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EDITOR'S NOTE

From time to time in the course of human events, *The Trademark Reporter* (TMR) publishes a theme issue. This is one such time. The theme is trademark use.

As the TMR has become increasingly international in focus in recent years, it gives us special pleasure to include in this issue articles focusing on not only United States law but also European law, Chinese law, Brazilian law, and Canadian law, as well as the unique insights and perspectives that come from comparing and contrasting the differing legal regimes. The issue includes articles addressing practical considerations arising from new methods of using trademarks in new media environments; comparing the differing legal structures (common law and use-based on the one hand and civil law and non-use-based on the other) in the United States and Europe; examining the ways in which these differing legal systems have regulated (or not) often highly controversial keyword advertising that forms the backbone of Internet commerce; describing emerging trends in China, particularly regarding what is fair use; elucidating use and registration requirements under Brazilian trademark law (including new developments there); defining trademark use and how the manner of use affects registration, enforcement, and cancellation in Canada (again including new legal developments); analyzing the leveling effects of the Internet in establishing trademark use and trademark rights under U.S. law and the consequences of non-use—namely, abandonment. How “use in commerce” is treated by the Trademark Trial and Appeal Board as distinct from the United States district courts is even at the heart of a case currently pending before the United States Supreme Court.

This summary barely scratches the surface of the use-related issues presented on these pages. On behalf of all of the editors, I hope it sparks timely and topical insights and is, of course, eminently useful.

Jonathan E. Moskin
Editor-in-Chief

**WHY WAIT THREE YEARS?
CANCELLATION OF LANHAM ACT SECTION 44(e)
AND 66(a) REGISTRATIONS BASED ON NON-USE
PRIOR TO THE THREE-YEAR STATUTORY PERIOD
FOR PRESUMPTION OF ABANDONMENT**

*By Sandra Edelman**

I. INTRODUCTION

The review of a typical United States trademark search report will likely reveal a number of U.S. registrations issued under Sections 44(e) and 66(a) of the Lanham Act, for which the registrant was not required to prove actual use of its mark in United States commerce as a condition of obtaining the registration.¹ These registrations frequently cover multiple classes and dozens, or even hundreds, of goods and services on which the mark may never have been used, because the U.S. registrations are based on international registrations secured by non-U.S. owners in jurisdictions where proof of use of the mark in commerce is not required. Thus, in these jurisdictions, there is no statutory bar to obtaining a registration covering many goods or services on which the mark has not been and may never be used.

Section 44(e) and 66(a) registrations are therefore distinguishable from registrations issued under Section 1 of the Lanham Act,² in which the applications can be based either on actual use of the mark in commerce prior to filing under Section 1(a), or a bona fide intent to use the mark in commerce under Section 1(b), with the further requirement that a

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1. Pursuant to Section 44(e) of the U.S. Trademark (Lanham) Act, 15 U.S.C. § 1126(e), a foreign applicant of a country with whom the United States maintains certain treaty rights can obtain a U.S. registration of a mark based on ownership of a registration or pending application in the applicant's country of origin. See *Imperial Tobacco Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575, 1578 (Fed. Cir. 1990). Under Section 66(a) of the Lanham Act, 15 U.S.C. § 1141(f), enacted as part of the Madrid Protocol Implementation Act, a trademark owner in an international jurisdiction that is a participant in the Madrid Protocol may apply for an "international registration" based on a national application or registration in a member country, and then file a request for extension of protection of that registration in the United States. See *Saddle Springs, Inc. v. Mad Croc Brands, Inc.*, 104 U.S.P.Q.2d 1948 at **3-4 (T.T.A.B. 2012). The primary difference between the two types of registration is that a Section 66(a) registration "always remains part of and dependent on the international registration, in contrast to a Section 44(e) registration which stands independent of the underlying foreign national registration." *Id.*

2. 15 U.S.C. § 1051.

registration will not issue for a Section 1(b) application until proof of actual use in commerce is provided by the applicant.³

The difference in the scope of goods and services covered by Section 1 registrations on the one hand, and many Section 44(e) or 66(a) registrations on the other, can be illustrated by different registrations obtained for the exact same mark by non-U.S. based pharmaceutical companies. A registration issued under Section 44(e) or 66(a) may cover pharmaceutical products for the treatment of a wide variety of medical indications, some of which may never be offered under the mark. In contrast, an additional registration for the same exact mark issued under Section 1 of the Lanham Act—in other words, a registration for which proof of use in commerce is required as a condition of registration—may cover only the specific medical indications for which the pharmaceutical mark is actually in use.⁴

Registrations issued under Section 44(e) and 66(a) for which no use has ever been or will be made on a wide scope of goods and services can present significant complications in the trademark clearance process. Any one of the many goods or services in these registrations can provoke a refusal to register on likelihood of confusion grounds during the *ex parte* examination process, irrespective of whether there is, or has ever been, any use of the mark on the particular good or service cited in an Office Action as the basis for the refusal.⁵ These wide-ranging registrations can also create uncertainty as to the true scope of rights the owner might possess and assert against a third party's use of a similar mark.

If an investigation reveals that a mark registered under Section 44(e) or 66(a) has never been used in the United States and there is reason to believe that use may never commence, a petition to cancel the registration on the ground of abandonment is

3. 15 U.S.C. § 1051(d).

4. For example, a registration for GLEEVEC obtained under Section 44(e) covers oncology indications as well as pharmaceuticals for the treatment of many other disorders, such as musculoskeletal and genitourinary system diseases, as well as antivirals, antibiotics, and antifungals (*see* Reg. No. 323883), whereas a Section 1 registration for the mark GLEEVEC covers only “pharmaceutical preparations for use in the field of oncology, namely for the treatment of cancer” (*see* Reg. No. 2675047); *compare also* Reg. No. 3181206 for the mark ILARIS, issued under Section 66(a) (originally covering multiple medical indications) *with* Reg. No. 3797205, issued under Section 1 (covering only pharmaceuticals for the prevention and treatment of inflammatory disorders); Reg. No. 2622847, for the mark LEVITRA, issued under Section 44(e) (originally covering pharmaceuticals for sexual dysfunction, cardiovascular diseases, central nervous system diseases, cancer, and respiratory and infectious diseases as well as diagnostics adapted for medical use) *with* Reg. No. 3050814 for LEVITRA (in stylized font), issued under Section 1 (covering only pharmaceutical preparations for the treatment of sexual dysfunction).

