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How Much Use Is Enough?:

CAFC Clarifies Use In Commerce Requirement

"Use in Commerce" Requirement

- One requirement for Trademark registration is that the mark is "used in commerce" in connection with a good or service
- "Use in Commerce" can be any economic activity, no matter how small, even if activity is only "in-state"

One of the primary requirements for trademark registration is that the mark is "Use in Commerce", or that the mark was used in commerce in connection with a good or service for which it is being registered. The exact definition of the extent of "use" required was vague however. With a recent ruling in Christian Faith Fellowship v. Adidas AG, the Court of Appeals Federal Circuit (CAFC) has helped to clarify the contours of this requirement, giving potential trademark applicants more detailed guidance on important registration requirements.

This case began with the Christian Faith Fellowship Church ("Church") selling hats embroidered with the phrase "ADD A ZERO" in early 2005. The Church then applied for trademark registrations for the phrase "ADD A ZERO" in connection with two clothing-based classifications. In their trademark application the Church cited to actual use in commerce of the mark (the sales of hats in 2005), rather than intent to use. At the time the trademark examiner deemed the application sufficient and granted registration of the mark "ADD A ZERO".

The issue of this case stemmed from Adidas filing of a trademark application for the mark "ADIZERO", in connection with clothing-based classifications, in 2009. Based on a likelihood of confusion with the Church's "ADD A ZERO" mark, the USPTO refused registration of Adidas's mark. In response, Adidas sought to cancel the Church's mark on the grounds they had failed to use the mark in commerce before registration (something the Church had claimed they did as part of their application).

The Lanham Act defines a mark as "used in commerce" when "the goods are sold or transported in commerce.'" 15 U.S.C. § 1128. The Act goes on to flesh out this somewhat tautological definition by explaining "commerce" refers to "all commerce which may lawfully be regulated by Congress." Or in other words, goods that are sold or transported in such a way that they would be subject to Congress's power to regulate under the Commerce Clause.

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...goods are not required to be directed across state lines for Congress to regulate the activity under the Commerce Clause

Adidas claimed that the Church had not met this requirement because their cited-to "use in commerce" was the sale of two hats, totaling ~$38, within state borders but to an out-of-state individual. The Trademark Trials and Appeals Board ("Board") agreed with Adidas and found the Church's sale of two hats to be "de minimus" use, and hence not meet the "use in commerce" requirement for registration.

The CAFC squarely disagreed with the Board's ruling on this issue. The CAFC held that "it cannot be doubted that the transaction at issue—the private sale of goods, particularly apparel, to an out-of-state resident—is quintessentially economic." The court went on to say ""Even if . . . activity be local and though it may not be regarded as commerce, it may still, whatever its nature, be reached by Congress if it exerts a substantial economic effect on interstate commerce and this irrespective of whether such effect is what might at some earlier time have been defined as 'direct' or 'indirect.'"

If there is one major take-away from this case it is the fact that the CAFC has squarely decided that goods are not required to be directed across state lines for Congress to regulate the activity under the Commerce Clause. So long as goods are involved in activity that is "quintessentially economic", such as sales or transport, even if it is squarely within state boarders, "Use in Commerce" requirement for trademark registration will still be satisfied.

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