

INSIDE THE MINDS™

# RECENT TRENDS IN TRADEMARK PROTECTION

LEADING LAWYERS ON EDUCATING CLIENTS,  
UNDERSTANDING THE IMPACT OF TECHNOLOGY,  
AND NAVIGATING THE CURRENT MARKETPLACE

*2012 EDITION*



ASPATORE

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I N S I D E   T H E   M I N D S

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# Meeting New Trademark Registration Challenges in the United States

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## Introduction

Though the web is nearly twenty years old and Web 2.0 has been used to describe the changing shape of the web for almost ten years, the digital world continues to change and impact the practice of trademark law. Trademark holders seem continually to have new concerns over additional online venues for trademark infringement, and practitioners have new tools at their disposal for tracking trademark use, keeping up with developments in the law, applying for protections, and looking at trademarks' potential global reach.

I look briefly in this chapter at some of the cost-benefit analysis that must be done by trademark holders and practitioners, given the range of searching and policing issues in the online world, as well as the difficulties in advising as to risk in an increasingly global economy. In addition, I highlight some recent developments in areas of the law like color, fraud, and nontraditional marks that have long been of interest to practitioners.

## New Aspects of the Trademark Search Process

Technology has made preliminary searching of marks a lot easier than it used to be. In fact, I often wonder what trademark practitioners did before the web was invented and US Patent and Trademark Office (PTO) records became readily available online. Now you can do a screening search in-house, quickly identify any problematic marks, and tell the client to go back to the drawing board if any directly conflicting marks have been registered.

At the same time, the initial search process has become somewhat more complicated—again, because of the availability of search engines on the web. In other words, not only do you have to do the initial PTO screening, but it is also prudent to do a certain amount of web screening as well—and that can create some issues as far as the cost benefits for the client. For instance, a certain mark may look fairly low risk from the point of view of the PTO register. However, there may be uses of the mark or similar marks that are not registered, but are revealed by a search of the web. The use of a mark found on the web may actually be more localized, but appear broader due to its presence on the web. Moreover, searching on the web can be a long, intensive process and can be more costly in the long run, given the cost of attorney time. After some initial searching, practitioners have to

consider with their clients whether it makes sense to commission a “full search” (which searches not only the federal register, but state registers, the web, business names, domain names, and common law use) from a search firm that has greater access to many more databases that can be searched more quickly and efficiently than the attorney can search the web. (These questions may raise attorney pricing issues, such as whether to charge a flat fee or hourly rates, that are beyond the scope of this chapter.) In short, after conducting a preliminary search, you need to consider the client’s bottom line and ask questions that can help you determine where and if you need to do a full search.

I generally advise conducting a full search, particularly because the failure to do so has been taken into consideration in some cases regarding whether a defendant acted in bad faith. Still, the decision may involve other factors, such as the importance of a particular mark, the timeframe for the mark, the longevity of the mark, the anticipated investment in the mark, and the challenge of changing the mark later on if a problem surfaces. There are circumstances where the client wants to know that the field is fairly clear, but you are not dealing with a “bet-the-company” mark that is going to be a major issue if you wind up getting an office action six months down the road that refuses the mark—and then the client has to start over, or finds out they are not quite as secure, protection-wise, as they thought they were. In some cases, however, it is much more important to do everything you can to clear the mark up front, since the mark may be one that is at the heart of a branding or re-branding effort and is expected to be used for years to come, rather than on a limited basis.

If a client is cost sensitive but not particularly risk averse, it may make sense simply to file an intent-to-use application to see whether any issues surface in the application process. The search might still be important before product rollout since, as noted above, lack of prior registrations does not mean there are no risks from common law marks (i.e., marks that are in use, but have not been registered in the PTO or in a state). Therefore, it is important to have a conversation with the client that involves a cost-benefit analysis with respect to when, if ever, to spend the time and money on conducting a full search on any given mark. Essentially, the typical progression when someone comes up with a new mark is to conduct a quick preliminary screening search, and then decide whether to do a full search based on a cost-benefit analysis.

Sometimes a client will tell you they have been using a certain mark for years, and they have realized it has considerable value to their company, and they must protect it. In that case, you may not do any searching at all, but you must still have a conversation with the client in terms of figuring out what the scope of use has been. If the client has been using a mark for a significant amount of time but only in a limited way (i.e., jurisdictionally) and they now want to use it nationally, it may still be important to make sure you are not stepping on anyone's toes. The client may have used their mark on the East Coast without issue, but that does not mean someone on the West Coast does not have a similar localized mark. I think those kinds of issues are somewhat reduced in today's global online economy, but they have not been eliminated. There are still local businesses, and just because a local business might have a website, that does not mean its marks are national in scope.

