

Practice Update

# Federal Circuit Confirms That Advertising Services Is Not Use in Commerce

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In *Couture v. Playdom, Inc.*, the Federal Circuit held that the use of a mark on a website to offer services is not use in commerce sufficient to support an actual-use service mark application. As a result, the Court affirmed the Trademark Trial and Appeals Board's ("TTAB") cancellation of the mark. This highlights the risk in prematurely applying for an actual use mark, rather than an intent-to-use mark.

David Couture appealed from a TTAB decision granting a petition by Playdom, Inc. ("Playdom") to cancel Couture's PLAYDOM service mark. On May 30, 2008, Couture filed an application to register the service mark PLAYDOM and attached a specimen showing alleged use of the mark – a screen capture of a website offering entertainment services in commerce. The website had been created the same day and included only a single page, which stated "[w]elcome to PlaydomInc.com. We are proud to offer writing and production services for motion picture film, television, and new media. Please feel free to contact us if you are interested: playdominc@gmail.com." The webpage also indicated that it was "under construction." The PLAYDOM mark was registered by the United States Patent and Trademark Office ("PTO") on January 13, 2009, as Registration No. 3,560,701. No services under the mark were actually provided until 2010.

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On February 9, 2009, Playdom filed an application to register the identical mark, PLAYDOM. Couture's registered mark was cited by the examining attorney as a ground for rejecting Playdom's application. Playdom filed a petition to cancel the registration of Couture's mark, arguing, *inter alia*, that Couture's registration was *void ab initio* because Couture had not used the mark in commerce as of the date of the application. The TTAB agreed and granted the cancellation petition. The Federal Circuit affirmed.

As a starting point, the Federal Circuit observed that to apply for registration under Lanham Act § 1(a), a mark must be "used in commerce," which requires – as to services – that, as of the filing date, the mark [1] is used or displayed in the sale or advertising of services and [2] 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. 15 U.S.C. § 1127; *Aycock Eng'g, Inc. v. Airflite, Inc.*, 560 F.3d 1350, 1357 (Fed. Cir. 2009). The Court also noted that a registration of a mark that does not meet the use in commerce requirement is *void ab initio*, and mere preparations to use a mark in commerce are insufficient to constitute use in commerce.

The Federal Circuit then explained the fundamental proposition that "[w]ithout question, advertising or publicizing a service that the applicant intends to perform in the future will not support registration;" the advertising must instead "relate to an existing service which has already been offered to the public." *Id.* at 1358 (internal quotation marks and citations omitted) (emphasis added).

The Court recognized as a question of first impression in the Federal Circuit whether the offering of a service in commerce, without the actual provision of a service, is sufficient to constitute use in commerce. In *Aycock*, the Court found that "[a]t

the very least, in order for an applicant to meet the use requirement, there must be an open and notorious public offering of the services to those for whom the services are intended,” which was not met there. *Id.* (internal quotation marks and citation omitted). But the Federal Circuit noted that it had not suggested in *Aycock* that an open and notorious public offering alone is sufficient to establish use in commerce.

Rejecting Couture’s reliance on *In re Sones*, 590 F.3d 1282, 1288, 1293, (Fed. Cir. 2009), the Federal Circuit counseled that *Sones* merely held that “the test for an acceptable website-based specimen, just as any other specimen, is simply that it must in some way evince that the mark is ‘associated’ with the goods and serves as an indicator of source.” *Id.* at 1288. No cases or TTAB decisions cited by Couture held that mere offering of services constitutes use in commerce, and other circuits have interpreted the use in commerce requirement of 15 U.S.C. § 1127 as requiring actual provision of services. *International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco*, 329 F.3d 359, 361–66 (4th Cir. 2003); *Sensient Techs. Corp. v. SensoryEffects Flavor Co.*, 613 F.3d 754, 759–63 (8th Cir. 2010); *Buti v. Impresa Perosa, S.R.L.*, 139 F.3d 98, 100–03 (2d Cir. 1998); see McCarthy on Trademarks and Unfair Competition § 19:103 (4th ed. Supp. 2013) (“To qualify for registration, the Lanham Act requires that the mark be both used in the sale or advertising of services *and* that the services themselves have been rendered in interstate or foreign commerce.” (emphasis in original)). The Federal Circuit, noting that there was no evidence in the record showing that Couture rendered services to any customer before 2010, affirmed cancellation of Couture’s registration.

The Circuit also rejected Couture’s effort to change his application after the fact to an intent-to-use application. The Court noted that 37 C.F.R. § 2.35(b) provides procedures for substitution of a basis in an application either before or after publication, but

explained that 37 C.F.R. § 2.35(b) contemplates substitution during the pendency of an application, not after registration. *See* TMEP § 806.03(j) (Jan. 2015) (“Any petition to change the basis must be filed before issuance of the registration”).

Thus, the lesson here is clear – any doubt about actual use should lead to the filing of an intent-to-use application, and not risk actual use. If an intent-to-use application had been filed by Couture, he would have gotten the benefit of the earlier filing date when the mark was actually used in commerce and issued as an actual use mark. *See* 15 U.S.C. § 1057(c).

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