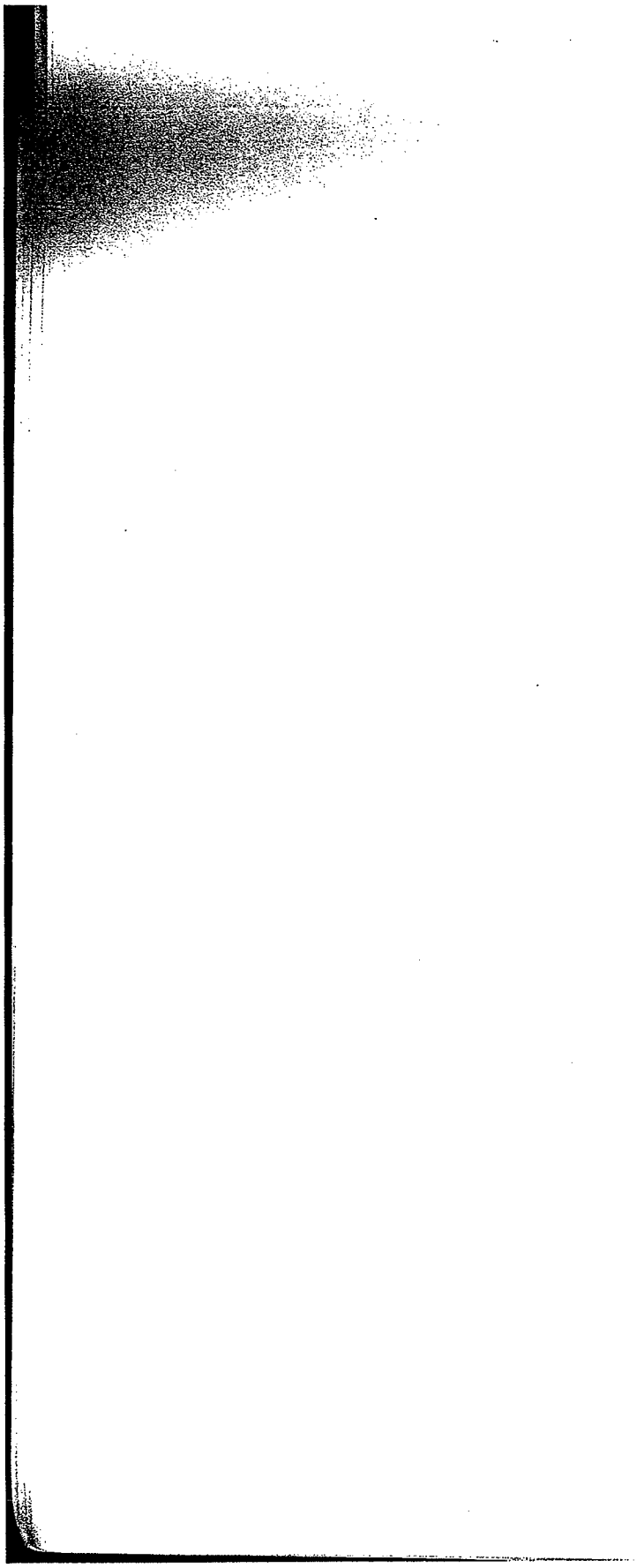
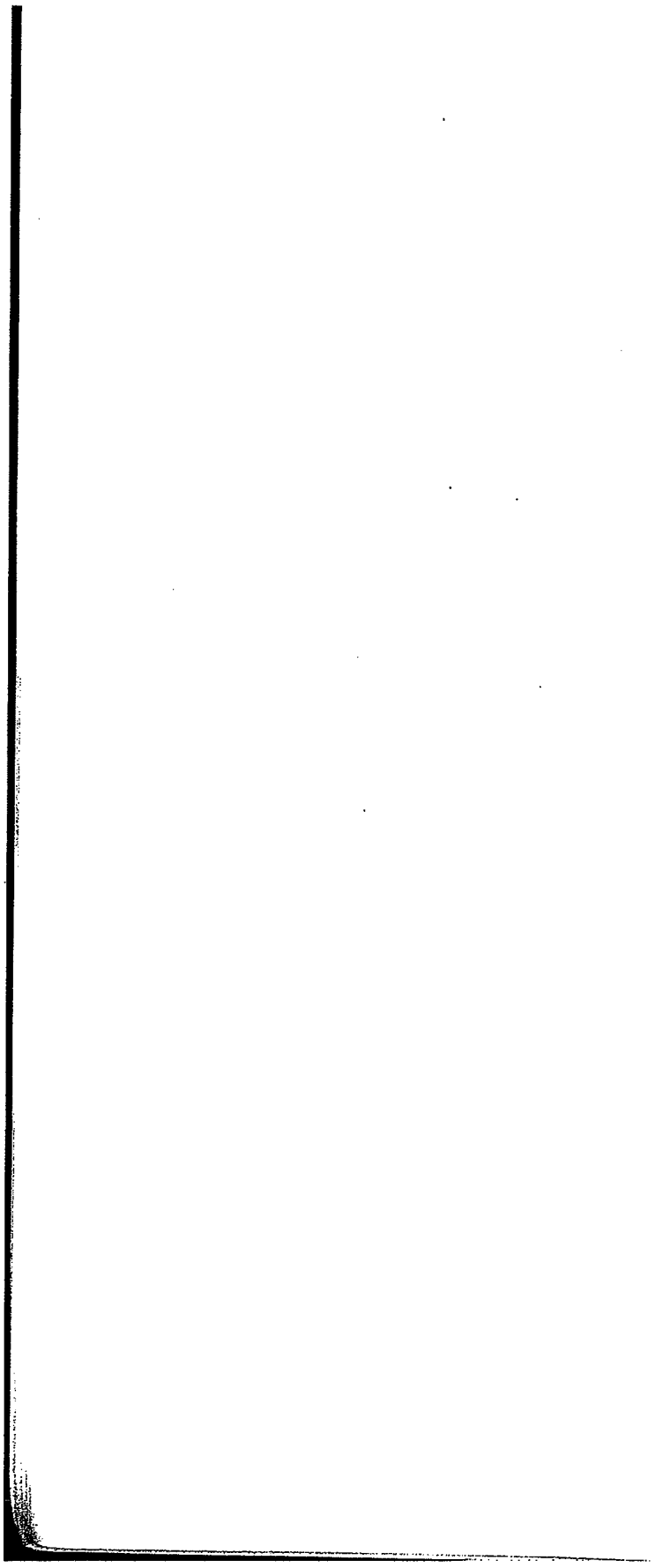


