

I N S I D E T H E M I N D S

Recent Trends in Trademark Protection

*Leading Lawyers on Advising Clients, Reviewing
Trademark Strategies, and Responding to
Recent Fraud Litigation*

2011 EDITION



ASPATORE

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Helping Clients Stay a
Few Steps Ahead in
the Electronic World

Michael R. Graham and
Gregory J. Chinlund

Partners

Marshall, Gerstein & Borun LLP



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Introduction

Our firm's focus is on intellectual property law. In the areas of trademark and copyright law, we provide clearance, counseling, registration, and protection services to our clients. We enforce trademark rights with cease and desist demands and through *inter partes* proceedings and litigation. Copyright enforcement is also pursued with cease and desist demands as well as litigation whenever necessary. We also assist our clients with seeking and securing permissions to use third party rights and in clearances. We also do a large amount of work in the area of cyberlaw, which involves IP issues related to the Internet and computer software systems, including licensing and domain name issues, as well as trademark and copyright clearance, registration, and protection. Additionally, we are involved in open source counseling and preparation of agreements for our clients, which involves working in the licensing assignments and consent agreements areas.

Recent Cases and Trends in Trademark Law

In the past year, a line of cases has been resolved concerning fraud on the Patent and Trademark Office (PTO), ending with the *Bose* case. *In re Bose Corporation*, 580 F.3d 1240 (Fed. Cir. 2009). In the *Bose* case, the PTO, as well as the courts, dealt with fraudulent statements made as part of the Statements of Use submitted to the PTO, which were used as a basis to invalidate the entire registrations. The *Bose* case focused on two requirements: that actual fraud be found, and that there be some limitation on whether a finding of fraud would invalidate the entire registration, or only the part of the registration that was fraudulently obtained and maintained.

An even more important recent decision for my practice, especially in the cyberlaw area, is the *Rosetta Stone v. Google* case, 2010 WL 3063152 (E.D. Va. 2010), which may have a major impact on domain name and trademark law. That case concerned the issue of whether the sale of trademarks to third parties (usually competitors of the trademark owners) for use as ad words in the Google program constituted infringement or dilution of trademark rights. A district court judge in Virginia determined that Google's sale of "Rosetta Stone" as part of Google's "Adwords" program was not an infringement or contributory infringement of the ROSETTA STONE

trademark. The case has been appealed to the Fourth Circuit Court of Appeals and is drawing quite a bit of attention from trademark owners and practitioners, with a number of amicus briefs being submitted in the case.

Some of the reasoning of the District Court Judge in *Rosetta Stone* was based on another recent trademark case, *Tiffany v. eBay*, 600 F.3d 93 (2d Cir. 2010), which dealt with the question of whether eBay, by permitting sellers of counterfeit Tiffany goods to use its services, was committing contributory infringement. Such activity has been held not to be infringement, as long as eBay was not aware of the counterfeiting and was not knowingly assisting the infringers or counterfeiters, or providing assistance with a reckless disregard for the rights of a trademark owner.

In addition to the trends represented by recent court cases, our practice has been affected by other sources. The impact of the economic downturn has been fairly dramatic since companies are not pursuing the type of new projects that typically result in new trademark filings. For the most part, these are industrial companies, and not consumer product companies, but the same trend is reflected in consumer product companies. Our service industry clients are also transitioning away from using a number of different trademarks and are instead adopting or consolidating products under a single trademark.

We have not seen a marked increase in trademark lawsuits, although there are a steady number of domain name disputes. In the past, whenever there has been a recession and new trademark registrations and clearances decreased, we have seen an increase in certain types of litigation, but that increase has not materialized in this particular economy, in part as a result of the increased consolidation of marks by companies, and in part because of the general reduction of new product introductions.

Responding to Recent Litigation and Creating New Trademark Strategies

The recent fraud decisions have forced attorneys to use a careful analysis to determine how to advise clients to define the goods and services for which clients want to register a trademark. As attorneys, we need to make clear to our clients the possible ramifications of overstating the intended uses of a

trademark. We also must emphasize that when clients file a Statement of Use or Declaration of Use, the mark must be in use for all of the goods and services listed. If the mark is not being used for all of the listed goods and services, the client should remove any for which it is not being used or it may lose rights in the registration, or the ability to enforce rights in the trademark against a third party.

