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Trademark Litigation

**Cecilia Choy, Ph.D. and
Amol Parikh**

ITU Applicants Beware: Federal Courts Have Jurisdiction Over Pending Trademark Applications

The US Court of Appeals for the Ninth Circuit affirmed in part a district court's ruling in a trademark dispute, upholding its decision to invalidate trademark applications. The Ninth Circuit held that district courts have jurisdiction to alter or cancel trademark applications in an action properly brought under 15 U.S.C. § 1119, and that in the context of challenges to intent-to-use (ITU) applications, proof of a lack of bona fide intent can invalidate. *BBK Tobacco & Foods LLP v. Central Coast Agriculture, Inc.*, Case Nos. 22-16190; -16281 (9th Cir. Apr. 1, 2024) (Hurwitz, Desai, JJ.) (Bumatay, J., dissenting).

Facts of the Case

BBK sells and distributes smoking-related products with BBK's "RAW" branding. Central Coast Agriculture (CCA) sells cannabis products using "Raw Garden" branding. BBK filed a complaint against CCA including claims of trademark infringement and a petition to void several ITU trademark applications owned by CCA for lack of a bona fide intent to use the relevant trademarks in commerce.

Instead of disputing the merits of BBK's claims, CCA argued that the district court had no jurisdiction to adjudicate this issue. The district court granted summary judgment in favor of BBK on its claims to invalidate the trademark applications. CCA appealed.

The Ninth Circuit Court's Decision and Dissent

The Ninth Circuit affirmed the summary judgment in favor of BBK on its claims to invalidate CCA's trademark applications. The Court explained that "when an action involves a claim of infringement on a registered trademark, a district court also has jurisdiction to consider challenges to the trademark application of a party to the action." The Lanham Act, at 15 U.S.C. § 1119, provides that "[i]n any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, . . . restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action." The Lanham Act, at § 1051, defines an application for use of trademark as a "request for registration of a trademark on the principal register." Because a challenge to an application affects the applicant's right to registration, the Court reasoned that § 1119 authorizes a district court to resolve disputes over trademark applications.

The Ninth Circuit held that a "lack of bona fide intent to use a

mark in commerce is a valid basis to challenge a trademark application," aligning with decisions in sister circuits and the Trademark Trial & Appeal Board. An applicant can seek to register a mark if the mark is already being used in commerce or if the applicant has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce. While applicants filing under the ITU provisions may begin the registration process based on a bona fide intent to later use the mark in commerce, the Lanham Act requires such applicants to either subsequently file a verified statement of actual use of the mark or convert their application into a use application. As a result, the Ninth Circuit affirmed the district court's ruling on invalidating CCA's trademark applications.

In dissent, Judge Bumatay explained that federal courts do not have the authority to cancel pending trademark applications before the US Patent & Trademark Office (PTO) has registered the mark "unless Congress says so." Relying on textual and historical context, Judge Bumatay described the PTO's exclusive power from Congress to adjudicate trademark applications and voiced concern that the majority opinion would create premature interferences that would effectively remove power from the PTO to work with applicants to modify, amend or revise applications. In his view, while § 1119 empowers a district court to determine who has rights to a registered mark, it does not authorize the district court to cancel pending trademark applications.

The panel majority explained that in its view, the dissent did not properly consider the Lanham Act's definition of an "application." Allowing a district court to adjudicate trademark applications in an action already involving a registered

mark allows resolution of all registration disputes in a single action.

Cecilia Choy, PhD, is an associate in McDermott Will & Emery's Silicon Valley office where she focuses her practice on intellectual property

litigation and transactional matters. She can be reached at Cchoy@mwe.com.

Amol Parikh is a partner in McDermott Will & Emery's Intellectual Property Practice

who concentrates his practice on intellectual property litigation, counseling, and procurement within the high-tech industry. He can be reached at amparikh@mwe.com.

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