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Phantom Rules: The USPTO's Disruptive Denial of Trademark Protection in New Communicative Spaces

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"The law has been settled for generations that the key to whether certain designations are capable of functioning as trademarks (for instance, where there is a question of genericness versus descriptiveness) is how the relevant consuming public perceives them (that is, whether they are *perceived* by the relevant consuming public as identifying the source of goods and services). In recent years, the United States Patent and Trademark Office ("USPTO") has taken increasingly aggressive positions on the issue of consumer perception, under which it has subtly (and sometimes not so subtly) set aside established evidentiary constraints as to actual consumer perceptions, substituting instead its own seemingly unsubstantiated assumptions regarding the evidence of record (including any specimen(s) or other evidence of use introduced by the trademark owner during the prosecution of the subject application). In some cases, the USPTO has sought to support these assumptions by formulating, seemingly on the fly, new legal rules and evidentiary presumptions that shift the burden of proof from itself to the applicant and that are often inconsistent or otherwise incompatible with existing USPTO stated practice (most notably relevant provisions of the Trademark Manual of Examining Procedure ("TMEP") and precedent).

This article examines two recent cases in particular where trademark owners successfully overcame the USPTO's assumptions as to consumer perceptions—primarily through survey evidence in which the USPTO essentially forced the trademark owner to shoulder the *prima facie* burden (which, by law, the USPTO bears) to establish in the first instance what consumers perceive.¹ In the first case, *United States Patent & Trademark Office v. Booking.com B.V.*,² the Supreme Court affirmed decisions by the United States District Court for the Eastern District of Virginia and the Fourth Circuit, with all three courts rejecting the USPTO's effort to erect evidentiary and legal presumptions (rather than the usual empirical proofs in genericness cases), which would have denied registration to a highly successful brand in the travel industry, despite substantial evidence establishing that substantial numbers of consumers recognized the claimed mark as a brand.

In the other case, *In re Pound Law, LLC*,³ both the USPTO and the TTAB recited the elements of TMEP § 1301.02⁴ (for assessing whether a claimed designation of origin does or does not function as a trademark),

concluding that the mnemonic telephone number mark #LAW did not “currently”⁵ qualify as a service mark or meet the test, despite the absence of specific supporting evidence and despite substantial contrary evidence.

In both cases, the applicant presented survey evidence in a *de novo* district court proceeding challenging the assumptions underlying the USPTO's refusal to register. And, in both cases, the surveys provided factual evidence as to consumer perceptions that contradicted the USPTO's bare assumptions and abstract legal analysis. Graphically demonstrating the lack of constancy in applying the rules, the application in both cases was initially approved for publication before being recalled (in the case of #LAW, repeatedly so).

Although the trademark owners in these two cases shouldered the burden of proof rightly belonging to the USPTO, and although there is no certain tool in the first instance (without appropriate judicial intervention) to ensure that the USPTO accepts and meets its burden of proof, this article offers substantive and strategic insights as to how to achieve such fact-based outcomes more consistently. Adherence to settled law (evidentiary and substantive) is not only inherently desirable, it also better supports the Lanham Act's purpose of protecting the shared interests of consumers and brand owners. Because of *Booking.com*, the USPTO has made some credible efforts to improve consistency in evaluating designations for genericness by adopting a new examination guide,⁶ but to date it has undertaken few efforts to improve consistency in addressing failure-to-function refusals. To the contrary, refusals to register on the ground of failure to function have increased exponentially, and the corresponding USPTO justifications for interposing such refusals have become increasingly amorphous. Practitioners and trademark owners deserve clarification of the law and consistency in practice."

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