In the process of both applying for registration and filing a Statement of Use, and in filing declarations of use to maintain registrations, we need to help trademark owners take care to ensure that they are not relying on a general list of goods and services, but have taken the time to consider all of the specific goods and services in the application or registration.

In cases where clients have included detailed lists of goods and services rather than general descriptions, we often find it useful to have the client go through the exercise of physically checking off items on the list so that they consider whether they are, in fact, using the mark for each of the listed goods and services. The court cases cited above have also required us to be more aware of our strategies in counseling clients. The *Tiffany v. eBay* case is more applicable to companies in the consumer products or luxury products lines. As regards *Rosetta Stone v. Google*, it will be interesting to see the results of the appeal. The general decision of the district court is that as long as a purchased ad word is not used as a trademark in the description of a sponsored link, which is what use of the ad words generate as part of the search results, and as long as the trademark is not reproduced in that link (or there is some other means by which consumers might be confused), use as an ad word should not be considered a trademark infringement. We are deeply interested to see how the Court of Appeals handles that decision, especially as it relates to our counseling of clients.

Though the case is still being appealed, we already know that the ruling in *Rosetta Stone v. Google* means that trademark owners need to have a realistic view of their presence on the Internet and take measures to make that a strong presence. If trademark owners want their product and their web page to show up at the top of any search that is performed, they should consider purchasing advertising space on search engines. They must also take a realistic perspective of the use and purchase of their trademarks as ad words, in order that they do not get caught up in potentially expensive

auctions for those ad words. Programs to watch out for the use of their trademarks, both as ad words and as trademarks on the Internet, should be implemented to become aware of how their trademarks are being used, and also to take steps to advise third parties who are using their trademarks appropriately that if those parties should start to use the trademarks inappropriately, the trademark owner will take action.

Staying on Top of the Latest Trends in Trademark Law

Staying on top of trends is vital, especially in trademark law. At our firm, we read everything available to us, including online journals and blogs, association journals, and bar association publications, as well as court decisions and law reviews. Online news, blogs, and discussions are increasingly important, because if you wait until a decision issues or an analysis appears in printed form, it is already old news. Because of the speed and reach of the Internet, the effects on a company's trademarks can happen extremely quickly. That said, we do subscribe to and read all the major intellectual property (IP) magazines, both their online versions and print versions, in an effort to keep up with the changes that occur in this area.

We also attend continuing education seminars and participate in webinars to keep ourselves apprised of changes in trademark, copyright, and social media law. We also attend professional meetings and correspond with contacts via the Internet to share insights and prosecution strategies.

Keeping Clients Informed

Our obligation to stay informed does not end with informing ourselves of trends; we must keep our clients informed as well. Our attorneys are encouraged to educate clients, especially on major issues. Our firm has a website that provides clients with important and breaking news, but a more consistent approach for our firm is to contact clients with important news via e-mails or printed letters, so that clients know if a particular change is relevant to them. We target the information for clients, rather than using a shotgun approach. We are undertaking plans to increase the use of our website and other media to make information available not only to our clients, but also to other intellectual property owners and even practitioners.

Because we keep our clients so well informed, they have not had to make sudden and expensive changes in response to recent court decisions and the legal environment. We are on top of the trends, which helps keep our trademark and copyright clients out of litigation—and avoiding litigation is always good news and good for their bottom line.

Communicating with clients is of paramount importance. If you are not communicating ideas to your clients, other people are—and that is becoming increasingly prevalent. At a time when companies have to tightly control and defend budgets, clients will turn to counsel they can trust to give them information that helps prevent unnecessary costs, and also helps protect their trademarks and intellectual property in the most expeditious and least expensive way. Clients want to be kept up to date on issues, even those that may not affect them directly; they want information that will give them a sense of what is happening in the trademark world. If you do not provide that information, someone else will—and that someone may end up being your clients' trusted partners, not you.