Acknowledgments

So much has changed since the first edition of this book, but the key people who made it possible are the same—my thanks go to my friend Bill Brewster of Kilpatrick Stockton, Atlanta, whose work created the foundation for the first edition; to my friend Mary McGrane, INTA, whose encouragement, enthusiasm, and savvy are indispensible in helping INTA authors make it from empty page to the finish line; and to my wife Sue and daughters Kate and Caroline, for their endless patience and kindness during endless rewrites. New to the scene, but equally instrumental in the Second Edition, are my colleague Jay Johnston, whose skills from his previous career as an editor were most helpful; my right hands at Dechert, Jean Malia and Maureen Crosson; INTA editor Seana Smith and production coordinator Bill Martin, who have been helpful every step of the way; and Connor Gundersen, who would love celebrating his birthdays at Aquatykes.

Glenn A. Gundersen
March 2000



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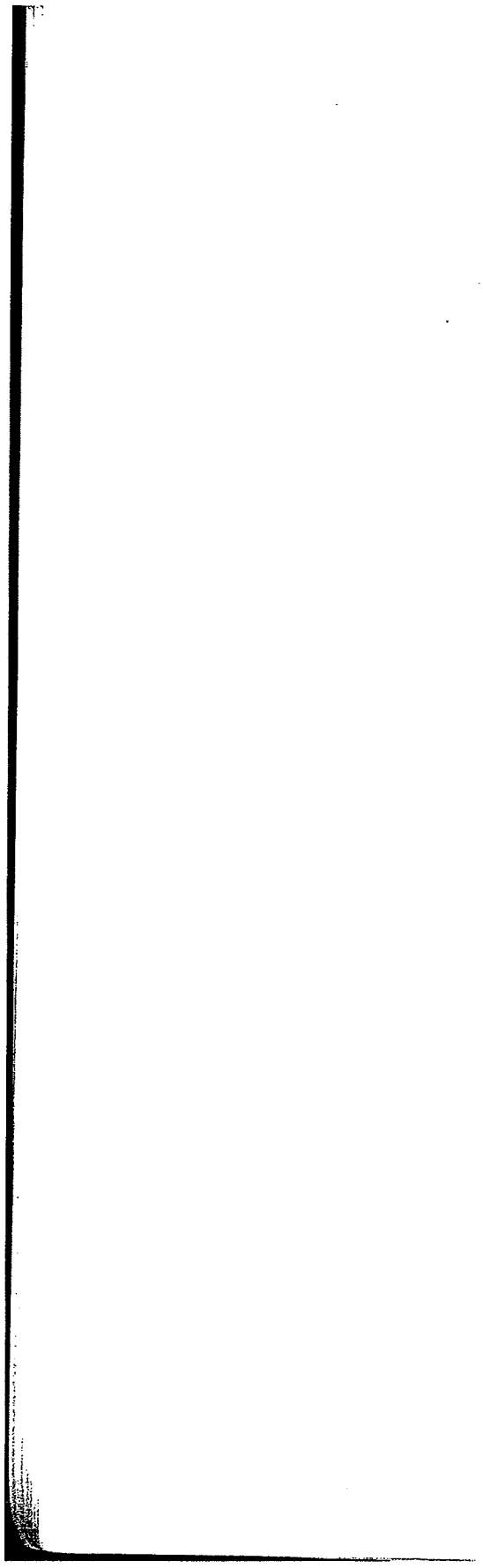


Introduction

This book is a comprehensive guide for trademark professionals on the clearance of trademarks—how to conduct searches, evaluate the results, and provide legal opinions based on those searches.

When the first edition was published in 1994, it recognized the dramatic changes that had taken place in the search process in the preceding decade. This new and substantially revised edition demonstrates the extent to which the field has changed since then. With each step, searching has become a less obscure and arcane discipline, and more accessible to the average trademark professional and, ultimately, to the general public. This book is designed to help practitioners understand and effectively use the ever-increasing menu of search tools and service providers.

Until the early 1980's, trademark lawyers relied almost entirely on outside search firms to conduct searches. These outside firms did all the searching, and counsel reviewed the finished report and provided the client with an opinion. Information on common law marks was limited. Counsel's role began to change in the 1980's with the introduction of a variety of electronic databases. Search firms introduced online access to complete search databases of U.S. Patent and Trademark Office information and state records, allowing trademark counsel for the first time to conduct electronic searching on their own. At the same time, a wide array of other informational databases became available at counsel's desktop via on-line services such as NEXIS and Dialog. Although not expressly designed as trademark search tools, these services provided additional useful information for the search process. The first edition of this book was designed to help lawyers and paralegals decide when and how to use these search resources, when and how to use outside search firms, how to evaluate search results, and how to communicate search opinions using that information.

