



Better Solutions to Trademark Conflicts

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California Craft Brewers Association
Spring Members Conference
San Diego, CA
May 21-23, 2017



- This is a general discussion of the issues, many of which are extremely complex and fact-dependent.
- You got the “B” Team today... *sorry!*
- I’m not an Intellectual Property expert...but my partner Thomas Dover, who helped me put this together, is our IP guru.
- After the Conference, Thomas will happily make himself available for any questions or issues that you may have.



Disclaimer

What Exactly is a Trademark?

- Words, names, symbols, devices, sounds, media, smells, touch/texture, non-functional trade dress (or combo).
- Used to identify and distinguish goods or services from another's goods or services, and to indicate the source (even if that source is unknown).
- Examples:

The Coca-Cola logo, featuring the brand name in its iconic red script font.The Kleenex logo, consisting of the word "Kleenex" in white script inside a blue oval with a white border.

- TMs can be distinctive symbols of quality, and their value and associated goodwill generally increase as advertising and sales using the mark continue.



How to Obtain Rights in TMs

- Generic marks NOT protectable; mark must be descriptive (e.g., *Vision Center*), suggestive (e.g., *Spray 'N Vac*) or, better yet, arbitrary and fanciful (e.g., *Exxon*, *Apple*).
- Common law, by use in some commercial transactions.
- May use this: **™**
- Federal or state registration based on use in actual sales.
- **Must** use this: **®**
- Can file intent to use application with United States Patent & Trademark Office (USPTO).
- As long as properly used, federal registration lasts 10 years (if formalities met); renewable for 10-year periods. National protection, even if goods not marketed in every state. After five years of continuous use, upon filing affidavit with USPTO, a federally-registered TM can become “incontestable”.



Other TM Issues

- **What Infringes?** Likelihood of confusion; mistake or deception. Federal registration allows TM owner to sue persons who use marks likely to cause confusion.
- **Disclosure Requirements:** Use of the mark.
- **Cost:** Low to moderate (compared to other IP rights).
- **Continuing Duties:** Proper use; policing and renewing registration.



Other TM Issues



- **Date Protection Commences:**
First use; filing of USPTO intent to use application followed by registration.
- **Rights Against Independent Discovery/Creation:**
Yes, but good faith limits \$\$\$ recovery.
- **Potential Civil Remedies:** Damages (profits, attorneys' fees, punitives (if also unfair competition), injunction, seizure and statutory damages (if counterfeit)).
- **Interplay with COLAs:** Important distinctions.



COLA vs. TM/TD

- **COLA** – TTB performs a “rudimentary” search of COLA database and can (but isn’t required to) refuse a label based on an identical match. TTB doesn’t look at logo or bottle design.
- **TM/Trade Dress** – USPTO evaluates the words, design and shape of bottle (vs. function or other utility). Its focus is on likelihood of confusion vis-à-vis competing marks/dress. USPTO looks to the overall consumer impact.



COLA vs. TM/TD

- **TMs/TD** – Priority of Use generally wins (i.e., whoever can prove use in interstate commerce). Volumes have been written about use and interstate commerce.
- **Recent trend** – USPTO erring on side of being *more* restrictive, and looking for *more* “use” (b/c the universe of brands is shrinking).
- **WWW** - Can’t assume that the internet automatically means “use in interstate commerce”.



What Leads to Disputes?



- Remember what “**infringement**” means – the use of similar or identical mark(s) for other goods that are *likely to create confusion in the marketplace*.
- **Why should you care?** Because inferior products that cause confusion will inevitably cheapen your brand/marks and their associated goodwill.



How Will You Know?

- Typically, you won't find out about infringement claims from your customers.
- Here's how you'll likely learn:
 - Cease + Desist Letter
 - USPTO Rejection
 - TTB COLA Rejection
 - Staff/Consumer Notice (actual confusion)



There's a Dispute: Now What?

- Check Facts!
 - Unbiased view of marks;
 - Establish timeline of use (how, when, where);
 - Understand the weakness of your claims or defenses;
 - Assume earliest possible competing priority date; and
 - Research USPTO and COLA databases.



There's a Dispute: Now What?

- **Let GO of the Baby**

- Don't allow an emotional attachment to the company or a brand to take control of a business analysis of cost/benefit.
- Otherwise, could be an expensive, losing proposition.

- **Do NOT Rush to Oppose a Mark w/USPTO**

- Don't rush to file or serve a lawsuit.
- Many procedural requirements will be triggered. Once the monster is unleashed, no turning back!



There's a Dispute: Now What?

- **Do NOT Trash or Troll Your Opponent**

- Particularly in Social Media...
- Guerilla marketing that's easy, but can come back to haunt you.



- **Are (*EW*) Attorneys Involved?**

- If yes, make a business judgment as to whether you require an attorney.
- Consider: Cease + Desist; Facts “Don't Look Good”, International/Out of State; David vs. Goliath; and “Bet the Company” issues.



