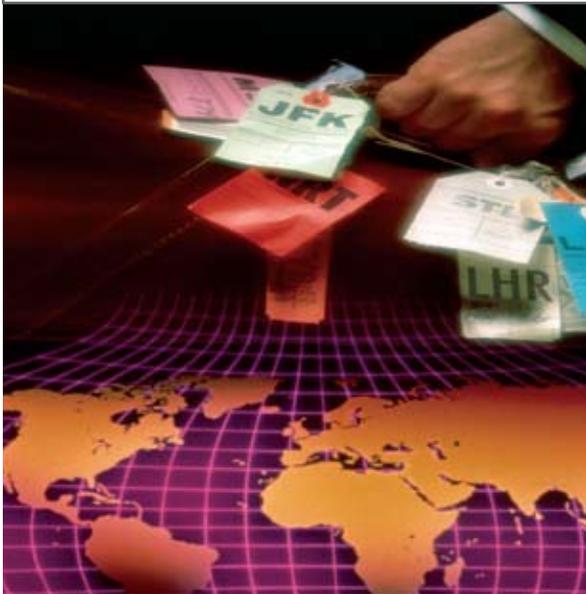




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Searching to Safeguard



The Importance of Proper
Trademark Clearance
And Protection Practices

SEARCHING TO SAFEGUARD THE IMPORTANCE OF PROPER TRADEMARK CLEARANCE AND PROTECTION PRACTICES

ABSTRACT:

This paper will examine the importance of properly understanding trademark clearance and the law and practice when developing a brand in the marketplace. It will explore the reasons trademark law and practice can be easily misunderstood and/or misinterpreted and will illustrate why trademark clearance search providers are a crucial part of the trademark development process.



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OVERVIEW: THE IMPORTANCE OF TRADEMARK CLEARANCE

Naming products or services correctly isn't just a good idea—it's an absolutely crucial part of running a business.

As a business owner or brand manager, hiring a trademark attorney to clear your trademark is an essential part of setting up shop. If you don't, choosing a name, logo or other identifying title or symbol that another company owns could end up costing an astronomical amount of time and money.

Business owners who don't outsource trademark clearance and protection to a qualified source put themselves at risk of being challenged—which can involve large, damage-related expenses, especially if the company involved is large and very protective of its brand, product, service or company name. And then there is the cost of rebranding and marketing a product or service.

When developing a trademark, it's important to do it right the first time. Failing to properly clear your product or service name fully can be an extremely expensive mistake.

A CEREAL COMPANY THAT'S SERIOUS ABOUT DEFENDING ITS BRAND

Take, for example, General Mills. The food company—which markets products in more than 100 countries—is very aggressive about protecting its brands.

- In April 2008, El Salvador-based company Productos Alimenticios Bocadeli S.A. de C.V. requested registration from the United States Patent and Trademark Office for the trademark/service mark for its Questrix line of grain-based, vegetable chips.
- In January 2009, General Mills—which owns a number of trademark registrations, including one for TRIX cereal—filed an opposition against the pending intent-to-use application filed by Productos Alimenticios Bocadeli.

The grounds? Priority and likelihood of confusion and dilution, according to the filing.

True, chips and cereal are entirely different types of food. But General Mills is diligent about protecting its trademarks, and Productos Alimenticios Bocadeli reportedly was using packaging outside of the U.S. that would feature the words "QUESI" and "TRIX" on separate lines, with an emphasis on the word "TRIX" — and could possibly market similar packaging in the U.S.

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GUARDING THE GOLDEN ARCHES

McDonald's is another company that is quick to protect its identity and trademarks. The fast food chain is absolutely vigilant about its image—and quickly files suit when it feels that image is under attack.

- The company is also known for its aggressive stance on anything containing the prefix “Mc.” In 2003, McDonald's CEO Jim Cantalupo wrote a letter to dictionary publisher Merriam-Webster criticizing its definition of the term McJob as low-paying, dead-end work.

