

Dilution by Blurring: Potify Application Goes Up in Smoke

Spotify AB v. U.S. Software Inc.,
2022 WL 110251 (T.T.A.B. Jan. 10, 2022)

By: Lisa Holubar & Ted Mahan | January 24, 2022

The Trademark Trial and Appeal Board (TTAB) issued the first precedential opinion of 2022 refusing registration of POTIFY and POTIFY (design) based on dilution by blurring of the mark SPOTIFY. The TTAB did not reach the alternate grounds of likelihood of confusion or dilution by tarnishment.

Applicant sought registration in International Class (IC) 9 for downloadable software relating to dispensaries, and IC 25 for apparel, IC 35 for providing consumer information related to dispensaries, and IC 42 for creating a related on-line community. The first use of the mark was on January 1, 2017. Opposer, Spotify AB, a Swedish company that provides software and services for streaming, opposed based on its statutory cause of action from registered standard character mark SPOTIFY in ICs 9, 35, 38, and 41, alleging likelihood of confusion and dilution by blurring and tarnishment.

Analyzing dilution by blurring, the TTAB first discussed at length the fame and distinctiveness of the SPOTIFY mark, derived from extensive advertising and celebrity partnerships, the number of monthly users of the streaming service, and widespread public recognition of SPOTIFY, including 23.3 million Facebook “likes.” Next, relying on timeframe-relevant monthly user data, consumer awareness, and press identifying SPOTIFY as “well known” and a “household name,” the TTAB found the mark achieved fame prior to Applicant’s first use. Lastly, the TTAB addressed the six factors pertinent to dilution by blurring: similarity, distinctiveness of SPOTIFY, opposer’s exclusive use of its mark, the degree of SPOTIFY recognition, whether the Applicant intended to create a POTIFY association with SPOTIFY, and any evidence of actual association between Applicant’s mark and Opposer’s mark. It found all but one of the factors favored dilution by blurring. As to similarity, the TTAB noted Applicant’s mark merely lacked the letter “S” at the start and both marks were used with software products that perform analogous functions (to help users find music or pot), thus Applicant’s mark would “trigger consumers to conjure up” Opposer’s famous mark. Unopposed by Applicant, the TTAB found Opposer exclusively used its mark as evidenced by vigorous enforcement. And as discussed above, SPOTIFY enjoyed wide consumer recognition. As for intent, the TTAB was incredulous about Applicant’s representations it did not intend to form an association with SPOTIFY, especially because Applicant’s founders were longtime SPOTIFY users. Finally, no evidence of an actual association between the marks existed, making that factor neutral.

In sum, because SPOTIFY is famous, widely used for known goods, highly distinctive, and predates POTIFY, the TTAB concluded dilution by blurring existed, and another cannabis mark went up in smoke. Although several states have legalized recreational marijuana use, it remains a federal crime to possess it, thus the Trademark Office has refused to register marks covering cannabis products. Even though that basis for refusal was not at issue for POTIFY, this decision underscores the uphill battle cannabis-related marks, especially those seemingly based on puns about other marks, face in seeking federal registration.