5. *See* T.M.E.P. § 1207.01(d)(iv) (“During *ex parte* prosecution, an applicant will not be heard on matters that constitute a collateral attack on the cited registration (*e.g.*, a registrant’s nonuse of the mark”).

an appropriate procedure to eliminate a potential obstacle to use and registration of a similar mark by a third party.⁶ However, some attorneys may believe that it is not worth filing a cancellation proceeding until the obstacle registration is more than three years old, because non-use of a mark for three consecutive years “constitutes *prima facie* evidence of abandonment” under Section 45 of the Lanham Act.⁷ This statutory provision provides an evidentiary boost to the petitioner in a cancellation proceeding. Yet, even without the benefit of *prima facie* evidence of abandonment that arises after proof of three years of non-use of a mark, a petition to cancel a registration on the ground of abandonment can be successful even before the three-year period has elapsed. In other words, why wait three years to eliminate a Section 44(e) or 66(a) registration for a mark that has never been, and likely never will be, used on particular goods or services?

Trademark registrations issued under Section 44(e) and 66(a) may also be vulnerable to cancellation before three years have elapsed on the additional ground of lack of bona fide intent to use at the time the application for registration was filed. Applicants for both Section 44(e) and 66(a) registrations are required to declare a bona fide intent to use the mark in commerce in the United States as part of the application process, but they are not required to prove actual commercial use of the mark in order to obtain the registration.⁸ Registrants who “over include” goods and services in a Section 44(e) or 66(a) registration may thus not only be unable to defeat a claim of abandonment after the registration has issued, they also may not be able to establish that they had a bona fide intent to use the mark in the first instance at the time the applications were filed as to all of the goods or services in the registration.

This article will discuss the statutory provisions and case law relevant to cancellation of Section 44(e) and 66(a) registrations on the ground of abandonment, and a strategy that can be pursued to prevail in a cancellation proceeding prior to the third anniversary of the registration’s issuance. In addition, the article will also address the additional tactic of seeking cancellation of Section 44(e) and 66(a) registrations on the ground of lack of bona fide intent to use at the time the applications for registration were filed, a claim that can also be pursued successfully prior to the third anniversary of the registration.

6. 15 U.S.C. § 1064(3) (a petition for cancellation of a registration may be brought at any time if the registered mark has been abandoned).

7. 15 U.S.C. § 1127.

8. See 15 U.S.C. §§ 1141h(a)(3) and 1141f (as to Section 66(a) registrations); 15 U.S.C. § 1126(e) and T.M.E.P. § 1008 (as to Section 44(e) registrations).

II. DEFINITION OF ABANDONMENT UNDER THE LANHAM ACT AND BURDEN OF PROOF

Before focusing on the specific issues affecting cancellation of Section 44(e) and 66(a) registrations on the ground of abandonment, it is first useful to review the definition of abandonment under the Lanham Act, and the rules for burden of proof that apply depending on whether the period of non-use of a registered mark is fewer or more than three years.

Section 45 of the Lanham Act states that a mark will be deemed abandoned if its use “has been discontinued with intent not to resume such use. Intent not to resume use may be inferred from circumstances.”⁹ The statute further provides that “non-use for 3 consecutive years shall be *prima facie* evidence of abandonment.”¹⁰ This statutory standard leads to specialized rules of burden of proof and persuasion when a petition for cancellation is brought on the ground of abandonment. As the court explained in *Jade Apparel v. Steven Schor, Inc.*,¹¹ evidence of three years of non-use of a mark “creates a statutory presumption of abandonment, which shifts the ‘burden of production to the mark owner to come forward with evidence indicating that, despite three years of non-use, it intended to resume use of the mark within a reasonably foreseeable time.’”¹² Notwithstanding the shift in the burden of production, the ultimate burden of proof (or persuasion) on the abandonment claim would remain with the claimant.¹³

If there is no *prima facie* evidence of abandonment because the period of non-use of the mark is fewer than three years, the party asserting abandonment has the burden of persuasion by a preponderance of the evidence that there has been non-use of the mark by the legal owner and a lack of intent by that owner to resume use of the mark in the reasonably foreseeable future.¹⁴

While there have been judicial statements about the “heavy burden” imposed on a party seeking to establish abandonment

9. 15 U.S.C. § 1127.

10. *Id.*

11. 2013 WL 498728, No. 11 Civ. 2955 (KNF) (S.D.N.Y. Feb. 11, 2013).

12. *Id.* at *10 (quoting *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 147 (2d Cir. 2007)).

13. *See Cervecería Centroamericana, S.A. v. Cervecería India, Inc.*, 892 F.2d 1021, 1026-27 (Fed. Cir. 1989) (also discussing the different treatment of the burden of proof and production issues in other federal circuits); *Cumulus Media, Inc. v. Clear Channel Communications, Inc.*, 304 F.3d 1167, 1175-77 (11th Cir. 2002) (discussing holdings on the burden of proof for abandonment in other jurisdictions).

14. *Jade Apparel*, 2013 WL 498728 at *10. The burden of proof by a preponderance of the evidence is the same standard that would typically apply to a cancellation proceeding brought on other grounds, such as descriptiveness or likelihood of confusion and prior rights. *See Cervecería Centroamericana, S.A. v. Cervecería India, Inc.*, 892 F.2d 1021, 1023-24 (Fed. Cir. 1989); *see also Wells Fargo and Co. v. ABD Ins. & Fin. Servs.*, 2013 WL 898140, No. C 12-3856 (PJH) at *6 (N.D. Cal. Mar. 8, 2013) (“abandonment requires *actual* cessation of use. The mere intent to cease use is not enough”) (emphasis in original).

because of the potential forfeiture of rights by the registrant, the Court of Appeals for the Federal Circuit in *Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc.*¹⁵ held that the reference to the onerousness of the burden does not relate to the standard of proof. Rather, it pertains to the great evidentiary difficulties a petitioner likely faces in a cancellation proceeding, as opposed to an opposition, and the fact that “in a cancellation proceeding as opposed to an opposition proceeding, the registrant benefits from a presumption of validity.”¹⁶ The *Cerveceria* court explained that the legislative history of the Lanham Act does not reflect “any intention by Congress to raise the burden of proof for cancellation for abandonment above the normal civil burden of a preponderance of the evidence. Nor do we see any basis for a higher burden of proof in cancellation proceedings for abandonment than for likelihood of confusion.”¹⁷

Based on the statutory definition and the prima facie evidence of abandonment that arises when there has been proof of non-use of a mark for more than three years, it is undoubtedly easier for a party to prevail on a claim of abandonment when there has been more than three years of non-use. Absent evidence of three years of non-use, however, a party can still succeed on a claim of abandonment, but it will need to carry its burden of persuasion by a preponderance of direct and/or circumstantial evidence that the mark owner has ceased using the mark without an intent to resume use.