Dramatic changes to the legal landscape have continued since then. The

Internet has changed the dimensions of trademark law and practice in a few short years, bringing amazing amounts of new information and creating confounding new problems. Legislation creating a federal cause of action for trademark dilution has made dilution an even more unpredictable factor in trademark clearance. The 1996 opening of the European Community trademark office created a new source of trademark search information and forced counsel to reevaluate traditional approaches to searching and clearance in Europe.

At the same time, the scope and sophistication of trademark search products and services have continued to increase. The major firms providing search information to lawyers have provided a steady flow of new products and enhancements aimed at making searching faster, more comprehensive, and more tailored to counsel's needs. Now, as the second edition of this book is published, the sophistication of the technology devoted to this relatively arcane field of legal practice is nothing short of remarkable.

As in other fields, the Internet has lowered the barriers to entry, and new providers of search resources populate the web. Practitioners need to work harder to discern the good from the unreliable.

The sum of all these changes is that trademark practice is more interesting and more complicated than ever. For the new edition, this book has been revised to reflect the legal and technological changes of the last five years and to put them into the context of the overall search process. As before, the primary focus is on searches used to select new marks, but other types of searches (including those used in trademark registration practice, trademark disputes, and corporate transactions) are discussed. The book continues to function primarily as a guide to United States practice, but now includes a more detailed description of the search process outside the U.S., reflecting the increasing importance of global markets to many trademark owners.

More than ever before, the trademark search process requires both technical knowledge and lawyering skill—a combination of art and science. This book aims to provide as much of the "science" as is possible, including information about search resources, checklists of strategies, and warnings about common pitfalls. Suggestions on the "art" of trademark clearance are also included. However, skillful client counseling requires good legal judgment and a knowledge of trademark law, the relevant marketplace, and the nuances of language. The reader must provide that part of the equation.

This book is not intended as a substitute for training in specific search databases, but as a prelude. Database vendors generally offer their subscribers hands-on training and detailed how-to manuals, and that infor-

mation need not be duplicated here. Instead, the focus is on providing useful comparative information about the kinds of search resources and search strategies that are available. The reader can use this information to decide whether to invest the time and money necessary to use electronic search resources effectively, or to rely on others for search services.

The "science" of searching is constantly changing, as new products and services are introduced and existing ones enhanced. Although the information in this book was verified with search resource vendors at the time of publication, the reader should consult with the vendors of the products and services mentioned in this book to learn the latest developments.

The second edition of the book revisits the hypothetical mark used in the first edition—AQUATYKES,

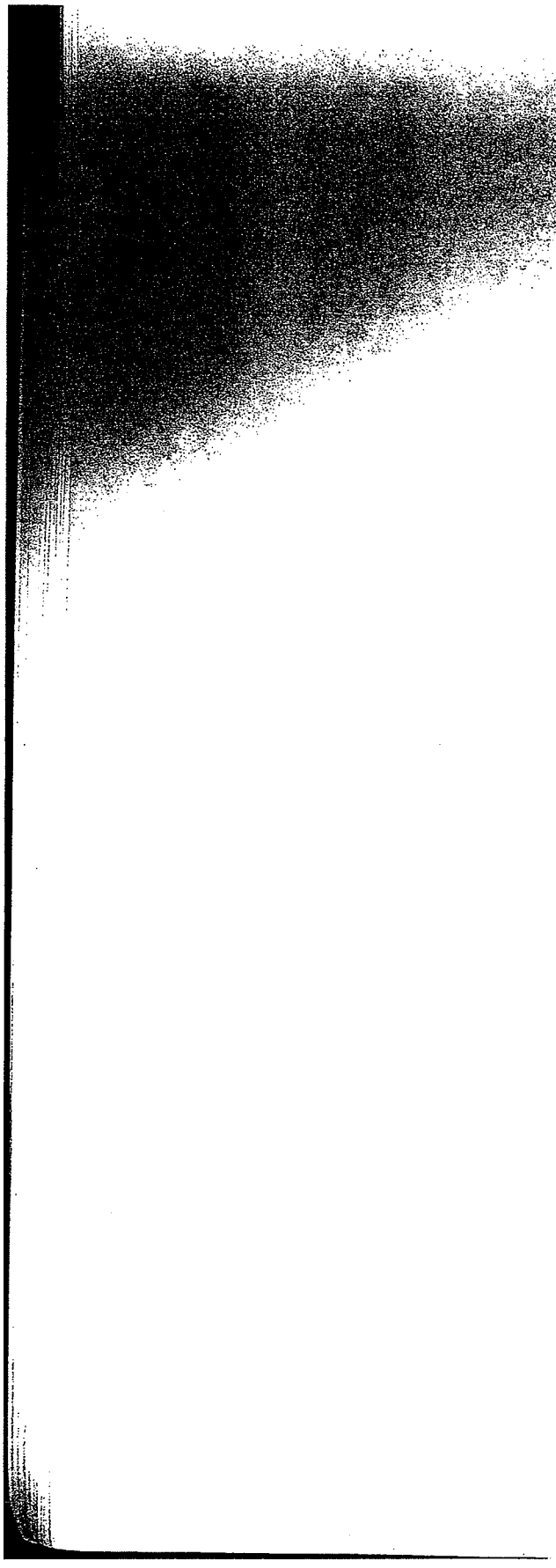
an established chain of aquatic-themed children's restaurants. The company now wants to update its fish mascot logo for the launch of a new kids' web portal called iSEA.COM.

