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Trademark Litigation

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Spireon Decision Shifts Burden of Proving Non-Use to Opposer

The Federal Circuit partially refuted the long-held assumption that the trademark applicant has the burden of proving third-party marks were in use when determining the strength of the applicant mark in *Spireon, Inc. v. Flex LTD*, Case No. 22-1578, June 26, 2023. The panel led by Judge Dyk found that when determining the conceptual strength of trademarks, “absent proof of non-use [of registered marks], use could be assumed”, at least where the registered mark was identical to the opposer’s asserted rights.

Background of the Case

Flex Ltd. had filed an opposition based on its rights in certain FLEX marks against an application owned by Spireon, Inc. seeking registration of the mark FI FLEX. Spireon sought to introduce at least 30 other trademarks, including registered trademarks, that used some variation of “flex” in order to prove that the word “flex” was not inherently strong. In its analysis of the commercial strength of Spireon’s mark, the Trademark Trial and Appeal Board did not address the third-party registrations for marks identical to the rights claimed by Flex Ltd. claiming identical goods for which no evidence of use had been provided by applicant.

Court Ruling

Reviewing the Board’s failure to consider the certain registrations for identical marks for identical goods, the Federal Circuit acknowledged the court had previously assumed that when analyzing commercial strength, the burden rested with the applicant to establish that prior registrations were in use; absent evidence of use, the third-party registrations did not factor into the commercial strength analysis. After reaffirming applicant’s burden of introducing evidence of relevant registrations, the court then shifted the burden to the opposer to show that the marks claimed by the third-party registrations were not in use. The court reasoned that placing the burden on the applicant would allow the opposer “to dismiss the commercial significance of previously registered identical marks for identical goods where opposer’s own mark should perhaps have not been granted registration in the first place.” On remand, the court instructed that Flex Ltd. should be given the opportunity to show non-use based on the court’s “clarification” set forth in its opinion.

The Federal Circuit sought to minimize the breadth of the ruling by limiting the holding to only the specific situation before it: identical marks for identical goods and services. However, it is difficult to see how this would apply only to exact marks and not to potentially confusing similar marks. Expanding on the court’s explanation shifting the burden of non-use to opposer to prevent automatically discounting marks that could have impacted opposer’s ability to

register its marks, the same reasoning should apply to prior registrations that were avoided through a consent agreement or by carefully modification of goods and services; both of which directly bear on the commercial strength of opposer’s mark. It then only takes a small mental step to treating all potentially confusingly similar marks the same as opposer could have proactively taken steps filing its applications to avoid prior registrations, which also would have a direct bearing on the commercial strength of the marks.

Regardless of where the distinguishing line is finally drawn by the court, this decision ultimately raises the cost and effort required by an opposer to prove the strength of its mark. The challenge of proving a negative, namely that a registered mark is not in use, now rests squarely with the opposer. As there is no uniform requirement for using a mark in commerce, proving non-use will require more than simply showing, e.g., that there is no easily identifiable use on online. Rather, meeting this threshold will likely require direct evidence from each owner of the registered marks concerning the marks continued use in commerce.

The practical effect of shifting the burden to opposer may also have only limited impact on applicant’s trial strategy. As applicant retains the burden of introducing prior registrations, opposer’s burden to prove non-use of the marks claimed in those registrations does not arise until after applicant’s trial briefing and applicant will not be able to react to responsive non-use evidence submitted by opposer. Similar to before to the court’s decision, any evidence of actual use of the relevant marks will still have to be submitted in applicant’s trial period. The shifted burden therefore will likely only be significant in cases where the applicant does not

have compelling evidence of use and must rely on opposer's inability to prove non-use.

Conclusion

The true impact of the Federal Circuit's decision will not be felt until the boundaries of the shifted burden on submitted registrations

are established. In the meantime, Opposer should be prepared for increased costs and effort to contest all registrations that could impact the commercial strength of their asserted rights; while the Federal Circuit's decision is limited in scope, the Board could follow the reason to apply a similar burden for all registrations introduced by applicants. At the same time,

applicants should continue to introduce their evidence of use of marks claimed by key registrations or they will miss their opportunity to do so.

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