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Federal Circuit Reverses Trademark Trial and Appeal Board Holding that Providing Software May Constitute Providing a Service

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On December 12, 2016, the United States Court of Appeals for the Federal Circuit issued its decision in *In re: Jobdiva, Inc.*, vacating the decision of the Trademark Trial and Appeal Board (the "Board") which cancelled JobDiva's trademark registrations in connection with "personnel placement and recruitment services" based on abandonment. The Court vacated the Board's decision as having applied the wrong legal standard, but it did not determine whether JobDiva had in fact offered the services listed in its Registrations. Rather, the Court sent the case back to the Board to make that factual determination. Slip op. at 12.

In a cancellation proceeding instituted by JobDiva against Jobvite, Inc., JobDiva asserted ownership of two trademark registrations for the service marks JOBDIVA and JOBDIVA plus design, for personnel placement and recruitment services. Jobvite, Inc. counterclaimed, petitioning the Board to cancel JobDiva's trademark registrations on the basis that JobDiva failed to perform personnel placement and recruitment services. The Board granted Jobvite's counterclaims on the basis of abandonment since, other than supplying its software, there was no evidence of JobDiva's performance of personnel placement and recruitment services resulting in nonuse for three consecutive years. The Board held that "[a] term that *only* identifies a computer program does not become a service mark merely because the program is sold or licensed in commerce. Such a mark does not serve to identify a service unless it is also used to identify and distinguish the service itself, as opposed to the program." The Board found that JobDiva merely offered software for providing personnel placement and recruitment rather than offering personnel placement and recruitment services themselves. Slip op. at. 4-5.

In reviewing the Board's decision, the Federal Circuit made clear that "[e]ven though a service may be performed by a company's software, the company may well be rendering a service." Slip op. at 9. The Court further explained, that "[t]o determine whether a mark is used in connection with the services described in the registration, a key consideration is the perception of the user. The question is whether a user would associate the mark with 'personnel placement and recruitment' services performed by JobDiva, even if JobDiva's software performs each of the steps of the service." *Id.* at 10. The Court made clear that this is a "factual determination that must be conducted on a case-by-case basis." *Id.* at 11.

Here, considerations include the nature of the user's interaction with JobDiva when using JobDiva's software and the location of the software host. *Id.*

The Court explained that if JobDiva sold its software to a customer who hosted it on its own website, a user's interaction would appear to be with the customer and not JobDiva. Thus, the user would not likely associate the service with the JOBDIVA mark. In contrast, if the software was hosted on JobDiva's website, users would be more likely to perceive "direct interation with JobDiva during operation of the software," and thus, associate the service with JobDiva. On the other hand, if a purchaser acquired ownership of JobDiva's software, then the Federal Circuit held it would likely preclude a finding that JobDiva has rendered services, unless JobDiva's activities after the sale create the perception that JobDiva was in fact providing services. Because the question to be determined was a factual one, the Court remanded it to the Board to answer in the first instance.

The decision of the Federal Circuit is timely as businesses are increasingly offering software as a service rather than as a product. We will continue to monitor the courts for the latest developments on this issue.

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