Communication as a part of the practice of intellectual property law has changed. The information that we used to charge our clients for providing must now be provided without fees, in order to ensure that we have an educated clientele. This represents a significant change in how we help our clients. We still collect fees for such services as actual registration applications, counseling, and enforcement, but we have changed the focus of our practice. Our older practitioners have found it more difficult to adapt to these changes than our newer attorneys, because newer practitioners have become experienced in a time when information is much more freely shared and is expected to be available.

What Not to Do in Trademark Law

As people have become more tied to the Internet and other rapid means of communication, we have found that there is one recurring error in relation to clearing and counseling clients on the availability of trademarks. Too often practitioners, and even more so their clients, will look at search results to find out what they can get away with in terms of trademark law, rather than to find out what they should *not* do. The former approach is an invitation to disaster, because trademarks are ever more important with the

advent of online commerce. What used to be a small regional use of a trademark now quickly becomes a national and even international use when it is posted on the Internet. It is therefore a mistake to consider search results from a local standpoint without considering possible national and online issues. Search results should not be viewed merely as providing stop signs, but studied as maps to determine the likelihood of conflict with similar but different marks used for somewhat different goods or services in different geographic and Internet regions.

Another error to avoid relates to fraud and usage. When someone has registered a trademark, it easily becomes clear in an investigation if that person is not using the trademark for all the goods or services of the registration. This is an issue if the trademark owner is asserting the trademark against someone, because not only will the owner have difficulty in asserting the trademark and protecting its rights, but it may actually lose rights as a result.

Another common error on the Internet is the use of trademarks as though they are free for everyone to use. The correct purchase and use of trademarks as ad words should not be considered an infringement, since it helps ensure that people looking for a product using a particular trademark will also see your product, which is similar but different. That use is valid, but problems arise when people overstep these rules. Buying an ad word is one thing, but what if you make your Internet posting too similar to another product posting—by using the same color as the other product, for example? There is often a tendency to take a shortcut by making your product look like another product, or by using elements of a competitor's website, trademark, text, or images. Usually it is fairly clear when that kind of infringement happens, and the perpetrator gets caught quickly.

Preliminary Client Meetings: Developing a Trademark Strategy

When we start working with new clients, we try to find out as much as possible about the client's business, and we examine any marketing materials in order to ascertain how the client operates in the marketplace. If possible, we make site visits to new clients to have them show us their products and how they are sold to retailers or end users, and how they are displayed in stores. Essentially, we want to understand from the outset not

only our clients' goods, but also how they market and sell these goods in commerce. A real understanding only comes over time as we get to know the client, and we make periodic visits to existing clients to ensure we keep current with any changes to its business. But we try to obtain as much of that information and knowledge as we can during our first months of working with a client. That approach also varies according to the type of client. For example, when we work with insurance companies it is important for us to be in-house to find out how they are operating and marketing, and for us to look at the operation from the consumer's point of view. It is also essential for us to learn our clients' risk tolerance, and that of the particular field of business in which they operate.

In working with clients who are on the Internet, as either service providers or content providers, it is crucial for us to talk at an early point regarding Internet strategy, including what they want to do and how they plan to do it. This early contact also enables us to have difficult discussions about domain names, including what they intend to do with their sites, what sort of reach they want to have, and what sort of protection they want to obtain. It is important to put together as much information as possible as early as possible. We want to know what level of risk they are willing to have in regard to their domain names on the Internet, and how aggressively they want to protect their online trademark or domain names. The answers to those questions will determine what domain names they should have now, what other domain names they may want to have, and what other domain names they should be registering, and if they should register them in other countries. All of those questions are important, because they involve issues that few clients think of ahead of time, unless we direct them to do so. If they have not considered the aspects we ask them to consider, they tend to react badly and hastily when a third party adopts a domain name that is similar to theirs. To avoid this, they need to establish a strategy for registering and protecting themselves on the Internet.

We also typically examine the type of presence that the client is planning to have on the Internet, including what type of monitoring or policing service they should establish or subscribe to in order to protect their trademarks on the Internet. Such services can be extremely expensive, but if a client has a wealth of content and if the Internet is a major channel of trade for that client, then the additional costs of high-level monitoring and analysis is

supported. All of these discussions need to go on as early as possible in order to develop a strategy for a presence on the Internet, as well as to determine what intellectual property will be on the Internet and how it should be protected.