Using this hypothetical, the reader can follow the process of searching the iSEA mark and logo from the client's original request through the preliminary and final search. The search results presented are actual results at the time of publication, and excerpts from search reports are included in the Appendix.

The Rationale for Searching

1

- The Limits of Searching
- Duty to Search
- Educating the Client on Searching
- Providing Legal Tips on Brand Selection



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The Rationale for Searching

A trademark search is the critical legal step in the process of selecting a new mark, the means by which trademark lawyers determine whether a mark is available for use. To launch a new product, service, or business without first conducting a search is to flirt with commercial disaster.

A search is necessary because, simply stated, trademark rights under U.S. law are granted on a first come, first served basis. A business, organization or individual obtains trademark rights by being the first in a given market either to use the mark or to file for (and successfully obtain) registration. Once the trademark owner obtains such rights, it is entitled to stop newcomers from using similar marks in ways that are likely to cause confusion.

Thus, anyone who contemplates adopting a new mark faces the risk that someone else may have already obtained rights to a similar mark in the same market. A trademark search is the primary means of assessing that risk. The trademark lawyer uses the search as a tool to determine, with a reasonable amount of assurance, if the proposed mark is likely to be confused with a mark in which someone else has already acquired rights. This analysis takes into account the inherent similarity of the marks in appearance, sound, and meaning; the marketplace relationship between the newcomer goods or services and those of the owner of the pre-existing mark; the inherent distinctiveness (or lack of distinctiveness) of the pre-existing mark; and the other factors that courts consider in determining whether a newcomer's mark infringes an established mark. At the same time, counsel must also gauge the likelihood that the new mark will dilute any existing famous marks.

A search is not infallible, but it is definitely a worthwhile investment. The failure to adequately search before investing in a new mark can result in considerable trouble and expense. A business that spends money to bring a trademark to the marketplace, without knowing whether the mark is likely to cause confusion or dilute, is putting that investment at

risk. If it turns out that the mark infringes or dilutes another party's mark, the other party can enjoin the newcomer from using the mark, or can use the threat of litigation to force the newcomer to stop using the mark. Needless to say, scrapping a mark can be expensive and embarrassing. Management is distracted, marketing plans are disrupted, money already spent on name selection and market research is wasted, and packaging and promotional materials have to be redesigned. Valuable momentum is lost.

The potential exposure does not end with the wasted investment or loss of face, however. A plaintiff who proves trademark infringement can seek disgorgement of the infringer's profits, damages caused by the infringement (which may be trebled), the costs of the action, and, in exceptional cases, reasonable attorneys' fees. A court may even order affirmative relief, such as the recall and destruction of goods bearing the infringing mark. Thus, a search is an important and cost-effective precaution against financial loss and commercial disaster.

The Limits of Searching

Although the search process is intended to reduce the potential for infringement and dilution claims, the risk of challenge is never completely eliminated. Even an especially thorough search may not uncover every potentially conflicting mark, for several reasons.

A newcomer to the search process might expect that it would suffice to check the records of the U.S. Patent and Trademark Office.[1] However, one cannot rely solely on such a search, since registration with the Trademark Office is not a prerequisite to obtaining trademark rights in the U.S. Many valid trademarks exist at common law without ever appearing on the federal trademark register. Some appear in state trademark registrations (although these registrations do not always reflect actual use); others are not registered at all. Thus, the search must encompass marks beyond those shown in federal applications and registrations.

Searching common law marks is easier said than done, however, since no single source lists every unregistered mark in current U.S. use. There are many, many, potential sources of information that could be searched, and it is uneconomical to try to search them all. Thus, the searcher must se-

[1]To be referred to in this book as the "Trademark Office."

lect the combination of sources which he or she believes is most likely to contain relevant marks. Even then, one cannot expect that every source will provide accurate, complete, and up-to-date information at the time the search is conducted. Every database has inherent blind spots, and the most important data source, the Trademark Office, is consistently weeks behind in reflecting new applications.

In short, it is possible to diligently perform and evaluate a search, and conclude that a mark is available, when in fact a direct conflict exists, hidden from view. Since a search cannot completely eliminate risk, the realistic goal is to eliminate as much risk as the circumstances allow. The searcher can achieve this by understanding the shortcomings inherent in any search, by compensating for them as much as possible with intuition and experience, and by advising the client accordingly.

Duty to Search

Although searches are critical to protecting investment in a new mark, they are not mandatory. The courts have generally taken the position that there is no legal duty to conduct a search before commencing use or applying for registration. *See, e.g., Rosso and Mastracco, Inc. v. Giant Food, Inc.*, 720 F.2d 1263, 1266 (Fed. Cir. 1983); *Money Store v. Harriscorp Finance, Inc.*, 689 F.2d 666, 671 (7th Cir. 1982); *V & V Food Products, Inc. v. Cacique Cheese Co., Inc.*, 683 F. Supp. 662, 666 (N.D. Ill. 1988).

However, in determining damages when a defendant is found to have infringed, courts have sometimes considered whether the defendant conducted a search, what the results were, and how the defendant behaved after receiving counsel's advice. *See, e.g., International Star Class Yacht Racing v. Tommy Hilfiger Inc.*, 146 F.3d 66 (2d Cir. 1998), *on remand*, 1999 U.S. Dist. LEXIS 2147 (S.D.N.Y. 1999); *Securacomm Consulting Inc. v. Securacom Inc.*, 166 F.3d 182 (3d Cir. 1999). For a more detailed discussion of how searches have been treated in trademark infringement litigation, see Chapter Seven, The "Full" Search, and Chapter Eleven, Searches as Evidence in Trademark Litigation.