There's a Dispute: Now What?

■ Initial Contact

- Look for ways to separate customer bases (e.g., differentiate consumer base by product preference (beer vs. wine/distilled spirits); geography (more difficult) or other ways).
- Be prepared to address dates, distribution location and volume
- Make sure you LISTEN
 - Claim may be emotional as to a name or customer base
 - Gather all information re: confusion (actual or likely)



There's a Dispute: Now What?

■ Initial Contact (cont'd.)

- If you're the respondent/defendant, ask for a settlement proposal EARLY (even if you don't accept it, it will get your opponent invested in the ideal of a settlement).
- Evaluate any internal cost to rebrand vs. cost to pursue legal options.
- It's a Negotiation: Be willing to walk away or abandon your brand, depending on where the facts/cost considerations take you.



There's a Dispute: Now What?

■ Common Settlement Structures

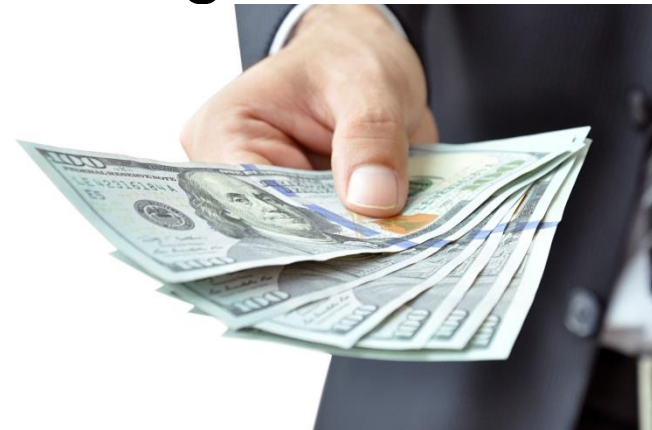
– Co-Existence Agreement

- No \$\$\$ changes hands.
- Separate Channels of Trade (e.g., big box retailers vs. specialty stores).
- Commitment to Use/Avoid Specific Advertising/Marketing language or vehicles (e.g., “ABC Corp. is not affiliated with XYZ Corp. Please visit XYZ Corp.com”).
- Geographical Limitations (more difficult due to nature of the Internet).
- Distinguish Goods; If not competing products, try to reach agreement on an amended description of goods.



Common Settlement Options

- Co-Existence Agreements involving a federally-registered mark must be approved by the USPTO. The USPTO can reject if it determines that one or more of the TMs at issue are no longer registerable as a result of the agreement.
- Licensing Arrangements – \$\$\$ changes hands; quality control issues (inspections/audits/samples); benefits of use accrue to the TM owner.



No Initial Settlement: Now What?

- Litigation historically the default dispute resolution mechanism for TM matters. If federally-registered TMs involved, then an Opposition is filed with USPTO. USPTO's decision can be appealed to the Trademark Trial and Appeal Board (TTAB). Decisions of TTAB may be appealed to appropriate Federal Circuit Courts.
- An inexact mechanism, where a judge (who may not have expertise with this specialized legal area) makes a judgment call that can determine the fate of your entire company. Recent case, however, suggests that TTAB rulings may have some precedential value.
- Still a very expensive mechanism (money & personnel time) to deal with...depositions, discovery, etc.



ADR

- Trend in recent years has been towards using alternative dispute resolution (ADR), specifically mediation and arbitration.
- The ability to customize rules on discovery, ensure privacy, control the authority's expertise and control the timing/location of the hearing all are factors leading parties to favor ADR in TM disputes.



Mediation

- Mediation a non-binding process where neutral third-party assists disputing parties in reaching a mutually acceptable resolution.
- No guaranty of success, but often a good way to flesh out the issues. Lets parties fashion their own resolution with third party's help.
- Former judges, or even IP lawyers, act as mediators.



Arbitration

- Arbitration is a binding process where neutral third-party makes a final decision after hearing the facts and evidence.
- A creature of contract, so not many practitioners automatically consider arbitration post-dispute. In recent years, however, post-dispute arbitration submissions are on the rise.



ADR Benefits

- Expertise of Authority Hearing Dispute.
- Confidentiality – court records are generally available to the public.
- Preserving Relationships, particularly in the mediation context.
- Less expensive – particularly if arbitration clause is well drafted and parties apply process in a productive way.



Arbitration vs. Litigation

- In TM context, there is an important factor to consider when deciding whether to use ADR over litigation.
 - When a party loses in litigation at the USPTO/TTAB levels, the TM will be canceled and no refiling will be permitted.
 - When a party loses in arbitration, the arbitrator might allow it to voluntarily withdraw its TM application, which would allow future refiling under certain circumstances.



Final Takeaway

- **Pick Your Battles Very Carefully!**
 - If you're going to go to the mat, make sure it's for the right reasons and after a thorough analysis.
 - Sometimes, it's simply NOT worth the expense and emotional drain of a lawsuit



Thanks for Listening!

Questions?

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