There are outside influences that sometimes hamper our ability to help our clients. Chiefly, the Trademark Trial and Appeal Board is not issuing a sufficient number of precedential opinions to enable us as trademark practitioners to offer predictive counsel to our clients regarding what to expect in the registration process to guide allocation of budgets.

When we evaluate trademark infringement concerns, our approach varies from client to client. We consider the similarity of the client's marks to other marks, for example, and whether there will be damages, because in this environment it is important to make economic analysis part of the entire trademark strategy. In the past several years, our clients have become much more open to resolving conflicts through settlement rather than through litigation—even, in some cases, accepting some types of trademark use that will not create confusion, but that might be closer than they would have allowed in the past. Our clients are a little more realistic these days primarily because of financial pressures, and at the same time they are facing the fact that it is not always possible to completely clear the universe from trademarks that might be similar to theirs.

Communicating in Changing Times

Electronic access to the attorney or law firm with which you are working is increasingly important for clients. We move in a universe where trademark related problems can crop up at any time. Consequently, there must be responsiveness on the part of the attorney at any time. It is a valid expectation of clients that they be able to reach their attorneys as emergencies erupt. Therefore, it is important not only that we as a law firm are available via telephone, the Internet, and mobile connections, but also that we determine how we are able to provide that service without overburdening ourselves or our staff.

We are working on meeting that challenge. One approach we are considering is making available access to our resources via mobile devices

and creating some additional resources for our clients. A question that in the past might have required a telephone call and counseling can now be answered by looking at our website, which can quickly provide an answer to meet an immediate client need. Later on, we can meet with the client to consider larger ramifications as necessary. The ability to have information available in real time is important for us, as is the ability to get that information to our clients. Such access to information is even more important for our international clients, because few large trademark owners operate only in one country.

Working with International Clients

We enjoy a good relationship with our international clients, but it is important that we work with them to help them understand how to select trademarks and protect them in an international environment. In most of the world, a business must register its trademarks before it is actually operating in order to protect its rights, because any sort of delay in registering, even if the business is using the mark, could result in losing rights to the mark. It is also important for international clients to have an international perspective in terms of costs. For instance, it is more expensive to run searches regarding descriptive trademarks, because many countries are even more limited in terms of permitting the registration of trademarks that are descriptive than the United States. Therefore, if a business wants to register and protect a trademark abroad, the mark cannot be obviously descriptive.

Finally, it is important for international companies to be knowledgeable from the start about licensing and the use of suppliers and sales representatives to protect both their commercial and intellectual property interests. Too often, a company begins discussions before it has protected its rights. If those discussions break off, the other party may take actions that infringe the company's rights. If the company has not taken the correct steps before the discussions begin, it can be in a much more difficult position after the talks break off.

After a company has begun operating in the international environment it becomes aware of all these factors, but it is our obligation as counselors to make sure our clients know what is coming before they get there—which goes

back to what we need to learn from a client at the start of the relationship. We need to know if the client will be operating locally or internationally, for example, or if the client will be a bricks-and-mortar company or solely on the Internet. These are the kinds of important questions that we must be proactive in asking. We are sometimes surprised at the basic questions that companies have not asked themselves, yet we are able to help them before they get too far along in the trademark registration process.

Final Thoughts

We are optimistic that the economic environment is going to turn around and that there will be more development of new products and trademarks. We foresee the ever-increasing importance of electronic and Internet commerce. We expect a major shift when the Internet community is faced with the potential problems resulting from the creation of a new generic top-level domain name registry that would allow virtually any word to be a top-level domain name.

It is important for all attorneys, but especially those newer to practicing law, to listen to their clients—much more important than it is to talk to them. We, as attorneys, must listen and learn how to identify key issues, including those that our clients may not have identified or understood to be issues. Our greatest value to our clients is our ability to identify potential problems, and it is important that we work with our clients in partnership. We should have much more than a service relationship with our clients; we should work to have our clients consider us to be part of their businesses.