Educating the Client on Searching

A trademark search is "preventive medicine." Like other forms of preventive medicine, it is sometimes postponed or forgotten in the face of

more immediate demands. A trademark lawyer's most important mission is to be an advocate, leading the client to recognize the need for searching.

Fortunately, it is easy to demonstrate that searching makes sense under a cost-benefit analysis. Companies that routinely search new marks before adoption can decrease marketing risks and better control legal costs, since a diligent clearance program will, over time, reduce the number of trademark claims against the company.

Counsel's challenge, however, is not just helping the client to recognize the value of searching, but encouraging the client to make it a routine practice. The "client," after all, is usually not an individual but an entire organization. In order for the search process to work effectively, the appropriate people in that organization must be aware of the need to search, and be motivated to request searches promptly and communicate their needs fully and clearly.

To provide this motivation, counsel must target the message on searching to those individuals who are most likely to be responsible for giving new products and services a name—product development managers, marketing and advertising personnel, and top management. Trademark lawyers can promote the case for searching through seminars, newsletters, memos, or one-on-one discussions, but these communications will have less impact if they focus only on the legal rationale for searching. Counsel should explicitly or implicitly address the reasons why clients fail to order a search, most notably the concern that a search will delay or frustrate marketing plans. The obvious response to such concerns is the cost-benefit argument, i.e., that a trademark dispute is likely to be a bigger and more expensive impediment to marketers' plans than a search. An additional, and more positive, selling point is that trademark searches often yield useful marketing information, including a sense of how distinctive the mark is likely to be in the marketplace.

Even if the client is sufficiently motivated by these selling points, it is still necessary to remove the organizational impediments to searching. The search request must move in a timely fashion from the client who selects the mark to the lawyer who institutes the search, and the lawyer must have adequate and accurate information. Clients are generally more likely to request searches, and to do so promptly, if the process for doing so is easy and user-friendly. This usually involves devising a standard procedure, whether formal or informal, for requesting searches, and making sure that the appropriate individuals are aware of it. While organizational structures and cultures can vary in many ways, the following general recommendations apply to most businesses:

- **Designate a Particular Individual or Office as a Conduit**

Designating a single messenger or recipient for search requests simplifies the process, reduces confusion and delay, and creates an "institutional memory" of previously-searched marks. In companies with in-house legal departments, the legal department is usually the logical location for this responsibility. Ideally, the individual who fields search requests will be aware of past disputes or sensitive issues that must be considered when evaluating the search. Centralizing responsibility also helps to create a written record of past and pending searches, which can be used by the contact person's vacation substitutes and successors.

- **Involve the Individuals with the Most Knowledge About How the Mark Will Be Used**

Detailed, accurate information from marketing or product personnel is essential to trademark counsel in conducting and evaluating the search. Therefore, the person or persons in the organization with the most information about the mark and its proposed use should be available and in the loop during the search process. For marks intended for multi-national use, input from personnel in several countries may be required.

- **Consider Creating a Form for Ordering the Search or Script for Fielding the Request**

Certain information is routinely needed for searches, and a standard questionnaire may be the easiest, quickest way to obtain that information. Without a checklist, trademark counsel may lack the essential facts or neglect to ask all of the questions necessary to be fully informed in conducting the search. A suggested list of questions is found in Chapter Three, Gathering the Basic Information. In some organizations, a standard print or e-mail form may be the best way to gather the necessary information. A fill-in-the-blank form may be less effective if the organization is sufficiently small or informal, or if the corporate culture abhors or ignores such procedures. If searches are not ordered in writing, the individual who receives the search order can use the list in Chapter Three as a script to elicit adequate information from the person ordering the search. With telephone requests, special care is required to make sure counsel gets the proper spelling and punctuation of the mark.

- **Don't Let the Request Bog Down in the Bureaucracy**

Timing can be critical in searching and registering a new mark (see Chapter Three). If there is an intermediary between the persons who select the mark and the trademark professionals who conduct the search, the process should not be so cumbersome that the request is delayed or lost.

Providing Legal Tips on Brand Selection

U.S. trademark law quite rightly affords broader protection to truly distinctive marks, which serve as strong indicators of origin, than it does to commonplace marks. No protection is given to generic terms, and terms which merely describe a product or service can obtain trademark protection only if and when they acquire distinctiveness and come to be perceived as marks—when they take on a "secondary meaning" as marks.

If "Trademarks 101" is educating the client on the need to search, "Trademarks 102" is helping the client to understand the implications of trademark selection from a legal standpoint. Marketers often want to adopt marks that describe a characteristic of the product or service, but at the same time want to foreclose all competitors from using the same terms. Trademark law doesn't allow both, at least not in the short run, and part of counsel's role is to make marketers aware of these tradeoffs so that they can make an educated choice. The happy medium is often choosing a suggestive, rather than descriptive, mark, which merits immediate protection but still communicates information to the customer.

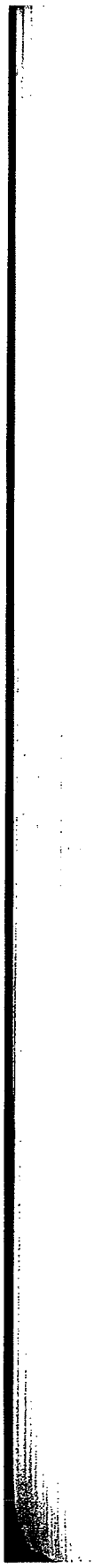
A less "black letter" tip, but just as practical, involves the difficulty of finding marks that are available. The number of new U.S. applications for registration was about 100,000 in 1990 (the first full year of the intent-to-use system) and had more than doubled by the decade's end. This increase evidences how much more difficult it has become to find marks that are available. To avoid frustration, clients may find it useful to brainstorm a number of possible marks for preliminary searching, and then follow up with more thorough searching on those that don't have obvious conflicts. This can be less frustrating to clients than developing and searching a single mark, discovering it is unavailable, and then starting from scratch to develop a new mark.