III. ESTABLISHING ABANDONMENT OF SECTION 1 REGISTRATIONS OR U.S. COMMON LAW MARKS WITHOUT THE BENEFIT OF THE STATUTORY PRESUMPTION

While most allegations of abandonment are asserted where there is evidence of non-use of a mark for more than three years, thus enabling the claimant to benefit from the statutory presumption of abandonment, it is possible to bring and prevail on an abandonment claim where the period of provable non-use of the mark is fewer than three years. This circumstance has occasionally arisen in federal court infringement actions where abandonment has been asserted as a defense.¹⁸ For example, in *Cascade Financial Corp. v. Issaquah Community Bank*,¹⁹ the plaintiff,

15. *Id.*

16. *Id.*

17. *Id.* at 1024. The court held likewise in *Jade Apparel*, 2013 WL 498728 at *10 n.2.

18. *See ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 146 (2d Cir. 2007) (even if a plaintiff demonstrates trademark infringement, “the alleged infringer may nevertheless prevail if it can establish the owner’s prior abandonment of the mark”).

19. 2007 WL 2871981, No. C07-1106Z (W.D. Wash. Sept. 27, 2007).

Cascade Bank, had been known for many years as Issaquah Bank.²⁰ Cascade brought suit for trademark infringement against Issaquah Community Bank, which began operating under that name in 2007. In response to Cascade's motion for a preliminary injunction in August 2007, the defendant asserted abandonment as a defense, based on Cascade's cessation of use of the name "Issaquah Bank" as of September 2005 following a merger—a period of alleged non-use of just under two years.²¹ Cascade argued in response that it had made continuing use of the "Issaquah Bank" name in a limited fashion after the 2005 merger by using the name in a couple of advertisements, continuing to process old deposit and withdrawal slips with the former "Issaquah Bank" name, and maintaining domain names containing the word "Issaquah" (even though the domain names resolved to a Cascade-branded website).²²

In evaluating the defense of abandonment and the applicable legal standard, the court expressly noted that "Because the period of alleged discontinued use is less than three years, the statutory presumption of abandonment does not apply. 'Nevertheless, abandonment may be inferred from the circumstances in cases where there has been a shorter period of discontinued use.'"²³ On the facts presented on the motion, the court found that the defendant had demonstrated a likelihood of success on its affirmative defense of abandonment, thus precluding a finding of a likelihood of success on the merits on plaintiff's infringement claim.²⁴

In another case involving a formal announcement of a bank's change of name, *IntraWest Financial Corp. v. Western National Bank of Denver*,²⁵ the court found that abandonment had occurred, even though the period of non-use was not long enough to give rise to a statutory presumption of abandonment.²⁶ The plaintiff IntraWest had used the name "First National Bank of Denver" dating back to 1865, and had obtained a federal registration for the mark FIRST OF DENVER in 1975. In 1982, the bank decided to

20. *Id.* at **1-2.

21. *Id.* at **1, 8.

22. *Id.* at **2-5.

23. *Id.* at *8 (quoting *IntraWest Fin. Corp. v. W. Nat'l Bank of Denver*, 610 F. Supp. 950, 958 (D. Colo. 1985)).

24. *Cascade Fin. Corp.*, *supra*, 2007 WL 287981 at *10; *see also Wells Fargo and Co.*, 2013 WL 898140 (relying on the decision in *Cascade* and holding that the defendant had established a likelihood of success on a defense of abandonment to a motion for a preliminary injunction, where the period of alleged non-use was less than three years and the uses made by the plaintiff after a formal name change were deemed to be residual uses not in the "ordinary course of trade").

25. 610 F. Supp. 950 (D. Colo. 1985).

26. *Id.* at 958.

change its name to IntraWest, regulatory authorities were so informed, and an extensive advertising and informational campaign was undertaken in October 1982 to inform the public and the financial community about the name change. All bank forms were changed to reflect the new “IntraWest” name, and existing forms bearing the name “First National Bank of Denver” were either destroyed or covered over with the new name.²⁷ A few months later, IntraWest commenced a very limited use of the name “The First National Bank of Denver” in its safe deposit department, mostly consisting of a one-time only advertisement published with the name in December 1982.²⁸

The court found that IntraWest had discontinued all use of the name “First National Bank of Denver” for several months after the October 1982 name change and, in light of the brief period of non-use, a “statutory presumption of abandonment does not apply.”²⁹ Nevertheless, it concluded that “abandonment may be inferred from the circumstances where there has been a shorter period of discontinued use.”³⁰ The court found there was no evidence of an intent to resume use of the old mark after the publicized name change, specifically characterizing IntraWest’s limited use of the mark in connection with its safe deposit boxes as “merely an afterthought, a sham use devised in an attempt to prevent others from using the mark, not the bona fide use required to establish or retain rights in the mark.”³¹ Accordingly, the court concluded that IntraWest had abandoned its trademark rights in its former name.³²

Outside of the banking context, but again involving a publicly announced name change, the court in *Cumulus Media, Inc. v. Clear Channel Communications, Inc.*³³ considered whether a radio station owned by plaintiff Cumulus Media had abandoned its common law rights in the mark THE BREEZE after it changed its name to Star 98. Thirteen months after the name change, another radio station owned by defendant Clear Channel changed its name from The Mix to The Breeze, adopted a logo “nearly identical” to

27. *Id.* at 952-54.