### **Preparing Clients for Trademark Protection Risks**

That leads to a discussion of preparing for the risks that are involved in trademark filing and protection. Few searches result in solid green lights or solid red lights to adoption of a mark. Rather, many marks present some potential risk for consideration. Trademark lawyers continually hedge when it comes to giving clients advice. They typically do not like to give outright "yes" or "no" answers because there are a lot of gray areas in relation to trademark law. Full searches do not necessarily tell you that a mark is clear. There may be a trademark holder who is not on the web in a large way but has a big presence in a particular state, and therefore their mark does not come up in a full search. You also need to keep international intellectual property treaties in mind. A full trademark search may appear clear, but then it turns out that someone has filed a particular mark in Europe, and after you have done your search that party comes to the United States and files an application, which has filing priority under the Paris Convention. (The Paris Convention permits residents of signatory countries, which includes 174 countries, to claim a filing date that relates back to the filing date of the first filed application for the mark in another member country as long as the subsequent filing is completed within six months of the original filing.)

It can be difficult to prepare a client for the risks in this area, since there are seldom any guarantees of non-infringement. There is almost no such thing as an absolutely clear mark. There are nearly always going to be risks related

to adopting a new mark, and the client will need to figure out what its risk tolerance is with respect to a particular mark. It may be that the client will want to undertake additional investigations beyond the so-called “full search.” For instance, a client may want to engage in more international searching with respect to a mark that is going to be a prominent, major mark for their company—and do less searching with respect to a mark if there will not be as much cost to the company if it turns out they may need to abandon the mark down the road.

### Challenges in Developing International Trademark Strategies

Generally, trademark rights are jurisdictional, but given the Paris Convention priority, it can be difficult to advise a client in the United States who wants to know whether their mark is free from risk when there may, in fact, be a foreign entity who is using the same mark and plans to move into the US market. In most cases, you will not know about foreign mark holders unless you search globally, which is generally cost-prohibitive.

There may be at least some comfort in the United States that absent use and registration in the ordinary course, foreign trademark holders will find it difficult to challenge a US company’s use of what that foreign trademark holder views as a famous international mark.

For example, in *Cavern City Tours Ltd. v. Hard Rock Cafe International, Inc.*, Cancellation No. 92044795 (Sept. 29, 2011), the petitioner sought cancellation of the Hard Rock Café’s registration for CAVERN CLUB, which is the name of a club in Liverpool where the Beatles played early in their career. The name “Cavern Club” may have some level of fame in the United Kingdom, and it may be known to rock and roll fans and Beatles aficionados in the United States, but the name has not been used by the owners in the United States or registered in the PTO. The petitioner claimed fraud (since Hard Rock must have known of the petitioner’s use of the mark) and false association (since consumers would assume it was related to the petitioner). The Trademark Trial and Appeal Board ruled that the petitioner did not meet its burden to show fraud (*see infra*) or that the petitioner itself was known as Cavern Club even if the mark was famous, so there could be no false association. Cavern City Tours Ltd. has filed a complaint seeking *de novo* review of the board’s ruling.



The new complaint may raise interesting issues, since an infringement claim has been added to the claims of fraud and false association. While the general rule holds that, absent use of a mark on goods or services offered in the United States, foreign rights holders have no basis for an infringement claim, if the foreign trademark is used in the advertising and promotion of certain services or goods abroad, and the trademark holder plans to offer those products/services in the United States as well, the foreign rights holder may be able to establish rights in the mark and likelihood of confusion. While advertising for a product is not sufficient to establish rights in a mark for registration in the PTO, it might be enough for a foreign entity to establish prior rights in the United States against a user in the United States seeking protection. If, ultimately, state law, the courts, and the PTO begin to recognize the trademark rights standing of someone who is attempting to advertise their goods and services to US citizens but does not currently offer anything in this market, that would be an additional complication for US companies that might want to adopt a mark that is similar to a foreign mark.

Similar considerations apply to US mark holders or would-be mark holders who want to take their brands outside of the United States. As noted above, the fact that you may be on the web does not necessarily mean you have a nationally recognized brand—much less an international brand. In other words, the fact that you have a very famous and well-known mark in the United States does not necessarily mean your mark is going to be available to you as you start to enter the world stage and begin doing business in such diverse areas as the Middle East, the Far East, or Europe.

A common misconception among trademark clients relates to rights outside of the United States. Having a famous mark in the United States does not necessarily translate to having rights elsewhere. Clients may be surprised to learn that their mark, which has gained a hard-won reputation here, may not be protectable abroad. This is often the case with respect to clients who have marks that have gained strength over the years via some type of secondary meaning. In other words, they may not have been the strongest marks when the client first adopted them, because they are descriptive, but because they have been using them in the United States for twenty to fifty years, they have taken on a strong secondary meaning (i.e., consumers no longer view the mark solely as an indication of what the product is or does, but to mean that