Last but not least, if the mark must also serve as a corporate name and Internet e-mail address, the trademark search process must be coordinated with the process of determining the availability of the corresponding corporate name and Internet domain name, and reserving and registering those names. See Chapter Two, Corporate Name Clearance and Domain Name Registration.

The Uses of Searching

2.

Determining Availability of a Mark
Determining Descriptiveness or Genericness
Corporate Name Clearance
Domain Name Registration
Disputes and Litigation
Trademark Registration
Financings, Mergers and Acquisitions
Maintenance
Policing Infringement
Information on Competitors



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The Uses of Searching

Determining Availability of a Mark

The most common use of searching is to determine whether a new mark is available for use, or whether use of an existing mark can be expanded to new products or geographic markets. As a general rule, this "availability" or "clearance" search should be conducted whenever one is selecting a means of identifying and distinguishing one's business, product or service from those of others. Such indicators of origin include trademarks, service marks, trade names, and trade dress.[2] Virtually all types of these indicators can be searched—words, phrases, numbers, letters, slogans, logos, designs, and distinctive package, product, and place of business configurations—but not all of them can be searched with the same ease and comprehensiveness.

The central purpose of the availability search is to determine whether the proposed mark is available for use in the marketplace. The test of availability is whether the mark is likely to cause confusion with a mark in which another party has already established rights. If confusion is likely, the mark will infringe and should not be used. If the mark is not judged to infringe, counsel must nevertheless also consider whether it is likely to dilute another mark.

The availability search should also include two other related analyses—whether the proposed mark is protectible and whether it is registrable.

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[2]Broadly defined, trademarks are indicators of origin used in connection with tangible goods; service marks are used in connection with intangible services; trade names are the names of corporations and other business entities and organizations; and trade dress is the overall distinctive appearance of a product, its package, or a place of business. For simplicity's sake, this book uses the term "mark" or "trademark" generally to refer to trademarks, service marks, collective marks, and certification marks, unless specifically indicated.

Protectibility

In most cases, the proposed mark will be distinctive and inherently protectible, but sometimes a search will reveal that the term the client wishes to use as a mark is in fact descriptive or generic. A descriptive term, of course, cannot be immediately protected as a mark, and a generic term cannot receive trademark protection at all. Thus, in some cases, counsel must advise the client that the term chosen for use as a mark can in fact be used generically or descriptively by anyone in the industry. Clients may occasionally be satisfied with this result, but they are more often interested in a term that merits trademark protection, which the client can use exclusively in its field.

Registrability

A search may reveal that the proposed mark, while protectible and available for use in the U.S., is unlikely to be registrable. While this sounds like a paradox, it does occur with some frequency. For example, the search may reveal that an identical mark, although abandoned, is still registered with the Trademark Office. Another type of obstacle is a mark whose description of goods or services is vastly broader than the registrant's actual goods or services. Although the risk of a conflict in the marketplace with the prior registrant may be quite small in such circumstances, the client must be advised that it faces problems in obtaining registration. This may not be the end of the world—registration is not necessary to obtain trademark rights under the American legal system. However, the client should understand that registration confers certain benefits, the most important being a presumption of nationwide rights in the mark effective as of the date the application is filed. In contrast, common law trademark rights only begin upon use, and only extend to those geographic markets where the mark is known. Therefore, if the client faces potential difficulties in obtaining registration, counsel may wish to advise about the possibility (and expense) of seeking cancellation or partial cancellation of a blocking registration.

In jurisdictions outside the U.S. that do not recognize common law rights, the distinction between availability and registrability is not a factor.

Determining Descriptiveness or Genericness

An availability-type search is desirable when a client wants to verify that a term it intends to use descriptively or generically is indeed descrip-

tive or generic. The goal of such a search is to verify that others do *not* claim trademark rights in the term, allowing the client to use the term without the risk of a conflict. In this type of search, counsel would focus on whether the term has been routinely disclaimed in federal trademark registrations and on whether the press regularly uses the phrase as a descriptive or generic.

Corporate Name Clearance

Corporate names may or may not require a search, depending upon the circumstances. In most cases, the company will use its corporate name in dealing with the public or with others in the trade. Such corporate names function as indicators of origin, and should be searched in much the same way that a trademark or trade name would be searched. (See Chapters Four and Five).

However, in situations where the corporate name will never be used when dealing with the public or the trade, and the company's securities will not be publicly traded, there is little chance that the name could cause confusion with another name already in use in the marketplace.[3] In such situations, there is usually no need to conduct an availability search for the corporate name.

Corporate names require a second type of clearance which is separate and distinct from the trademark-type availability search described above. As a general rule, a corporate name must also be cleared or reserved with the Secretary of State's office, corporation bureau, or similar agency (1) in the state in which the corporation is to be incorporated, and (2) in each state in which the corporation will qualify to do business. Under this process, a state corporation bureau determines only whether a corporation can be formed or qualified under a given name (i.e., recognized as a corporate entity under the laws of that state). It does not determine whether the name can be used in the marketplace.

