce as of the date of his application. *See Playdom, Inc. v. Couture*, Cancellation No. 92051115 (Feb. 3, 2014). Couture admitted that he did not actually render services to a customer until March 2010. He had merely launched the website playdominc.com to advertise his services. The TTAB cancelled Couture's registration for the reason given by Playdom.

In *Couture v. Playdom, Inc.*, No. 2014-1480 (Fed. Cir. Mar. 2, 2015), Couture appealed the TTAB's decision, and the Federal

Circuit tackled the question of "whether the offering of a service, without the actual provision of a service, is sufficient to constitute use in commerce under Lanham Act § 45, 15 U.S.C. § 1127." Section 45 provides that a service mark is used in commerce "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" (emphasis added). The court affirmed the TTAB's decision, finding no evidence that Couture rendered the services to any customer before 2010. Citing decisions in the Second, Fourth and Eighth Circuits, the court noted that other circuits have interpreted this statutory provision as requiring the actual rendering of services.

The *Playdom* decision underscores the importance of strategic decision making in seeking trademark registrations. Couture may have been better served by filing an intent-to-use application under Section 1(b) as part of a comprehensive strategy to protect his rights in the mark. With an intent-to-use application, the May 2008 filing date would have been Couture's "constructive use" date for purposes of nationwide priority, allowing him to extend his time to file a statement of use until he actually rendered the services in 2010. The Federal Circuit's decision highlights the importance of thinking critically about one's IP strategy, both offensively and defensively. With extensive experience in trademark prosecution and disputes, McCarter & English, LLP can advise you on an appropriate IP strategy based on your particular circumstances. Please contact a member of McCarter's Intellectual Property group to discuss.