28. *Id.* at 954.

29. *Id.* at 958. At the time of this decision, the statutory period of non-use under the Lanham Act that constituted prima facie evidence of abandonment was two years. *Id.* at 956. Section 45 of the Lanham Act was amended in 1996 to change the period to three years for prima facie abandonment pursuant to the Uruguay Round Agreements Act. *See Cumulus Media Inc. v. Clear Channel Commc’ns, Inc.*, 304 F.3d 1167, 1174 n.8 (11th Cir. 2002).

30. *IntraWest Fin. Corp. v. W. Nat’l Bank of Denver*, 610 F. Supp. 950, 958 (D. Colo. 1985).

31. *Id.*

32. *Id.* at 960.

33. 304 F.3d 1167 (11th Cir. 2002)

Cumulus Media's former logo for The Breeze, and actively promoted to the public that "The Breeze was back."³⁴ On a motion for a preliminary injunction, the district court gave the benefit of the doubt to the plaintiff that the mark was not abandoned based on a remaining use of the mark on an outdoor sign at plaintiff's studio as well as business card uses of the name. However, the district court also noted that as the case went forward on a full record, the court could find that the uses of THE BREEZE that were made after the name change were merely "vestigial holdovers" "evinced merely a haphazard transition" rather than an intent to continue using the mark.³⁵ Thus, the district court explicitly left open the possibility that Clear Channel might be able to establish abandonment, even though the period of non-use of the mark—thirteen months—was far shorter than the statutory presumption period of three years.³⁶

Similar to a formal announcement of a name change, the public communication of a decision to discontinue sales of a branded product can lead to a finding of abandonment prior to a three-year period of non-use. This circumstance occurred in *Hiland Potato Chip Co. v. Culbro Snack Foods, Inc.*³⁷ The plaintiff, Hiland, which had long-standing rights in the KITTY CLOVER mark for potato chips in the Kansas City market, mailed a letter in November 1980 to thousands of its customers, advising that it would no longer be selling KITTY CLOVER-branded potato chips and would henceforth sell chips under the HILAND mark.³⁸ Almost immediately after learning of this letter, the defendant, Culbro, which owned the rights to the KITTY CLOVER mark for potato chips in the remainder of the United States, began distributing its KITTY CLOVER chips in the Kansas City market.³⁹ Hiland brought a suit for infringement, and Culbro successfully asserted abandonment as a defense. The court held that "a public announcement of intention to discontinue the sale of a product may be a circumstance from which an intent not to resume may be inferred."⁴⁰ Accordingly, even though the statutory period of non-use for a presumption of abandonment had not occurred—indeed, the abandonment happened almost

34. These factors led the district court to conclude that Clear Channel's decision to call itself The Breeze was intended to divert market share from the plaintiff and mislead radio listeners. *Id.* at 1170.

35. *Id.* at 1175 n.10.

36. The Eighth Circuit affirmed the grant of preliminary injunctive relief, holding that it was not clear error to find that Clear Channel was not likely to succeed on the merits of its abandonment defense. *Id.* at 1177-78.

37. 585 F. Supp. 17 (S.D. Iowa 1982), *aff'd*, 720 F.2d 981 (8th Cir. 1983).

38. 585 F. Supp. at 20.

39. *Id.* at 21.

40. *Id.* at 22.

simultaneously with the public announcement of discontinued sales—the court found that Hiland had abandoned its rights in the KITTY CLOVER mark.⁴¹

Finally, in *Playdom, Inc. v. Couture*,⁴² the Trademark Trial and Appeal Board (TTAB) recently granted a petition for cancellation of the mark PLAYDOM for entertainment and educational services on the ground that the application, filed under Section 1(a), was void *ab initio* for failure to use the mark on any of the recited services prior to the filing date.⁴³ The Board also held, in the alternative, that the PLAYDOM mark had been partially abandoned as to certain of the entertainment services identified in the registration.⁴⁴ The Board noted that *prima facie* abandonment had not been established by the petitioner, because three years of non-use had not been proven.⁴⁵ Nevertheless, based on testimony that the respondent had not provided certain entertainment services and had no apparent intent to offer those services in the future, the mark was deemed partially abandoned.⁴⁶

The cases discussed above involving Section 1 registrations or U.S. common law marks demonstrate that while perhaps uncommon, it is possible to bring and succeed on an abandonment claim when the non-use of a mark is for a period of time shorter than the three years necessary to constitute *prima facie* abandonment.

IV. ESTABLISHING ABANDONMENT OF MARKS REGISTERED UNDER SECTION 44(e)

Registrations issued under Section 44(e) are vulnerable to petitions to cancellation on the ground of abandonment to the same extent as registrations issued under Section 1. The Court of Appeals for the Federal Circuit affirmed this principle in *Imperial Tobacco Ltd v. Philip Morris, Inc.*⁴⁷ Philip Morris had filed a petition to cancel Imperial's registration for the mark JPS for cigarettes that had been issued under Section 44(e). Following discovery, Philip Morris moved for summary judgment based on the undisputed fact that there had been no United States sales of

41. *Id.* at 22; 720 F.2d at 984 (affirming district court determination of abandonment).

42. 2014 WL 788346 Cancellation No. 9205115 (T.T.A.B. Feb. 3, 2014) (non-precedential).

43. *Id.* at *5.

44. *Id.* at *7.

45. *Id.* at *6.

46. *Id.* at *7.