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[3]For example, some corporations deal with customers, vendors and other members of the public only under a name which is different from the corporate name (i.e., an "assumed" or "fictitious" name). The corporate name generally appears only in corporate documents and records, not in the marketplace. In this situation, the assumed or fictitious name requires an availability search, but the corporate name probably does not. Another example is a corporation which never deals with the public or the trade at all, since it is formed as a temporary vehicle for a corporate acquisition, as a holding company in a family of corporations, or as a vehicle for its shareholders' investment in another business.

Corporate name clearance is necessary because most states, seeking to avoid confusion in state record-keeping, permit only one corporation to be incorporated or qualified with a given name. It is wise, therefore, to make sure that the desired corporate name is available before attempting to incorporate or qualify. This effort should proceed in concert with the availability search.

The legal significance of corporate name clearance or reservation is often the subject of confusion. Some state statutes contain language which, taken in isolation, suggests that incorporation or qualification under a corporate name creates a legal right to use that name in the marketplace. *See, e.g.*, Fla. Stat. ch. 607.0401, 607.0403, Mass. Gen. L.ch. 155, §9; Ohio Rev. Code Ann. §1701.05(E). This sometimes leads a company to believe that it has a right to use a name solely by virtue of having been incorporated or qualified under that name. That is a misconception. Incorporation or qualification in and of itself does not create rights in a name superior to those of someone who already uses the name. *Scientific Applications, Inc. v. Energy Conservation Corp. of America*, 436 F. Supp. 354, 359 (N.D. Ga. 1977); 1 J. Gilson, *Trademark Protection and Practice*, §3.03(2)(d) (1990); 1 J. Thomas McCarthy, *Trademarks and Unfair Competition*, §9.8 (4th Ed. 1998).

The fact that a corporation is permitted to incorporate or qualify under a given name, therefore, does not necessarily mean that the name is available for use in selling products or services in the marketplace.[4] In fact, several state corporation statutes explicitly provide that the corporate name clearance process does not affect federal or common law principles of unfair competition or trademark law. *See, e.g.*, 805 Ill. Comp. Stat. 5/4.05(c)(2); 15 Pa. Cons. Stat. §1303(d).

Conversely, if a Secretary of State or corporation bureau declares that a corporate name is unavailable, it does not necessarily mean that that name infringes. Two companies could use identical names simultaneously with-

[4]For example, if Colgate-Palmolive Company is not incorporated in a given state or legally required to qualify there as a foreign corporation, the name "Colgate-Palmolive Company" would technically be available as a corporate name in that state. However, the "Colgate-Palmolive" name would still be known to the public in that state even though the corporation's activities in the state did not require it to qualify there. Therefore, as a procedural matter, a new corporation would be permitted to incorporate under the name "Colgate-Palmolive Company" in that state, but that new corporation could not use the name in doing business if it would cause confusion with the company already doing business as Colgate-Palmolive Company.

out ever creating public confusion if each company deals with a different, non-overlapping segment of the public. Thus, a state government's refusal to clear or reserve a corporate name simply means that another corporation is incorporated or qualified there under a name which the Secretary of State or corporation bureau deemed too similar for administrative purposes.

Because similar corporate names in different industries can usually co-exist without infringement, conflicts in clearing names with state corporation bureaus can sometimes be resolved by consents. Many corporation bureaus will waive a rejection of a corporate name if the previously-incorporated or qualified corporation grants its consent.

Domain Name Registration

Separate and distinct from the trademark clearance process, but often closely related, is the acquisition of an Internet website address—known as a "domain name"—consisting of a word or phrase followed by .COM, .NET or another designation. Registering a domain name is a relatively simple process—the applicant checks the website of a domain name registration firm to see if the precise combination of characters desired is available, and if it is, proceeds with registration. Since an Internet address is not, in and of itself, a trademark (see *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036; 50 U.S.P.Q. 1545 (9th Cir. 1999)), a trademark search is not essential if the registrant is merely seeking to create such an address. However, it will often be advisable to conduct some form of trademark search, comparing the proposed domain name with registered and unregistered marks and other domain names. Here are two possible scenarios:

- If the client's website could provide product information or be used to sell things, a full trademark search is advisable, since the client may very well wind up using the domain name as a mark.
- If the client merely wants an e-mail address, a full trademark search is likely to be overkill. However, it does make sense to at least search the federal trademark register for marks which are identical to the proposed domain name (minus ".com", ".net", etc.). If the client will be making a significant investment in putting its ".com" e-mail address on brochures, business cards, and letterhead, it's worth checking to see if a federal registrant exists who might challenge the client's right to that domain name based on a prior federal trademark registration.

Disputes and Litigation

Search and investigation are absolutely necessary before approaching any suspected infringer. Counsel should never send a cease-and-desist letter claiming a likelihood of confusion without first searching to see whether the client's rights are indeed superior to those of the recipient. The recipient of a cease-and-desist demand will want to conduct the same type of search to determine the parties' relative priorities.

This preparatory search is essential in determining which claimant established rights first, and can also gather other information that would help evaluate the strength of the infringement claim, as follows:

Priority

The threshold issue in almost any infringement claim is "Who was first?" If counsel claims infringement only to discover that the alleged infringer has an earlier date of first use than the client, the tables could unexpectedly turn and the client become the recipient of a cease-and-desist demand. Therefore, the first step in developing or defending an infringement claim is to try to ascertain the date that the other party established rights in the mark. A search of the federal trademark register can reveal whether the other party has any applications or registrations for the mark in question. If it does, counsel will want to examine when the other party filed its applications, what it claims as its date of first use, what its constructive date of first use is, and whether it claims priority under a foreign filing. A search may also indicate whether the other party has acquired superior rights in the mark from a third party, or whether such rights could be acquired. Some of this information may also appear in a less reliable form in state trademark registrations. Searches of articles on NEXIS and other periodical databases can also help establish dates of priority, as can Dun & Bradstreet reports. Corporate websites sometimes contain collections of press releases, which can help establish the date that the company first announced or launched a product.

