

Goods or Services? Why It Matters



Roy H. Wepner, New Jersey Law Journal

January 2, 2017

The U.S. Court of Appeals for the Federal Circuit gave a company known as JobDiva, Inc., an early holiday gift. In midDecember of 2016, the court rescued JobDiva by vacating a decision by the Trademark Trial and Appeal Board of the U.S. Patent and Trademark Office, which had cancelled certain of JobDiva's federal service mark registrations on the basis that the mark was not being used on the services recited in the registrations. *In re JobDiva, Inc.*, No. 20151960 (Fed. Cir., Dec. 12, 2016).

The *JobDiva* case provides an instructive analysis of how, in the 21st century business world, the boundary between trademarks used on *goods* (typically through their sale) and marks used in connection with the rendition of intangible *services* to others, can become difficult to delineate. However, as we are reminded by *JobDiva*, that line must be understood and respected when it comes to the federal registration of marks, because the failure to do so properly can lead to significant consequences.

In this case, JobDiva owned software useful in the field of personnel placement and recruitment. The customers of JobDiva might use JobDiva's software to find and screen applicants with a view toward filling positions. More than a decade earlier, JobDiva had obtained federal service mark registrations for the mark JOBDIVA for "personnel placement and recruitment services."

The *JobDiva* case is a particularly cautionary tale because JobDiva came close to losing its registrations—and may still lose its registrations—as a result of a proceeding that JobDiva itself initiated. In asserting its registered mark JOBDIVA against another company, JobDiva ended up on the receiving end of a counterclaim seeking to cancel JobDiva's registrations on the basis that JobDiva had not actually used the mark JOBDIVA in rendering personnel placement and recruitment services to others.

The Trademark Trial and Appeal Board agreed with JobDiva's rival. In an original decision and a subsequent decision on reconsideration, the TTAB repeatedly concluded that JobDiva was not actually providing services, but was only offering software. In the apparent belief that these two activities were mutually exclusive, the TTAB concluded that there was no evidence that JobDiva was rendering personnel placement and recruitment services to others, apart from or in addition to providing software to clients for use in performing their own personnel placement and recruitment activities.

Fortunately for JobDiva, the Federal Circuit saw things differently, concluding that the TTAB had applied the wrong legal standard. The court began its analysis with the statutory truism that a registrant must use its mark in accordance with goods and/or services recited in the registration. *See, e.g.*, 15 U.S.C. §1057(b) (registration on principal register is prima facie evidence of, inter alia, the owner's exclusive right to use the mark "on or in connection with the goods or services specified in the certificate"). That concept is easy to understand in the context of extreme examples. A business cannot obtain a trademark registration for a mark as applied to peanut butter when it only uses the mark in connection with financial services. But as the Federal Circuit noted in *JobDiva*, "with modern technology, the line between services and products sometimes blurs." The TTAB seemed to conclude that JobDiva had crossed over to the wrong side of that line.

In vacating that decision and remanding to the TTAB, the Federal Circuit made clear that a careful analysis is required to determine whether certain offerings are products or services. It explained that a company like JobDiva may well be rendering a service, even though that service may be performed by the company's software. The court held that the ultimate question comes down to customer perception: would JobDiva's customers perceive that they are being provided with JOBDIVA personnel placement and recruitment services—even if those services are rendered by JobDiva's software rather than, say, JobDiva's employees?

To assist the TTAB with this task on remand, the court explained that where a purchaser acquires ownership of JobDiva's software, this will likely preclude a finding that JobDiva has rendered services, unless JobDiva's activities after the sale create the perception that JobDiva is, in fact, providing services. On the other hand, if the software is hosted on JobDiva's own website, such that the user perceives direct interaction with JobDiva during operation of the software, a user might well associate the mark JOBDIVA with personnel placement and recruitment services being provided by JobDiva. These were said to be among the many casespecific factors that might have to be examined.

The *JobDiva* decision is further proof—if one needed it—that preparing and filing applications to register trademarks and service marks is far from a pro forma activity. Of course, this has always been true. At the outset, one must first give consideration to whether the subject mark is sufficiently "clear" that it will not be refused registration by a trademark examining attorney for confusing similarity with an existing mark, and that it will not be successfully opposed by a competitor. Before filing, one should also weigh the question of whether the subject mark is inherently distinctive, or can be shown to have acquired distinctiveness, i.e., "secondary meaning." If not, the mark may be found to be merely descriptive, and such a ruling could become an impediment to efforts to enforce common law rights in the mark.

Consideration must also be given to precisely which mark should be registered: a "word" mark in "standard characters" or a logo? And is the mark already being used "in commerce"? If yes, an application based on actual use can be filed; if not, an application based on intent to use may be the correct strategy. If there is uncertainty as to whether the mark has been used in commerce, the wiser course may be to file based on an intent to use, knowing that proper use can be perfected at a later date.

The *JobDiva* decision now reaffirms that careful analysis is also needed to determine whether the subject mark is being used (or will be used) on goods or services—or perhaps both. If the mark is used on goods, what are they? And if service mark protection is sought, exactly what services—if any—are the trademark owners rendering to others in association with the mark? A company like JobDiva might be entitled to a trademark registration for both goods and services if it both sells its software and also provides services through its software on its own website.

And as the *JobDiva* case demonstrates, it is far better to gather and analyze the relevant facts *before* seeking a federal registration, rather than run the risk of having longstanding federal registrations canceled in the course of an expensive dispute with a rival company. •

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Wepner is a partner with Lerner, David, Littenberg, Krumholz & Mentlik in Westfield. He focuses his practice on patent litigation, including appeals before the U.S. Court of Appeals for the Federal Circuit.

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