47. 899 F.2d 1575 (Fed. Cir. 1990).

cigarettes under the registered mark from the date of registration in 1981, up until 1986, when the petition was filed.⁴⁸

The appellate court confirmed that while Section 44(e) registrations provide foreign applicants “a significant advantage over procuring a registration in this country” because of the lack of any requirement to show use of the mark in the United States prior to the issuance of a registration, the “the statute gave no similar advantage in the *maintenance* of a section 44(e) registration.”⁴⁹ On the contrary, Section 44(f) of the Lanham Act “provides that a registration obtained under section 44(e) ‘shall be independent of the registration in the country of origin and the duration, validity, or transfer in the United States of such registration shall be governed by the provisions of this chapter.’”⁵⁰ In other words, “after registration, a Section 44(e) registrant is entitled only to the same national treatment as any other registrant,” including cancellation on the ground of abandonment.⁵¹

While the court in *Imperial Tobacco* emphasized that once a Section 44(e) registration issued, the registrant stood on the same ground as a U.S. national registrant as to whether a mark had been abandoned, the court acknowledged that the legal standard for proving abandonment had to be adjusted in the context of a Section 44(e) registration. The necessary modification relates to the definition of abandonment under Section 45 as a *discontinuance* of use without intent to *resume* use.⁵² The concepts of discontinuance and resumption of use make sense for U.S.-based registrations, which require proof of use in U.S. commerce as a condition of registration. But the use of a mark can be discontinued and potentially resumed only if it was actually in use prior to registration. As the *Imperial Tobacco* court commented, the statutory language of “intent not to resume use” is “appropriate for the usual situation in which a registered mark has been used at some point in this country. Where there is use, followed by a period of nonuse, the question is whether the registrant ‘discontinued’ use with an ‘intent not to resume.’”⁵³ In

48. *Id.* at 1578.

49. *Id.* (emphasis in original).

50. *Id.*

51. *Id.* The court’s analysis regarding the interplay between Sections 44(e) and (f) of the Lanham Act is similar to prior decisions of the TTAB in *Reynolds Televator Corp. v. Pfeffer*, 173 U.S.P.Q. 437 (T.T.A.B. 1972), and *Sinclair v. DEB Chemical Proprietaries Limited*, 137 U.S.P.Q. 161 (T.T.A.B. 1963); see also *Oromeccanica, Inc. v. Ottmar Botzenhardt GmbH*, 223 U.S.P.Q. 59, * 3 (T.T.A.B. 1983) (Section 44(e) registrations, once issued, stand on the same footing as any other registrations and can be cancelled on the ground of abandonment under the standard set forth in Section 45 of the Lanham Act).

52. *Imperial Tobacco*, 899 F.2d at 1580.

53. *Id.*

contrast, if a mark registered under Section 44(e) has never been used in the United States, references to “discontinued” use and an intent not to “resume” use in the statute is “inapt.”⁵⁴

Evaluating how to make the definition of “abandonment” “apt” for Section 44(e) registrations, the *Imperial Tobacco* court rejected the registrant’s argument that “intent to abandon” should be substituted for “intent not to resume use” as the legal standard. As the court explained, an affirmative desire by the registrant not to relinquish rights in a mark is “not determinative of the intent element of abandonment under the Lanham Act” because in every contested abandonment case, the registrant denies an intention to abandon its mark.⁵⁵ Accordingly, in cases involving Section 1 registrations, a registrant has to do more than just deny an intention to abandon its mark. “The registrant must put forth evidence with respect to what activities it engaged in during the nonuse period or what outside events occurred from which an intent to resume use during the nonuse period may reasonably be inferred.”⁵⁶ The court concluded that there was “no justification to adopt a different or more liberal interpretation of the statute in connection with a mark of a Section 44(e) registrant, which has *never* been used in the United States. Such a registrant has no right to maintain a registration except in accordance with the statute, and nothing in the statute suggests that the registration of a never-used mark can be maintained indefinitely simply because the registrant does not have an affirmative intent to relinquish the mark.”⁵⁷

As to how to make the “inapt” language of the statute “apt” for Section 44(e) registrants, the court in *Imperial Tobacco* held that it was not error for the TTAB below to substitute “intent to begin use” or “intent to use” for “intent to resume use.”⁵⁸ The court observed, “these words are an appropriate adaptation of the statutory language in the situation of a never-used mark.”⁵⁹ Based on this legal standard, the court affirmed the Board’s finding that the registrant had not adduced sufficient evidence of an intent to begin use of its mark in the United States to overcome the presumption of abandonment that arose from its non-use of the mark for over five years.⁶⁰

54. *Id.*

55. *Id.* at 1581.

56. *Id.*

57. *Id.* at 1581-82 (emphasis in original).

58. *Id.* at 1582.

59. *Id.*

60. *Id.* at 1583; *see also* Rivard v. Linville, 133 F.3d 1446, 1448-49 (Fed. Cir. 1998) (“Where a registrant has never used the mark in the United States because the registration issued on the basis of a foreign counterpart registration . . . cancellation is proper if a lack of intent to commence use in the United States accompanies the nonuse.”).

In a more recent case involving a petition for cancellation of a Section 44(e) registration on the ground of abandonment, *City National Bank v. OPGI Management GP Inc.*,⁶¹ the Board relied on the legal standard articulated in *Imperial Tobacco* that “[a] presumption of abandonment based on three years non-use may be invoked against a Section 44(e) registrant who never begins use of the mark or who discontinues using the mark.”⁶² Because the registrant’s mark TREASURYNET had only been used internally, which did not satisfy the use in commerce requirement for registration under the Lanham Act, the Board found that there had been no use of the mark for a period exceeding three years from the date of registration.⁶³ Prima facie evidence of abandonment was thereby established, which the registrant was unable to rebut with evidence of an intent to commence legally sufficient use of the mark in commerce.⁶⁴

V. ESTABLISHING ABANDONMENT OF MARKS REGISTERED UNDER SECTION 66(a)

Section 66(a) registrations are relatively new,⁶⁵ and thus there is very little case law involving petitions to cancel such registrations on the ground of abandonment. The issue did arise in *SaddleSprings, Inc. v. Mad Croc Brands, Inc.*,⁶⁶ in which the petitioner contended that the respondent’s Section 66(a) registration for the mark CROC-TAIL (and design) for alcoholic and non-alcoholic beverages was abandoned because it had either never been used in commerce or the registrant had completely ceased using the mark for at least three years.⁶⁷ A very recent precedential decision in *Dragon Bleu (SARL) v. VENM, LLC*⁶⁸ also involved a claim of abandonment asserted against a Section 66(a) registration.

As in *Imperial Tobacco*, which confirmed that a Section 44(e) registration may be cancelled on the same grounds as Section 1 registrations, the Board in *SaddleSprings* enunciated a similar principle with respect to Section 66(a) registrations. The

61. 106 U.S.P.Q.2d 1668 (T.T.A.B. 2013).