Strength of Marks

The "strength" of plaintiff's mark is one factor that courts and the Trademark Trial and Appeal Board consider in determining likelihood of

confusion. The stronger the mark, the more protection it will be given against other marks. Strength is in part a measure of a mark's distinctiveness, and a search can help show the presence or absence of third-party uses of similar marks. A search may even show that the opponent's alleged "mark" is really descriptive or generic.

Learning About the Opponent

In preparing to bring or defend an infringement claim, it is always useful to size up one's opponent. A search can reveal prior Trademark Office opposition or cancellation proceedings in which the opponent was a party.[5] The record from such proceedings (or even the sheer number of such proceedings) may shed light on the opponent's *modus operandi* in trademark disputes. The record may also reveal contrary positions taken by the opponent in the past or suggest other unexpected strengths or weaknesses in the opponent's case. It may even reveal earlier disputes involving the mark in question and indicate how those disputes were resolved. If the client is opposing an intent-to-use application, a search can help gauge the opponent's commitment to the disputed mark by revealing whether the opponent filed other applications for different marks for the same goods or services at about the same time.

Trademark Registration

A search can provide information useful in responding to a Trademark Office examining attorney's office action. Although the Trademark Trial and Appeal Board and the Court of Appeals for the Federal Circuit have held that an examining attorney's decision on one application need not be consistent with the decision on a similar application (*see In re Loew's Theatres, Inc.*, 769 F.2d 764, 769 (Fed. Cir. 1985)), evidence that similar marks have been registered can nevertheless bolster one's argument. For example:

- If the examining attorney claims that a word or phrase is descriptive, a search may show that the term appears in other Principal Register

[5]For more discussion on this subject, see Chapter Eight, Interpreting Prior Disputes.

registrations without a disclaimer or claim of acquired distinctiveness.

- If the examining attorney cites a mark in a prior application or registration as confusingly similar, a search for similar third party marks in that field may show that the cited mark is weak and not particularly distinctive. This arguably reduces the potential for confusion between the applicant's mark and the cited mark.[6]

Financings, Mergers and Acquisitions

An ownership search of the federal and state trademark registers is an essential part of the due diligence review whenever a company or one of its businesses is being sold, or when a company's marks will serve as collateral in a financing. Asset purchase agreements and loan security agreements almost always require an accurate schedule of the marks being sold or mortgaged. Unfortunately, corporate trademark dockets can be inaccurate, incomplete, or outdated, and record title may be incorrect. The search allows buyers and lenders to determine with greater assurance whether record title to the marks is held in the seller's or borrower's name, and whether the trademarks are encumbered by security interests. The search allows sellers and borrowers to warrant with greater confidence that their disclosure schedules are accurate and complete.

Maintenance

When taking on responsibility for a new client's trademark portfolio, a lawyer will want to conduct an ownership search of the federal and state trademark registers to verify that the client's records are accurate and complete. In particular, counsel will want to check for upcoming deadlines on pending applications and affidavit and renewal filings, to

[6]Note that the Trademark Office generally requires evidence of third party use, and not a mere recitation of third party registrations to prove the weakness of the cited mark. *See* TMEP §1207.01(a)(iv) (2nd Ed., rev'd. 1997).

verify that record title is held in the appropriate corporate name, and to learn of any recorded liens (which most likely signals that the client has various obligations to its lenders under trademark security agreements).

Policing Infringement

It is generally easier and less expensive to convince a would-be infringer to abandon a mark if one approaches the would-be infringer before use begins or at the earliest stages of use. Thus, trademark owners have an incentive not to leave the discovery of infringing marks to chance. They actively watch for new marks which may cause confusion with their established marks. Several methods exist for doing this.

Search firms and some law firms offer trademark "watching" services, which search for new applications for marks similar to the client's mark, new applications filed by a particular applicant, or new applications which meet some other predefined profile. In the U.S., this information is available shortly after filing. However, most watch services outside the U.S. report on new marks as they are published for opposition. Watching services are available for marks in over 200 countries. Vendors of watch services are listed in the Appendix.

Trademark owners and counsel interested in a "do-it-yourself" approach can watch applications for U.S. marks by (1) periodically conducting searches of a proprietary Trademark Office database for new applications that contain certain words, phrases or other elements or that have been filed by particular companies, and/or (2) subscribing to the Trademark Office *Official Gazette*. The *Gazette* provides a weekly listing of marks approved by the Trademark Office examining corps and published for opposition. However, since the prosecution of an application can take months or years, trademark owners often will have begun use or made substantial commitments to a mark by the time it is published. Searches of newly-filed applications have the advantage of allowing the trademark owner to contact the applicant at a time when the applicant is less likely to have made a significant investment in the new mark. Companies can also conduct such monitoring of applications for many European and Canadian marks, which are available via on-line databases.

The Internet has become an invaluable resource for policing infringement. Many companies monitor the web for evidence of infringing or generic use of their marks.

Information on Competitors

U.S. intent-to-use applications can be a source of information about competitors' product and marketing plans, since such applications contain a description of potential new products or services (albeit sometimes vague) and the marks that are intended for future use. Counsel can obtain this information through searches of new Trademark Office filings, or through watch services or periodic searches of filings by particular companies or in particular industries.

Planning the Search

3

- Gathering the Basic Information
- Preliminary Versus Full Searches
- Who Conducts the Search
- Timing