Federal Circuit Upholds Cancellation of Registration of Trademark For Software Merely Incidental to Online Retail Services

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The United States Court of Appeals for the Federal Circuit has clarified the basis for registration of trademarks for software where the software is "merely the conduit through which" the mark's owner renders its online retail services. In *Lens.com, Inc. v. 1-800-Contacts, Inc.,* No. 2011-1258 (Fed. Cir. August 3, 2012), the Federal Circuit affirmed the Trademark Trial and Appeal Board's cancellation of Lens.com, Inc.'s registration for the mark LENS.

Lens.com is an online retailer of contacts lenses and related products. In 2001, Lens.com filed an application in the U. S. Patent and Trademark Office to register the mark LENS in association with "retail store services featuring contact eyewear products rendered via a global computer network". The USPTO refused Lens.com's requested registration primarily because there existed a 1998 registration by Wesley–Jessen Corporation ("the '334 Registration"), for the mark LENS in connection with "computer software featuring programs used for electronic ordering of contact lenses in the field of ophthalmology, optometry and opticianry". In 2002, Lens.com acquired the '334 Registration for LENS from Wesley-Jessen Corporation.

In September 2008, another online retailer, 1-800-Contacts, Inc., commenced a cancellation proceeding against the '334 Registration, arguing, in part, that Lens.com abandoned the mark LENS under the '334 Registration. 1-800-Contacts, Inc. argued that Lens.com's software was not a "good in trade" used with the mark but was "merely incidental to its retail sale of contact lenses". In January 2011, the Trademark Trial and Appeal Board granted summary judgment for 1-800-Contacts, Inc. and issued an order canceling the '334 Registration. Lens.com appealed to the Federal Circuit.

The Federal Circuit noted that there was little useful case law of precedential value, but it found a firm footing for the TTAB's order in the trademark statute. It noted that 15 U. S. Code 1127 provides that a mark is used in commerce when there is a bona fide use of the mark in the ordinary course of trade, and that this requires, in pertinent part, that the mark be used for goods "sold or transported in commerce". While the actual sale of goods is not a prerequisite, "use in commerce" does require at least that the goods be "transported" in commerce.

The court observed that Lens.com does not sell software, and nowhere did Lens.com's web site use the LENS mark itself in association with software. Instead, the software was "merely the conduit through which [Lens.com] renders its online retail services". Its customers used Lens.com's website to buy contact lenses and related eyewear products, not the Lens.com software. That software simply facilitated the customers' online orders, and while it arguably provided greater value to Lens.com's online retail services by enhancing the customers' overall consumer experience, there was no evidence that the software had any independent value. The software was "inextricably intertwined with Lens.com's retail services". By itself, it could not satisfy the statute's requirement for a "good" that was "sold or transported in commerce".

The Federal Circuit therefore affirmed the cancellation of the LENS registration. Its ruling will provide greater clarity to the scope of permitted trademark protection for the marks used in association with online retail services, and the scope of protection for related software.

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