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In *VersaTop Support Systems v. Georgia Expo* (April 19), the Federal Circuit applied 9th Circuit law to determine that the definition of "use in commerce" in the Trademark Act applies solely to registration and does not limit the scope of activities that infringe trademarks. Although the result is correct, the supporting legal reasoning is shaky.

The Case.

The relevant facts were not disputed: Georgia Expo used VersaTop's trademarks in print advertising and trade show brochures to describe a new product that Georgia Expo intended to launch in the near future. Georgia Expo did not, however, affix VersaTop's trademarks to any goods sold or transported in commerce.

VersaTop sued for, among other things, violation of 15 USC § 1125.[1] Georgia Expo argued at the district court that (i) false designation of origin of goods under § 1125 expressly requires a "use in commerce" of the relevant trademark; (ii) the definition of "use in commerce" in 15 USC § 1127 requires that the trademark be affixed to goods that are "sold or transported" in commerce; and (iii) because Georgia Expo had not affixed VersaTop's trademarks to any goods sold or transported in commerce, there was no "use in commerce" and therefore no violation under § 1125.

The district court agreed that § 1125 did not apply because "neither Georgia Expo's brochure nor its October 2015 tradeshow activities meet the requirements for the applicable definition of 'use in commerce' under the Lanham Act."

The Federal Circuit reversed and entered judgment in favor of VersaTop on the infringement issue, holding that the definition of "use in commerce" in § 1127 "does not apply to trademark infringement." In support, the Federal Circuit cited:

- Legislative history from 1988 amendments to the Trademark Act stating that the § 1127 definition of "use in commerce" is "intended to apply to all aspects of the trademark registration process" and that "use of any type will continue to be considered in an infringement action."
- Two 9th Circuit cases that distinguished, without explanation, the comparatively narrow "use in commerce" definition of § 1127 that is used in registration proceedings from a broader conception of "use in commerce" that triggers infringement liability.
- McCarthy on Trademarks and Unfair Competition, which explains that the "use in commerce" definition in § 1127 "was clearly drafted to define the types of 'use' that are needed to qualify a mark for federal registration—not as a candidate for infringement. It defines the kinds of 'use' needed to acquire registerable trademark rights—not to infringe them."
- A CD-Cal case stating that the "Ninth Circuit has explained that the definition of 'use in commerce' in Section 1127 'applies to the required use a plaintiff must make in order to have rights in a mark . . . .'" and that "Section 1127 is not, however, the legal standard for proving infringement."

[1] Lanham Act § 43(a) - false designation of origin.

The Problem with the Reasoning.

Although the conclusion is sound, the supporting reasoning is legally weak because it never addresses two key issues regarding the statutory text.[2] First, 15 USC § 1125 expressly provides that "use in commerce" is required for infringement ("Any person who. . . uses in commerce . . . shall be liable"). The issue, therefore, is what kind of "use in commerce" is sufficient. Second, 15 USC § 1127 states unequivocally that the definitions therein apply "[i]n the construction of this chapter, unless the contrary is plainly apparent from the context." Because § 1125 is part of the same chapter as § 1127, the definition of "use in commerce" *prima facie* applies to the requisite "use in commerce" under § 1125. The Federal Circuit said nothing about the context of the "use in commerce" requirement of § 1125, and there is nothing in § 1125 that suggests that § 1127's definition should not apply.

Thus, the definition of "use in commerce" in § 1127 undeniably applies to violations under § 1125. However, this does not mean that the result in the case was incorrect. Indeed, as discussed in the next section, it is clear *from the statutory text itself* that the "use in commerce" required for violation under § 1125 is ***not*** limited to the specific definition and parameters set forth in § 1127.

A Better Rationale.

There are five immensely important words in the definition of "use in commerce" in § 1127 that the Federal Circuit never discussed. These critical words are "shall be deemed to be" in the sentence introducing the description of acts that amount to use in commerce for goods and services.[3] These words mean that the specific enumerated acts, such as affixing the trademark to goods are sold or transported in commerce, will be conclusively *treated as if* they are uses in commerce – not that all uses in commerce *must necessarily* involve such acts. This makes perfect sense in the context of the legislative history and cases cited by the Federal Circuit. Thus, an applicant for registration *can* satisfy the use in commerce requirement by showing, for example, that it affixed the trademark to goods that were sold or transported in commerce. And, per the statute, the applicant can demonstrate use in commerce in other ways as well.

Similarly, the use in commerce required for infringement *can* be shown, per § 1127, by the defendant affixing the trademark to goods that were sold or transported in commerce. But nothing in § 1127 suggests that use in commerce cannot be shown in other ways, and § 1127 therefore does not limit the scope of activities that amount to use in commerce for infringement purposes.[4]

The Federal Circuit erred in its reasoning by departing from the primacy of the text of the statute. Although every application of law inherently involves a construction of the text of the law, that necessary act of construction is not a license to depart from or contradict the text. Here, the text literally and fully supports the outcome, and it is not clear why the Federal Circuit needed to go round-about to weakly support a holding that is otherwise correct and easily supported by the plain statutory text.[5]

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[2] The text of the statute should be the primary source for resolving the issue. *See, e.g., Conn. Nat'l Bank v. Germain*, 503 U.S. 249, 253–54 (1992)("In interpreting a statute a court should always turn first to one, cardinal canon before all others . . . that a legislature says in a statute what it means and means in a statute what it says there.").

[3] "For purposes of this chapter, a mark *shall be deemed to be* in use in commerce — (1) on goods when . . . . [and] (2) on services when . . . ." 15 USC § 1127 (italics added). Section 1127 also initially defines "use in commerce" more broadly as "the bona fide use of a mark in the ordinary course of trade," which at least arguably covers use in advertising and at trade shows.

[4] Thus, point "(ii)" in VersaTop's syllogism, above (*i.e.,* that § 1127 *requires* that the trademark be affixed to goods that are sold or transported in commerce), is contrary to the statute and legally flawed.

[5] One possibility is that the Federal Circuit was stuck relying on 9th Circuit cases that were conclusory on the issue and did not expressly or implicitly provide the better, text-based rationale.