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## COW OR NO COW? USA: A Cautionary Tale For Madrid Protocol Filers

Greg Gilchrist (Verso Law Group LLP) · Thursday, May 12th, 2022



The Madrid Protocol makes it possible to extend protections from an international registration to the United States. A United States District Court has just cautioned practitioners that they must satisfy the intent to use requirements for all United States trademark applications before availing themselves of this tool.

A recent contest between Oatly AB and D's Naturals, Inc. analyzes the intent to use requirement in detail. Oatly is well known for oatmilk but – using the Madrid Protocol – had registered its WOW NO COW! mark for dry goods, including flour, oatmeal, and other oat-based products. D's Naturals, accused of infringing this mark with its NO COW dairy free snack bars, went on the attack against Oatly's intent to use its registered mark on dry goods.

Oatly unsuccessfully argued that a Madrid Protocol-based registration is immune from attack if the mark is used “in due course” within six years after registration. Oatly pointed to the requirement, also true of all United States registrations, that a registrant must submit a declaration of use between the fifth and sixth years after registration. The court admonished that the purpose of these requirements is to remove deadwood from the register at the time for renewal, not to afford a prolonged grace period to Madrid Protocol filings. Like any other application, the court required the registrant’s bona fide intention to use the mark on all registered goods – at the time it requested an extension under the Madrid Protocol.

The court also was unimpressed by Oatly’s claim to have held a bona fide intention to use the mark on all goods when it sought the extension. Unlike many Madrid Protocol countries, the United States requires an “intent to use the mark at the time of filing [that is] ‘...firm and not merely’ an intent to ‘reserve a right in the mark.’” While the “evidentiary bar is not high,” the court’s analysis of Oatly’s evidence – after concluding that D’s Naturals had raised enough doubt about Oatly’s intent to shift the burden – suggests a quantum of proof that is higher than many Madrid Protocol filers might expect.

The court left no doubt that Madrid Protocol applicants must rely on objective evidence, not expressions of subjective intent, to prove their bona fide intention to use a mark. The court rejected conclusory testimony that dry oat products were a natural brand extension for Oatly when the brand got bigger. Contingent, non-specific plans for products that “might” materialize, the court held, were insufficient. “Oatly must have had firm plans to use the mark as to all of the goods listed in the application and at the time the application was filed.”

In turn, the court rejected several documented Oatly initiatives using similar reasoning. (a) Oatly’s vague “sustainability” mission did not specify products on which the marks would be used; (b) beverage extensions were irrelevant to show plans to extend to dry goods; (c) Oatly’s plans to serve dry goods at a “café” for its products was specific for café services, but too vague as to dry goods; (d) Oatly’s fiber residue research had lasted too long (20 years) without producing any concrete plans to use residue in specific products; (e) Oatly’s porridge concept for Sweden did not involve a dry good or a plan for the United States; (f) Oatly wrote product development plans after filing its application; and (g) Oatly’s research about using oatmilk by-products was prepared after the application was filed, and the plans were vague.

Oatly escaped with only dry goods stripped from its registration. But Oatly also had to fight off D Naturals’ claims Oatly’s intent to use declaration was fraudulent. If successful, the fraud claim might have voided Oatly’s entire registration. The court’s analysis serves as a good reminder for Madrid Protocol filers to collect and preserve documentary evidence supporting specific plans to sell all products covered by the registered mark. Without objective evidence – existing when the application is filed and specific to the United States – a registration may be vulnerable to later attack, just when the registration is needed in an enforcement proceeding.

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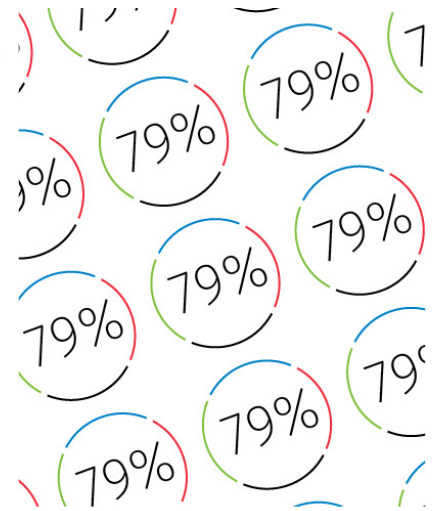
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