Key Takeaways

- The concept of being of service to clients has changed with the advent of increased means of communication. For instance, law firms should use their website to provide clients with important and breaking news. A more consistent and effective approach is to contact clients with important news via either e-mails or printed letters so that those clients know if a particular change might be an issue for them. Target the information for specific clients, rather than using a shotgun approach and hoping they pick up what they need to know.

- If you are not communicating information and ideas to your clients, other people are. At a time when companies have to control their budgets, they will turn to people they can trust to give them information that helps them increase protection and commercialize their IP assets without incurring additional costs. They want to be kept up to date on issues, even those that may not affect them directly. If you do not provide that information, someone else will, and that someone will end up becoming the trusted partner your clients will eventually turn to.
- Staying on top of trends is vital. Read everything you can, including online journals and blogs. If you wait until something comes out in published form, it is already old news; because of the speed and reach of the Internet, the effects on a company's trademarks can happen extremely quickly. Therefore, you cannot wait to find out what is going to happen simply by reading printed periodicals.
- Listen to your client and learn your client's business. Strive for something more and better than a service relationship with your client—become a part of your client's business. Doing so enables you to help your client spot problems before they become expensive and impossible to control.

*For more than twenty years, **Michael R. Graham**, a partner and co-chair of Marshall, Gerstein & Borun LLP's Trademark Practice Group, has provided clients with wide-ranging counsel to advance and protect trademark, copyright, and other commercial and creative intellectual property rights. He works closely with each client to maximize the value of their IP assets and applies his knowledge in forward-thinking ways, as in his early recognition of opportunities to commercialize and protect trademarks and copyrighted materials on the Internet.*

Mr. Graham successfully counsels clients in consumer products, entertainment, market research, and pharmaceutical industries on the selection, development, and registration of trademarks. He has guided a market and media-research giant in a rebranding program to capitalize on intellectual property assets, assisting the client in gaining and protecting worldwide recognition and credibility for its brand.

Mr. Graham has also aided clients in perfecting and protecting rights in trademarks and copyrighted works on the Internet, and guided clients through Internet domain name

disputes under ICANN's Uniform Dispute Resolution Policy. He is one of the leading innovators in this area and remains so through his involvement in the International Trademark Association (INTA)'s Internet Committee.

Mr. Graham recently served as a panelist speaking on the "Google Book Search Settlement Agreement" at the Licensing and Executives Society (LES) annual meeting in September 2010, held in Chicago. He discussed the terms and repercussions of the Google book search settlement agreement, and its possible ramifications on writers', artists', and musicians' rights in their works and licensing of copyrighted works.

He is active in the International Trademark Association (INTA), the Intellectual Property Owners (IPO) Association, and the Copyright Society of America. He was awarded a Martindale-Hubbell® AV Peer Review Rating™, and recommended by his peers as a "Leading Lawyer." Mr. Graham was also named a "Super Lawyer" in the area of Intellectual Property.

Mr. Graham received his JD from Fordham University School of Law in 1986, his MA in writing from Ohio University in 1978, and his BS in education from Miami University in 1974.

*From start-up to multi-national companies, **Gregory J. Chinlund**, a partner at Marshall, Gerstein & Borun LLP, adeptly protects clients' brands – the ultimate value of a company – worldwide. In addition to partnering with brand owners, he counsels clients on design patent matters to capture maximum protection and enhance the value derived from industrial design. Mr. Chinlund also pro-actively counsels clients on copyright issues by negotiating effective agreements and enforcing rights, when necessary.*

His education in marketing, his personal business experience, and years of working with marketing professionals, has provided Mr. Chinlund with an intimate understanding of the business mind-set. As a result, he understands the value of avoiding unnecessary legal posturing when a conflict arises, so that the parties can resolve the matter and return to business-as-usual.

The combination of balance, diverse experience and pragmatic approach, together with an education and background in marketing and business, uniquely position Mr. Chinlund to serve as a critical legal resource for clients.

Mr. Chinlund received his juris doctor, cum laude, from Northern Illinois University College of Law and his bachelor's degree in marketing from Iowa State University. He is also a National Football League Players Association (NFLPA) Certified Contract Advisor.

He participates actively with the Lawyers for the Creative Arts, a not-for-profit organization, providing counsel on a pro bono basis for starving artists in need of legal assistance but without the financial means to pay for it.



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