Cantalupo felt the definition was unfair, and called it “a slap in the face to the 12 million” people working in the restaurant industry, according to the Associated Press.

The letter was sent to media organizations and was published in a trade journal. The McDonald's legal team also reportedly notified Merriam-Webster of potential legal action, according to UK-based newspaper *The Guardian*, because McJOBS is the trademarked name for McDonald's training program for mentally and physically challenged persons.

McDonald's registered McJOBS as a trademark in 1984, according to *The Guardian*. However, because the dictionary publisher is not considered a competitor and the trademarked term looked different and was spelled differently, the matter was dropped.

- Elizabeth McCaughey, however, was not so lucky. Because McDonald's stringently pursues companies or individuals that use all or part of its name, the company—successfully—sued the California woman in 1994 over her McCoffee coffee shop.

THE ART OF TRADEMARK LAW

While it's true that someone who works in the trademark industry would most likely know that McDonald's and General Mills are extremely litigious, someone who isn't—such as a small company owner or attorney who does not specialize in trademark law—may not be aware of all the nuances of trademark law.

In truth, trademark law really is a blend of art and science.

Lawsuits are not the only cost to consider. An improperly researched trademark can also incur a number of product-related expenses for a company.

- Consider the work it would take and the increase in manufacturing costs that would be involved for a company that had invested a considerable amount of time into the research and development of a product—creating and publishing ad campaigns, designing packaging and more.

A SMALL COMPANY
OWNER OR ATTORNEY
WHO DOES NOT
SPECIALIZE IN TRADEMARK
LAW MAY NOT BE AWARE
OF ALL THE NUANCES

- Trademark disputes could possibly result in that client or company having to incur the additional cost of rebranding, reproducing packaging and marketing materials and essentially recreating and relaunching the product.

It's acceptable to have a paralegal or nontrademark attorney do an initial trademark screen. However, it's important to remember that that particular individual doesn't necessarily have the time, money, knowledge, experience or access to the proper research or databases—not to mention the necessary experience—to successfully conduct a full and/or comprehensive search.

The potential risks are countless, but the solution is simple: For a trademark to have the highest level of clearance, an accurate trademark search absolutely must be conducted—and to conduct an accurate trademark search, a practitioner really needs to outsource the work to a professional trademark search company.

UNDERSTANDING TRADEMARK CLEARANCE

Now that we've discussed the importance of proper trademark clearance and the costs and risks associated with improperly conducted or reviewed searches, let's examine some of the nuances of trademark usage in the U.S.

Many attorneys and companies know that trademark clearance is important; however, not all understand the intricacies involved in trademark searching and clearance.

The difference between common law usage and registering a mark is a frequent misunderstanding that can greatly affect the trademark development process.

Many marketing professionals have the common misconception that you should simply file for a trademark to have the rights to use that trademark. However, it is very important that you first conduct a trademark clearance search that includes common law coverage after you have conducted a preliminary screening.

Registration does not mean that you necessarily are going to own that trademark:

- The United States is a common law country; the first person to use the mark in the U.S. retains jurisdictional rights to use the trademark.
- When you apply for a trademark and it is published by the U.S. Patent and Trademark Office, there is a 30-day opposition period.
- During that time period, any trademark owner can oppose the application and has the right to sue or get involved in litigation or send a cease-and-desist letter.

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If either of those scenarios occur, or if another entity trademarks a name you've been using and you fail to contest it, you could lose your trademark rights to that name.

THE OHIO VALLEY NATIONAL BANK'S DILEMMA: BANKING ON OWNERSHIP

Consider the Ohio Valley National Bank. The bank had been doing business for 120 years—until another area bank changed its name to the Ohio Valley Bank in 1994.

- The Ohio Valley Bank applied for trademark protection with the United States Patent & Trademark Office.
- The original Ohio Valley National Bank never contested the new bank's trademark application during the five-year registration process, so the trademark was approved.