62. *Id.* at 1678.

63. *Id.* at 1678-79.

64. *Id.*; *cf.* *Oromeccanica, Inc. v. Ottmar Botzenhardt GmbH*, 223 U.S.P.Q. 59, at *4 (T.T.A.B. 1983) (rejecting an abandonment claim against a § 44(e) registration where the petitioner could not rely on prima facie abandonment because the period of alleged non-use was less than the two years then necessary. Petitioner made no attempt to prove actual abandonment and gave inadequate notice to the respondent that it intended to rely on prima facie abandonment based on continued non-use after the petition was filed).

65. Authorization for registrations under Section 66(a) was part of the Madrid Protocol Implementation Act, which became effective in the United States on November 2, 2003.

66. 104 U.S.P.Q.2d 1948 (T.T.A.B. 2012).

67. *Id.* at *1.

68. Opp. No. 91212231 (T.T.A.B. Dec. 1, 2014).

respondent in *SaddleSprings* had moved to dismiss the cancellation petition based on Section 71 of the Lanham Act.⁶⁹ This section provides that “an extension of protection in the United States remains in force for the term of the underlying international registration,” except that the Director may cancel the extension if the affidavits of use required to be submitted prior to the sixth and tenth anniversaries of the extension of protection are not timely filed.⁷⁰ The respondent argued that Section 71 prohibited the Director from cancelling its Section 66(a) registration at any time earlier than its deadline for filing an affidavit of use by the sixth anniversary of the extension of protection.⁷¹

The Board rejected respondent’s argument, relying on the legal standard and analysis of abandonment of Section 44(e) registrations set out by the Federal Circuit in *Imperial Tobacco*: “once a U.S. registration issues under Section 66(a), the registration is subject to the same grounds for cancellation as those registrations issued under Section 1 or Section 44(e).⁷² Accordingly, “[i]n the absence of justifiable non-use, Section 66(a) registrations which have never been used, or for which use has been discontinued with no intent to resume use, may be subject to cancellation for abandonment even if the international registration remains valid and subsisting.”⁷³

The Board’s decision in *Dragon Bleu* addressed the issue, “What is the earliest point in time from which the period of non-use may be measured for an abandonment claim with respect to a Section 66(a) registration?”⁷⁴ To answer this question, the Board relied on the analysis of the Federal Circuit in *Imperial Tobacco* with respect to abandonment of Section 44(e) registrations. Because use of a mark prior to registration is not required for applications filed under either Section 44(e) or Section 66(a), the Board in *Dragon Bleu* concluded that “the three year period of non-use that constitutes *prima facie* evidence of abandonment begins no earlier than the date of registration.”⁷⁵ Accordingly, lack of use of a mark prior to registration under Section 44(e) or Section 66(a) will not count in the calculation of the period of time of non-use.

The circumstances under which a Section 66(a) registration may be cancelled were addressed in a very different context in a federal court infringement action on a motion to dismiss in *Sandro*

69. 15 U.S.C. § 1141k.

70. *Id.*

71. 104 U.S.P.Q. 2d at *1.

72. *Id.* at *4.

73. *Id.* at *5.

74. Opp. No. 91212231 (T.T.A.B. Dec. 1, 2014) (discussion of issue in Section III).

75. *Id.*

*Andy, S.A. v. Light Inc.*⁷⁶ Plaintiff Sandro Andy, a French apparel company, asserted an infringement claim against defendant Light, based on rights in a Section 66(a) registration for the mark SANDRO, covering over 250 different clothing items.⁷⁷ Defendant/counterclaimant Light sought a declaration that Sandro Andy lacked a bona fide intent to use the mark in connection with all of the goods listed in the application for registration and an order directing the USPTO to cancel the registration.⁷⁸

The district court first confirmed the jurisdiction of a federal court to consider a petition to cancel a U.S. registration asserted as a counterclaim in a civil action involving a registered mark.⁷⁹ Further, citing the decision of the TTAB in *SaddleSprings v. Mad Croc Brands*, the court affirmed the principle that a U.S. registration issued under Section 66(a) is “subject to the same grounds of cancellation” as those registrations issued under Section 1 or Section 44(e).⁸⁰ Accordingly, the court denied the plaintiff’s motion to dismiss the counterclaim for cancellation.⁸¹

Although it handed down only a procedural ruling on a motion to dismiss,⁸² the district court in *Sandro Andy* perceptively characterized the nature of the deficiency in a Section 66(a) registration where there has been both a lack of bona fide intent to use the mark at the time of filing as well as non-use and a continued lack of bona fide intent to commence use of the mark after the registration issued. The court acknowledged that if there was a lack of bona fide intent to use the mark at the time the application for a Section 66(a) registration was filed, then a party with standing could oppose the registration on that basis.⁸³ After the Section 66(a) registration has issued, according to the court, “There can be a period of time during which a holder of a registration based on § 66(a) has not actually used the mark in commerce but still asserts a bona fide intention to do so. It is in this *liminal state* that a petition to cancel a registration on the ground of lack of bona fide intent to use the mark can be heard.”⁸⁴

76. 2012 WL 6709268, No. 12 Civ. 2392 (HB) (S.D.N.Y. Dec. 27, 2012).

77. *Id.* at *1.

78. *Id.*

79. *Id.* at *2. The court also confirmed that, as in cancellation proceedings litigated before the TTAB, “a litigant in court who prays for cancellation has the burden of overcoming the evidentiary effect of a federal registration.” *Id.* (quoting 5 McCarthy § 30:109 (4th ed.)).

80. *Id.* at **4-5.

81. *Id.*

82. The case was dismissed by stipulation several months after the opinion on the motion to dismiss, so there was no adjudication on the merits of the cancellation counterclaim. *See* Civil Docket for 12 Civ. 2392 (S.D.N.Y.).

83. *Id.* at *3.

84. *Id.* (emphasis added).

