

## **Costs and Practicalities of Trademark Enforcement**

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Law Offices of Anne Hiaring

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### I. Introduction

Counseling clients on the cost and practicalities of trademark enforcement involves two types of activities: avoiding liability to the client and enforcing the client's own rights. To avoid liability for infringement, the client must first know what the rules are and avoid breaking them. The key to effective counsel on avoidance in this, as in all other areas of liability, is good client relations.

#### A. Avoiding Liability is the Most Effective Cost Savings

Outside counsel who are retained on a case-by-case basis to handle discrete issues are not in the best position to know the client and how its business works, and therefore the most effective way to counsel the client. If you are outside counsel and you believe your firm is handling all, or most of the intellectual property needs of the client, you should think outside the box of the given problems you are asked to solve –trademarks to clear or file, licenses to review and so forth. Ask yourself what procedures the client has in place to educate its employees and catch problems before they develop. If you are not satisfied by what you know, raise the issue with the client. Even though you may be proposing that the client invest in additional legal services for education and setting up procedures, most clients will understand the need and will not view the suggestion unfavorably. Any attorney will know that the job has been well done when fewer problems arise. So in effect, counsel's role in advising clients on avoiding liability is to work himself or herself out of a job.

Inside counsel have complete responsibility for understanding the extent of employee education, procedures and compliance. There is no excuse for any company with in-house counsel not to have some form of client education, review and implementation of procedures in place. If you are in-house counsel and you do not have the time or staff yourself, you must propose that outside counsel be engaged to perform these key functions. There is no one way to monitor the client's activities; it is not necessary or appropriate to have extensive forms and procedures in place. What is always necessary, however, is good client communication. If you as counsel know what your client is doing, and your client feels comfortable telling you what they are doing or want to do, you will have done your job well.

Trademark infringement is, in a sense, a strict liability tort. Ignorance or misconception about the legal standards is no defense. On the administrative side, oppositions and cancellations can trigger large expenditures in defense. Therefore the first steps in cost avoidance are effective search methods which ensure that the new marks a client adopts are unlikely to be the subject of oppositions. An effective advocate therefore truly can be a sort of profit and loss center – if you do your job well, you will be seen as part of the team and part of the solution, not an obstacle and not the problem. This is even when you as counsel advocate searching and screening marks before adoption and paradoxically ask the client to spend more money initially.

## 1. Trademark Audits

This program features issues with the TTAB. However, controlling costs of enforcement really starts with putting good review procedures in place, and a review of a client's portfolio. Few clients have no trademarks at all. Few clients also fail to develop new marks. Therefore ask:

- What marks are used?
  - What marks does the client want to use?
  - Are they protectable?
  - Have they been searched and cleared?
  - Have they been registered – what is scope of registration?
  - Are they being policed against infringement?
- Looking at it the other way, does the client understand that it cannot, in most circumstances, use third party marks, or understand the circumstances in which it can use them?
- Identify key parts of the client organization dealing with these issues – product managers, brand managers, corporate communications. Attend their meetings or get copies of memos outlining new product initiatives and branding strategies. Understand what the product roll-out will be to define the scope of needed registrations.

-Audit the marks the company is using – are they registered? Are they registered in the company's name? Have all marks acquired in acquisitions been assigned to the client domestically and internationally?

## B. Policing and Enforcement Strategies

All clients should watch their marks using internal web-based watching methods, or using commercial watch services. Watches are most effective when they report on newly filed applications as well as marks published for opposition.

If an offending mark is recently filed, it is a good time to reach out to the offending trademark applicant and nip the potential infringement in the bud. The sooner a problem can be addressed, generally the cheaper it is stop.

Filing extensions of time to oppose should set the stage for discussions with the other side about ceasing the prosecution of the mark and abandoning plans to use ( if it is an intent to use application and no use has been alleged) or abandoning use and registration if use has been made. I find a personal phone call essential to getting the attention, and potential cooperation, of the other side. A voice can accomplish a lot that an email or letter cannot.

Use the TTAB opposition process as a proxy for actual litigation. Any settlement should address use issues, as well as registration issues. These are useful opportunities to discuss the scope of mutual co-existence, or limitations on use by one or both sides to enable registrations by both parties and use that is not . The forum in the U.S. can be used to address global co-existence issues. Use this to your client's advantage and avoid fighting the same fight over the same marks all over the world.

Every product and every market is different. However, generally a client must oppose, and possibly eventually sue, if a direct competitor seeks to register or uses the identical mark on identical products. From there, protest should be considered for similar marks on identical products and blurring marks on identical products that will dilute the value of a mark. From there, protest over related goods, or goods that are within a likely area of expansion should be considered. Analyze whether the client must just "protect the register" or really must completely stop the offending usage. Sometimes a withdrawal of an application or cancellation of a registration, coupled with allowance of continued, unregistered use, is a good compromise.

The possibility of bringing cancellation actions in the TTAB because of possible fraud issues in

applications, Section 8 & 15 filings or renewals can also provide useful leverage in any situation. Analyze the opponents marks for possible issues of fraud.

Besides watching services, clients should know how to report infringements that they observe in the marketplace. This should be obvious – but counsel should ensure that all product managers know this, and that anyone attending trade shows monitors and reports back anything of interest to counsel.

When a problem comes up, act quickly. Search the offending use on the web and in the records of the PTO. If an application is still pending – be sure to docket it for opposition before finishing investigation and formulating a cease and desist letter. Learn as much as you can about your opponent and its resources before you start – it will influence your entire strategy.

Finally, the most cost-effective enforcement involves open communication with the other side. As much as you want to stop the infringement or the offending registration for the lowest cost, the other side wants to avoid costs as well, while obtaining as good a result as possible. Understand where compromises might lie.

First words of advice: communicate with the client. Last words of advice: communicate with the client and your adversaries.