The Ohio Valley National Bank then had to either share its name with a competitor, or change it. Hence—after 120 years of branding itself in the community—the Ohio Valley National Bank became the Ohio Valley Financial Group.

FEELING THE HEAT: CHIPOTLE SALSA VS. YUM BRANDS

Understanding usage rules and what exactly is being trademarked is also key. Consider Chuck Evans, who registered the term "Smokey Chipotle" in 1995 in connection with his line of Smokey Chipotle MONTEZUMA brand sauces, salsas, marinades and tortilla chips.

According to Evans' Web site, it was the first USPTO application incorporating the word "chipotle." He also claims to have introduced the chile chipotle spice to mainstream America.

Vowing to pursue any violations containing "spelling variations, similar spellings, explicit or implicit definition ... phraseology, phrase similarities and phrase intent," Evans has issued more than 95 cease and desist letters to companies since 1995 to try to terminate what he considers inappropriate usage of his company's trademark.

One such company was Yum Brands Inc., which operates Taco Bell, Pizza Hut, Long John Silver's and KFC. Evans opposed KFC's use of the term "Smoky Chipotle Crispy" to describe its new flavor of chicken and claims that the eatery's intensive TV ad campaign diluted his brand.

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Evans' company produces sauces, not fried chicken; still, he felt he had a strong case.

KFC, however, didn't quite agree.

- According to Evans' Web site, independent counsel for the firm sent him a letter in July 2008 stating that "KFC's use of the term 'smoky chipotle'" does not constitute trademark use because it is not being offered as a "brand" of chicken.
- In addition, the counsel pointed out that the words "smoky" and "new" are placed on a separate line from "chipotle," effectively dividing the two terms.
- According to Evans, the letter also said that "each of these considerations contradicts any assertion...that KFC's use of 'smoky chipotle' constitutes trademark use."

He still plans to file a trademark infringement lawsuit, according to his site. Evans said he felt Yum had failed to do a basic Internet search, which he says would have uncovered his trademark.

"The most basic search on any of KFC's thousands of employee computers would have yielded the result that Smok(e)y Chipotle is a registered trademark," he angrily laments on his Web site. "In fact, in most search engines, our trademark appears first and nearly always on the first page."

GETTING TANGLED IN THE WEB

Many people think they can just do an Internet search and uncover all related products and names—which couldn't be more untrue.

- In the U.S., you must search all applications and registrations filed at the U.S. Patent and Trademark Office, as well as each individual state.
- Additionally, you must research all common law uses of the mark including business names, domain names and Internet usage.

The Internet is helpful for general searches; but it does not provide access to all the necessary databases or give you all the information you need to conduct a comprehensive trademark search.

Search engines are only as good as their information index; and chances are, the index is not as thorough as you need for trademark clearance purposes.

The truth is, to properly conduct a trademark search, you need access to proprietary databases—which can be a problem for many companies, attorneys and small firms. It is extremely expensive and time consuming to the point of being cost-prohibitive in many cases for an individual company or firm to pay to search all the necessary databases.

MANY PEOPLE THINK AN
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In addition, many attorneys and companies may not even know some of the databases exist. If you are not aware of what databases need to be checked and therefore do not do a complete search, it would be simple to miss pre-existing companies and individuals with very similar products. Attorneys should not assume the risk of conducting a comprehensive/full search on their own.

The U.S. Trademark office Web site most likely also will not be a sufficient source. Searching on the USPTO site may feel comprehensive. But you can't assume you're in the clear if you do not find your proposed mark on the USPTO Web site.

When dealing with trademark law, most of the surprises come in common law usage.

TOMMY HILFIGER'S NOT-SO-SHINING STAR

In 1996, clothing maker Tommy Hilfiger U.S.A. selected the mark STAR CLASS for a clothing line. However, STAR CLASS has been used for years as a trademark by the International Star Class Yacht Racing Association.

The common law section of a proper search report would most likely have turned up information about ISCYR's usage. Yet Tommy Hilfiger's attorney relied on a preliminary trademark search.