The district court expanded further on the options to cancel the Section 66(a) registration during this “liminal state.” A party can seek cancellation of the registration by attacking the lack of bona fide intent to use prior to filing, or it can allege abandonment based on a lack of intent to commence use after the registration has issued:⁸⁵ “What matters is whether *Sandro Andy* used the mark and then abandoned it, or, as here, where *Sandro Andy* allegedly never intended to use it in the first place.”⁸⁶ Either way, the mark was subject to cancellation.

The *Sandro Andy* opinion concludes that ultimately it does not matter how to characterize a viable claim for cancellation when there is both non-use and a lack of bona fide intent to use a mark registered under Section 66(a). Yet the court is correct in drawing a distinction between a lack of bona fide intent to use a mark *prior* to filing an application for registration under Section 66(a), and a lack of bona fide intent to commence use in the “liminal state” *after* the registration has issued. As discussed in the Part VI of this article, lack of bona fide intent to use a mark at the time of filing an application for Section 66(a) registration is a ground of both opposition and cancellation on the basis that the application is void *ab initio*. After a Section 66(a) registration issues, however, a separate and additional claim of abandonment arises if a petitioner can show both non-use and the lack of intent by the registrant to commence use of the mark.

VI. ESTABLISHING LACK OF BONA FIDE INTENT TO USE AT THE TIME OF FILING APPLICATIONS FOR REGISTRATION UNDER SECTIONS 44(e) AND 66(a)

As noted above, the Lanham Act requires all applicants for registration under Sections 44(e) and 66(a) to submit a verified statement affirming a bona fide intent to use a mark as part of the application process, although the registrations may issue without proof of actual use of the mark in commerce in the United States.⁸⁷ This verified statement can be challenged in an opposition or cancellation proceeding, and the claim can be successful if the

85. *Id.*

86. *Id.* (citing *Rivard v. Linville*, 133 F.3d 1446, 1448-49 (Fed. Cir. 1998) and *L’Oreal S.A. v. Marcon*, 102 U.S.P.Q. 2d 1434, 1444 n.12 (T.T.A.B. 2012)). The *Sandro Andy* opinion also rejected the plaintiff’s contention that it only needed to prove a generalized intent to use the mark, rather than an intent to use the mark that is specific to particular goods identified in the registration. 2012 WL 6709268 at **3-4. Thus, if the case proceeded, the plaintiff would be required to prove a bona fide intent to use the mark at issue on each and every one of the 250 goods included in the § 66(a) registration. *Id.* at *4.

87. 15 U.S.C. §§ 1126(d)(2), 1141(a) (2007); T.M.E.P. §§ 1008, 1904.01(c); *Lane Ltd. v. Jackson Int’l Trading Co.*, 33 U.S.P.Q.2d 1351, 1355 (T.T.A.B. 1994).

allegation of bona fide intent to use at the time the application was filed cannot be substantiated.

The TTAB ruled on the sufficiency of a statement of bona fide intent to use in an application for registration under Section 44(e) in the context of an opposition proceeding in *Honda Motor Co. Ltd. v. Friedrich Winkelmann*.⁸⁸ The opposer, Honda Motor Co., opposed the application by Winkelmann to register the mark V.I.C. on the ground of likelihood of confusion with Honda's CIVIC trademark. Honda subsequently amended its grounds of opposition to add Winkelmann's lack of bona fide intent to use the V.I.C. mark in commerce, and moved for summary judgment based on the absence of any documentary evidence created prior to the filing date to support the alleged intent to use. Winkelmann defended the motion by relying on his registration and use of the V.I.C. mark in Europe and the filing of applications for registration in the United States and other countries.⁸⁹

Ruling for Honda on the motion, the TTAB first confirmed the legal standard for the requisite intent to use for applicants who seek registration under Section 44(e) of the Lanham Act: "In determining whether an applicant under § 44(e) has the requisite bona fide intent to use the mark in U.S. commerce, the Board uses the same objective, good-faith analysis that it uses in determining whether an applicant under § 1(b) has the required bona fide intent to use the mark in U.S. commerce."⁹⁰ The Board considered the lack of documentary or other evidence concerning the intent to use the V.I.C. mark revealed by Winkelmann's discovery responses, and concluded that there was no genuine issue of material fact as to Winkelmann's lack of a bona fide intent to use the mark.⁹¹

Accordingly, an applicant or registrant under Section 44(e) will not be given any special advantage in defending against a claim of lack of bona fide intent to use at the time of filing versus a U.S. registrant that filed its application under Section 1(b). The court's decision in *Sandro Andy* confirms that the same standard is applicable to registrations obtained under Section 66(a).⁹² Indeed, as that court observed in the context of a Section 66(a)

88. 90 U.S.P.Q.2d 1660 (T.T.A.B. 2009).

89. *Id.* at *1.

90. *Id.* at *2.

91. *Id.* at *4; *see also* City Nat'l Bank v. OPGI Mgmt. GP, Inc., 106 U.S.P.Q.2d at 1678-79 & n.23 (the petition for cancellation of a mark registered under Section 44(e) alleged both lack of bona fide intent to use the mark and abandonment, on the ground that the mark had only been used internally by the registrant and not in commerce; the Board granted the petition on the ground of abandonment, and thus declined to rule on the lack of bona fide intent to use); L'Oreal S.A. v. Marcon, 102 U.S.P.Q.2d 1434, *11 (T.T.A.B. 2012) (opposition to application for registration under Section 44(e) sustained on grounds of both likelihood of confusion and lack of bona fide intent to use).

92. 2012 WL 6709268 at *3-4.

registration, “an overbroad application or request for an extension increases the chances that an opposer can prove by a preponderance of the evidence that there was a lack of *bona fide* intent.”⁹³

VII. CANCELLATION OF SECTION 44(e) AND 66(a) REGISTRATIONS PRIOR TO THREE YEARS FROM DATE OF ISSUANCE

The case law is clear that Section 44(e) and 66(a) registrations are subject to cancellation on the ground of abandonment to the same extent as registrations issued under Section 1. As discussed above in Part III, while abandonment claims are more commonly brought where there is evidence of non-use of a mark for a period exceeding three years, thereby giving rise to a presumption of abandonment, abandonment claims can be brought, and can succeed, even without the benefit of the *prima facie* evidence standard.

