

Trademarks Stuck in Limbo: The Genericness Trap

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Imagine investing in brand identity and obtaining an incontestable registration for your mark. Imagine then having an identical, but stylized version of your mark refused by the USPTO for genericness in the span of just five years. This is what happened to the owners of “CHURRASCOS”, who had successfully registered their word mark, but found out the hard way that trademarks are not static.

Cordua Restaurants have owned a registration for the word mark “CHURRASCOS” for “restaurant and bar services” since 2008. Their mark became incontestable under Section 15 of the Lanham Act. In 2011, Cordua decided to add a design to their word mark and filed an application with a stylized form of the word “CHURRASCOS” for identical services to the registration they already owned. Simply, they wanted to add a design to the mark they were currently using. To the owners’ surprise, the USPTO rejected the application.

In opposing the rejection, Cordua contended that their mark did not meet the genericness standard because in Spanish and Portuguese the term “churrasco” refers to the meat served, while the restaurant would be appropriately referred to as “churrascaria”. Further, they explained that their mark “CHURRASCOS” utilizes the plural form of the word, and therefore provides a different impression to the general consumer than the singular form of the same word. Finally, Cordua argued that by virtue of the incontestability status of its prior registration, there is a presumption of validity for an identical trademark, which automatically precludes a finding of genericness. However, the Board, fully supporting the Examining Attorney’s determination, confirmed the refusal on the ground that the mark was generic as understood by the relevant public, and that the Applicant’s prior incontestable registration had no bearing on the assessment of the stylized version of the same mark.

Cordua appealed to the Court of Appeals for the Federal Circuit, which affirmed all aspects of the Board’s decision and left no option to Cordua other than to abandon the application. While the outcome seems illogical, the Court’s decision was unsurprising. The literal language of the relevant sections of the Lanham Act

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precluded any different outcome. For example, the Court refused to consider Cordua's prior incontestable registration in its determination of genericness, because Section 15(4) of the Act mandates that "no incontestable right shall be acquired in a mark which is the generic name for the goods and services [...], for which it is registered." The result, however, raises questions as to the practical effects of the system as a whole.

In re Cordua is a prime example of the practical effects of what the Court found to be a rigid and unambiguous statutory provision. The rejected application was submitted for the same word mark for services identical to those of the prior incontestable registration. The Applicant's only goal was to register the stylized version of its mark. Relying on several authorities, however, the Court reasoned that the prior incontestable registration - while it provided 'prima facie' evidence that the specific word mark of the prior registration is not generic - did not extend to the identical, albeit stylized mark in the application under review.

Effectively, this ruling hinders later development of a registered mark. That is because, just as in this case, a trademark owner might want to give its business time to launch and develop its brand identity or stylized mark only after a prior registration of an identical word mark. Based on the current rules, a trademark owner is always open to the risk that his mark can be deemed generic in future applications, notwithstanding its ownership of a valid registration for the same mark. Furthermore - in this case - the time span between the registration and the denial of the identical (albeit stylized) mark was a mere five years. Can a mark transition from non-generic to generic in such a limited time? Possibly. But a system that is this dynamic exposes businesses that invest in brand identity to high risks, as they would have no certainty that their investments would retain value.

The Court declined to find that a decision on registrability by an Examining Attorney would be binding on subsequent Examining Attorneys, the TTAB or the Court, even with respect to virtually identical variants of the original mark.

Under the current rules, when determining eligibility requirements, the USPTO must evaluate the evidence in each application and bear the burden to prove, by clear and convincing evidence, that the mark is ineligible. To be fair, as is the case here, entries from dictionaries often suffice to meet the clear and convincing evidence standard.

As an applicant, what to take into account then? How to make sure that you can develop your mark over time and avoid falling into the limbo? Be creative with your mark, avoid arguably generic terms. Unfortunately, and this case is testament to it, obtaining "incontestability" is not a guarantee of protection. Even if the Examining Attorney allows the registration, and the mark qualifies for Section 15, there is no assurance that your mark will elude genericness in a later examination. A different Examining Attorney, the TTAB, or even the Federal Circuit can declare the term to be generic and freeze your mark in time. More importantly, however, it is not necessary that your mark be challenged by a future applicant for it to be trapped in limbo. All is needed is a subsequent application - even your own - for an identical term to be deemed generic, as it happened in *In re Cordua*.

This is especially relevant given that genericness is always acquired and rarely lost; it is a one-way process. When a word meets the *Ginn* test, it is almost impossible for that same word to later lose its genericness. It would mean that, over time, the relevant public would stop understanding the word to refer to specific goods and services. In conclusion, the system as it stands now can create a contradiction: it can reject a mark based on the genericness of a given word, but allow a mark comprising that identical word to stay on the register.

Unless changes are made to the statutory provisions, it would be best for applicants to unleash their creativity to avoid the genericness trap and stay out of limbo.