The search didn't uncover the yacht organization that was using the design mark because the ISCYRA hadn't registered STAR CLASS—but it had been using the mark, and therefore, retained rights to it.

The ISCYRA promptly filed suit against Hilfiger, and the District Court issued a permanent injunction against Hilfiger's use of "STAR CLASS."

THE 7 RISKS PROPER TRADEMARK CLEARANCE ASSISTANCE CAN ELIMINATE

We've touched on the importance of searching thoroughly for pre-existing marks—and it's clear that understanding usage and rights can be a complex issue.

So how can a company fully protect its mark or marks? In this section, we'll take a look at how companies, attorneys and firms can strengthen their trademark work.

Even when non-trademark attorneys or companies understand part of the puzzle, it's unlikely that they comprehend the whole picture. And when it comes to trademarks, mistakes can have severe—and expensive—consequences.

For that reason, many firms and companies opt to utilize trademark search providers. Not only can such services provide comprehensive search capabilities, many include ongoing support to protect your mark once it is registered.

WHEN DEALING
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The value of professional trademark search providers cannot be overstated. Such services are imperative to:

- 1. Avoid the risk/expense of being sued.** If you don't properly trademark a brand, you may be liable for damages and rebranding costs, and lose any investment made in developing, marketing and promoting the challenged mark.
- 2. Save time.** Using internal staff can cost a company or firm an astounding amount of time. However, a search company's report can be prepared in three days—that's the standard. Within a week, you can know whether or not to go forward.
- 3. Be thorough.** It is important to have the proper research done before filing your mark at the U.S. Patent and Trademark Office because there are a lot of costs associated with filing. You do not want to hand in an incomplete or incorrect form and have to submit it again, incurring an additional expense for you or for your client.
- 4. Make sure you're working with the highest level of expertise.** If trademark law is not your area of focus, you may not be aware that there is a tremendous amount of data out there, and you have to search a certain way to find all similar marks. With a professional search company, you are getting the best possible research and protection.
- 5. Keep the process cost effective.** Because of the volume of work a search company does, it is able to get great rates and has subscriptions to many databases. A standard three-day turnaround only costs around \$600.
- 6. Ensure that the responsibility of properly conducting a trademark search is taken care of.** A professional search company will assume liability for the trademark process/research.
- 7. Provide maintenance and future protection.** A service will also handle maintaining and supporting the trademark to protect it in the future. Avoiding infringement is a very important part of any company's brand protection strategy. Most search companies have watching/monitoring services that send out notifications to clients about published marks that alert their clients about potential U.S. and global infringement. Some offer a domain watch, a common law watch and more.

WITH A PROFESSIONAL
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CONCLUSION

Not all attorneys understand trademarks very well. Trademark law and protection involves numerous details and requirements; there are lots of dots to connect.

It's extremely possible—and if you don't specialize in trademark law, entirely probable—to be a knowledgeable, skilled attorney and not be an expert on intellectual property. That's why it's best to use a service with resources and individuals who are.

Doing a proper search—using all the necessary databases and possessing enough knowledge of trademark law to be able to accurately assess risk—is crucial. Cut corners, and you're exposing your company or clients to large potential damages.

Both small companies and big firms who represent clients with only a small amount of brands, products or services often don't want to incur the expense of outsourcing trademark work.

If cost is a central concern, there are ways to save money. A company or attorney can reduce administrative expenses by figuring out how to file the trademark application online without the help of a service. But it's absolutely imperative that companies and attorneys representing companies do not skimp on the search.

Compared to the risk of being sued, potentially having to pay tens of thousands of dollars and having to redo a brand or well-branded product line, the cost for such a service is minimal.

Truly, once a company or firm properly understands the risks improperly conducted trademark searches pose, there is only one question to ask: Do you really have the resources that you need to handle your trademark needs—or is it something you should outsource?

Because conducting thorough, accurate trademark searches isn't just an option – it is the only way to ensure that your trademarks are fully protected.

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