Absent *prima facie* evidence of abandonment, a party asserting a claim of abandonment against a Section 44(e) or 66(e) registrant will need to meet its burden of proof that there has been non-use of a mark for a period of time and either direct or circumstantial evidence from which it can be inferred that the registrant has no intention to commence use on the goods or services identified in the registration.⁹⁴ If there is sufficient proof that the Section 44(e) or 66(a) registrant had no intention to begin using its mark in U.S. commerce after the registration issued, the registration should be cancelled for some or all of the goods or services to which that conclusion applies, without waiting for the three-year period to elapse.

In pursuing this strategy, it is reasonable to ask whether the Section 44(e) or 66(a) registrant is entitled to any amount of time after the registration issues—a week, a month, a year?—to demonstrate actual use or an intent to begin use of the mark. According to the district court in *Sandro Andy*, during this “liminal state,” the registration is indeed vulnerable to cancellation at any time if the mark is not in use and the registrant cannot show an intent to begin using its mark.⁹⁵ Another interesting question

93. *Id.* at *4.

94. *Oromecanica, Inc. v. Ottmar Botzenhardt GmbH*, 223 U.S.P.Q. 59, at *4 (T.T.A.B. 1983).

95. 2012 WL 6709248 at **3-4. The ongoing and continuing intent to use a mark after the issuance of a Section 44(e) or 66(a) registration can be analogized to the burden imposed on Section 1(b) applicants who seek extensions of time to submit a statement of use after a Notice of Allowance issues. Each time a Section 1(b) applicant submits such an extension, the applicant must also file a verified statement of continued *bona fide* intention to use the mark in commerce and each such statement of *bona fide* intent could provide a basis for cancellation if there is no evidence to support the statement. *See Spin Master Ltd. v.*

arises if, after a Section 44(e) or 66(a) registration issues, there is a period of time in which the registrant is not using and does not have any demonstrable intention to begin using the mark, but then subsequently develops such plans. Technically, under established case law applicable to marks registered under Section 1 of the Lanham Act, an “interim” abandonment has occurred, and subsequent use or intent to commence use should not save the registration from cancellation.⁹⁶

Thus, there are viable bases for cancelling Section 44(e) and 66(a) registrations on the ground of abandonment prior to the third anniversary of registration. In addition, as the opinions in *Honda v. Winkelmann* and *Sandro Andy* demonstrate, Section 44(e) and 66(a) registrations, particularly those that cover an excessive identification of goods and services, may also be vulnerable to cancellation on the ground that there was a lack of bona fide intent to use the mark on each and every good or service covered by the registrations at the time the applications for registration were filed.

VIII. TACTICAL CONSIDERATIONS

While the legal theories for cancellation of Section 44(e) and 66(a) registrations prior to three years from the date of issuance are well founded, assuming a sufficient evidentiary basis is present, it is also important to keep in mind that, tactically, a petition for cancellation on these grounds may never proceed to an adjudicated result. If the registrant has no factual basis for disputing the allegations of non-use and lack of intent to commence use, the registrant is unlikely to devote significant resources to contesting the claims.

In that circumstance, the registrant might choose not to defend the proceeding, and a judgment by default would be granted.⁹⁷ Alternatively, the filing of a petition might lead to a negotiated resolution in which the petitioner surrenders the registration for cancellation entirely,⁹⁸ assigns the registration, amends the registration to eliminate the goods and services that might be of concern to the petitioner,⁹⁹ or provides a consent to

Zobmondo Entm't, LLC, 778 F. Supp. 2d 1052, 1062-66 (C.D. Cal. 2011) (analyzing, in the context of allegations of fraud, the extent to which an applicant could substantiate a bona fide intent to use not only at the time of filing, but also at each subsequent time of filing an extension of time to submit a statement of use).

96. See, e.g., *Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc.*, 892 F.2d at 1027 (once an abandonment of the mark at issue had been demonstrated as of 1977, efforts to resume use of the trademark in 1984 “represent a new and separate use, and cannot serve to cure [the prior] abandonment ...”).

97. 37 C.F.R. § 2.114(a).

98. 37 C.F.R. § 2.134.

99. 37 C.F.R. § 2.133.

overcome a prior refusal of a mark sought to be registered by the petitioner.¹⁰⁰ These types of resolutions can also be explored by communicating with the registrant prior to filing a petition for cancellation. As with any negotiated compromise, it may be more cost-efficient for a petitioner to pay a mutually agreeable sum of money to the registrant to achieve a desired, certain result, sooner rather than later, instead of expending the time and resources of the parties (and the TTAB) to obtain a judgment of cancellation, even if it is factually justified and legally appropriate.

It is also possible that a potential petitioner for cancellation is uncertain, or even wrong, about whether a target mark has actually been abandoned. Prior to a cancellation proceeding being initiated, which brings with it the opportunity to take discovery regarding the registrant's use of the mark at issue during the relevant time period, it can be difficult to ascertain with certainty that there has been no commercial use of a mark and no intent to resume or commence use. Publicly available sources and/or a private investigation can reveal helpful information and a good-faith basis for initiating a cancellation action, but without access to the registrant's internal records, the information gained prior to a proceeding may be incomplete. If the registrant does, in fact, have sufficient evidence to counter an abandonment claim, a petitioner may need to withdraw the proceeding. Alternatively, information sufficient to rebut an allegation of abandonment may be disclosed voluntarily by the registrant in communications between the parties prior to the filing of a cancellation petition. At that point, a potential petitioner can decide whether or not to commence a proceeding, at least having obtained some clarification as to the extent of the registrant's rights.

IX. CONCLUSION

Initiating a proceeding to cancel a registration on the ground of abandonment and/or lack of bona fide intent to use at the time of filing requires time and financial resources. It is not an undertaking that should be considered lightly or in every instance where it might be legally possible to succeed on such claims. Nevertheless, if a party has plans to use a mark that are sufficiently important, if the mark is strongly desired, and if an obstacle is presented by a Section 44(e) or 66(a) registration for a mark that appears to be abandoned, a cancellation proceeding should be considered, even before the three-year period for a statutory presumption of abandonment has elapsed. On the right set of facts, there is no reason to wait three years to eliminate an abandoned mark from the register, either in whole or in part.

100. T.M.E.P. § 1207.01(d) (viii).