

CHRISTIAN FAITH FELLOWSHIP CHURCH v. ADIDAS AG., Appeal No. 2016-1296 (Fed. Cir. November 14, 2016) Before Reyna, Hughes and Stoll. Appealed from TTAB.

Background:

Christian Faith Fellowship Church, an Illinois-based Church, sold caps and shirts bearing the phrase ADD A ZERO as part of a fundraising campaign. The church, shortly thereafter in March 2005, filed two trademark applications for the mark ADD A ZERO for use in connection with clothing relying on actual use of the mark in commerce as opposed to intent to use. The PTO granted the applications and registered the marks. In 2009 Adidas sought a trademark application for the mark ADIZERO but the PTO refused registration of the mark on grounds that it was likely to be confused with the Church's ADD A ZERO trademark. Adidas then brought an action to cancel the Church's marks arguing that the Church failed to use the marks in commerce before registration.

Under the Lanham Act "[t]he owner of a trademark *used in commerce* may request registration of its trademark. The Lanham Act further allows that "a mark shall be deemed to be used in commerce...on goods when...the goods are sold or transported in commerce." "Commerce" is defined as all commerce which may lawfully be regulated by Congress.

To show that it had used the mark in commerce the Illinois based Church, offered evidence of sale of two hats in Illinois to a church member who lived in Wisconsin. The sales totaled \$38.34. The Trademark Trial and Appeal Board (TTAB) found the Church's evidence of use in commerce to be "*de minimis*" and not a use in commerce required by the Lanham Act and canceled the Church's marks. The Church then appealed to the Federal Circuit.

Issue/Holding:

Could the Church's sale of two hats within the state of Illinois, but to an out-of-state resident, be regulated by Congress, thus satisfying the Lanham Act's "use in commerce" requirement? Yes, reversed and remanded.

Discussion:

Citing Supreme Court precedent the court found that it cannot be doubted that the transaction at issue, the private sale of goods, particularly apparel, to an out of state resident - is "quintessentially economic." Further, the Federal Circuit found that the Board's rationale that the sale was "de minimis," and thus insufficient to support use that affects interstate commerce, was squarely at odds with a long list of Commerce Clause cases. It cited, in particular, Gonzales v. Raich, 545 U.S. 1, 6-8 (2005) which expressed that "the de minimis character of individual instances arising under a valid statute enacted under the Commerce Clause is of no consequence." The court also considered two cases the Board relied on which they said "have been a source of confusion." The cases asserted that an intrastate sale of goods is not a sale "in commerce" per se, unless the applicant did something more, such as knowingly direct the goods across state lines. The Court disagreed with the bright line approach holding that even local activity may still, whatever its nature, be reached by Congress, if it exerts a substantial economic effect on interstate commerce.

The case was remanded for the Board to address Adidas' other cancellation grounds.