

Adidas' All-In Dispute with Church Sheds Light on Trademark Abandonment and Failure to Function as a Trademark

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by Connor J. Hansen



In 2005, Christian Faith Fellowship Church, a Chicago-based church group, filed two trademark

applications for the mark ADD A ZERO for use on clothing, including shirts and caps that they later sold to raise money for charity. One application was for a standard character word mark and the other application was a stylized version of the phrase shown below. Both applications reported a first use date in the summer of 2005 and matured to registration in 2006.



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In 2009, adidas AG filed a trademark application for the mark ADIZERO for use on footwear, shirts, jackets, and other apparel. Adidas uses the ADIZERO mark on a

collection of lightweight athletic shoes and related products and reported a first use date in December of 2005. The application was refused due to a likelihood of confusion with the Church's ADD A ZERO marks. Determined to secure the rights in the mark, Adidas moved to cancel the Church's registrations on the grounds that (1) the Church failed to show sufficient "use in commerce" required for a use-based application for registration; (2) the Church had abandoned the marks by failing to use them in commerce after obtaining the registrations; and (3) the phrase ADD A ZERO was an informative phrase rather than an indicator of source and therefore fails to function as a trademark.

In the first go-round at the TTAB in 2015, the Board agreed with Adidas' first argument and cancelled both of the Church's registrations. According to the Board, federal trademark rights stem from Congress' power to regulate interstate commerce, and the "use in commerce" required to obtain a federal trademark registration must be interstate commerce. The Church primarily used the ADD A ZERO phrase as "a prophetic word spoken to the congregation" to encourage charitable giving. However, t-shirts and other apparel bearing the ADD A ZERO phrase and stylized mark were available for purchase at the Church's bookstore, and the Church was able to show that one resident of Wisconsin purchased two hats for \$38. The TTAB found that this single sale was not sufficient to establish an interstate "use in commerce" and cancelled both of the Church's applications under Adidas' first theory.

The Church appealed the TTAB's decision to the Court of Appeals for the Federal Circuit. The Federal Circuit applied Supreme Court precedent, finding that the Church's single sale of two hats is "quintessentially economic" that if "taken in the aggregate would cause a substantial effect on interstate commerce." The Federal Circuit went even further, holding that the Church need not show actual proof that its conduct affected interstate commerce, just that the conduct is in a class that affects interstate commerce. The appellate court thus reversed as to Adidas' first theory and remanded to the TTAB to address the remaining issues of abandonment and failure to function as a trademark.

Considering abandonment on remand, the TTAB reasoned that if the single sale transaction of two shirts for \$38 is sufficient use in commerce to register a trademark, the same minimal or *de minimis* sale must be sufficient to overcome an inference of abandonment. The TTAB found no three-year period where the Church made zero sales of products bearing the ADD A ZERO phrase or stylized mark without intent to resume use. There was a four year period where no sales of products bearing the mark were made, but the Church was able to show that the non-use was excusable due to remodeling and that sales had resumed afterwards in the Church's online store. As such, neither the ADD A ZERO word mark nor the ADD A ZERO stylized mark had been abandoned.

The standard articulated in this case appears to set a very low bar of use required to avoid abandonment of a registered trademark rights, so long as the sale of products bearing the mark – however limited – are bona fide economic transactions in commerce. The TTAB's decision here is non-precedential, but the Federal Circuit's decision relating to initial registration is binding on the TTAB. It will be interesting to see whether

subsequent TTAB decisions apply the same standard articulated in this case.

The TTAB then considered each mark independently to adjudicate the failure to function issue. A mark fails to function as a trademark if the public would perceive it as merely conveying information about goods or services rather than as an indication of a single source of goods or services. Adidas presented evidence of several charitable organizations using some version of ADD A ZERO to encourage donors to give more money. As an example, charities often use some form of the sentiment: “determine how much you can afford to donate, and then add a zero to that amount.” The TTAB held that the ADD A ZERO slogan is a general fundraising term used to convey enthusiasm and support for fundraising causes and consumers would not view it as being uniquely associated with the Church. Therefore, the ADD A ZERO word mark does not function as a trademark and the TTAB cancelled the registration.

The ADD A ZERO stylized mark, however, was held to be a “specific combination, placement and shading of the wording and design elements” that create a unitary, distinct mark. Despite the informational nature of the slogan, the three-dimensional unitary design creates a distinct commercial impression in the minds of consumers. The TTAB therefore held that it does function as a trademark and denied the claim for cancellation of this registration. Because the parties are in this for the long run, it will be interesting to see if the ADD A ZERO case makes a return trip to the Court of Appeals for the Federal Circuit.

The TMCA previously reported on LeBron James’ IT’S TACO TUESDAY application and Cardi B’s OKURR application, both of which were denied for failure to function as a trademark. Like those cases, the ADD A ZERO case demonstrates the obstacles to obtaining trademark registration protection for trademarks that are likely to be perceived as common phrases or informational matter.