

FINNEGAN

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What Europeans Need to Know About U.S. Law April 6, 2016

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The Relevance of USE

- In the U.S., trademark rights result from **use not registration** (first-to-use not first-to-file)
- This critical difference in approach presents multiple pitfalls for European trademark owners – that could result in a loss of rights
 - searching/clearance
 - strategy regarding filing
 - maintenance of mark
 - enforcement

Searching and Clearance

- Because USE is king, merely searching the PTO records is not sufficient to determine a mark's availability for use or registration in the U.S.
- **Best practices** (unless your client has used its mark in the US without conflict for multiple years)
 - Obtain a *Knock-Out/Preliminary Search* to see if mark is NOT available
 - If not “knocked out”, get a US practitioner to order and review, investigate, and opine on a ***Comprehensive Search***

Searching and Clearance

- What is a **comprehensive search**?
 - performed by an outside search company (CompuMark/Coresearch)
 - broad search of USPTO records for sound-alikes, look-alikes, synonyms, etc. for live and dead marks (last 3-5 years) (not just identical marks)
 - search of U.S. Secretary of State trademark and company name registrations
 - Internet searches in relevant databases (industry publications, general publications, general news sources - particular search extensions available)
 - WHOIS search for similar domain names

Searching and Clearance

- **REAL ANALYSIS IS KEY-don't rely on the FACE of the search!!**
 - look behind relevant registrations/applications to PTO file for useful concessions, admissions, arguments (weakness of mark)
 - review of specimens/website for actual use – scope of rights (is partial cancellation an option?)
 - investigate current status of active registrations – still a threat? or no longer in use and vulnerable to cancellation?
 - investigate recently cancelled/expired marks for current use

Searching and Clearance

- **USE INVESTIGATIONS**
 - Because many domestic and foreign registrants don't know about U.S. Declaration of Use requirement between 5-6th year after registration, many registrations expire where the marks are *still in use* and therefore still problematic for your client
 - Understand that the fact that a registration is *cancelled* does **NOT** mean that the reference is not a risk to use/registration – *need to investigate*
 - Finnegan has 2 in-house investigators for this purpose

Searching and Clearance

- Need to also understand U.S. law and be fluent in English to properly evaluate a search and relative risks
 - Conflicting reference need not cover identical goods/services OR identical mark to bar registration/use
 - Complementary or related goods (in different classes?)
 - Dilution???
 - Doctrine of Foreign Equivalents
 - Sound Alikes
 - Look Alikes
 - TORNADO and CYCLONE found confusingly similar for fencing

Searching and Clearance

- Competitor may have enforceable trademark rights just from its use online – no registration required
- What qualifies as trademark use is broader than it used to be and searches need to reflect that
 - Twitter handles
 - Facebook names
 - YouTube names/video channels

Searching and Clearance

- Use of mark/name by several persons for same/related goods/services does NOT mean the mark is also available for your client
- **It depends** – is it an issue of remote geographic rights under common law that do not conflict?
 - Rainmaker Restaurant in Vermont
 - Rainmaker Restaurant in California
 - Rainmaker Restaurant in Florida

Searching and Clearance

- The fact that the USPTO has allowed other similar marks to coexist does not mean your client's application will register without difficulty
 - PTO is notoriously inconsistent in determining registrability
 - Marks which registered previously can be refused on new grounds
 - Examiners are **not bound** by prior decisions – although Consistency Initiative
- *Consistency is NOT the norm in the US*
- *No way to predict result with any real degree of certainty*

- **No TM rights from a Company Name**
 - Incorporation of company name does NOT provide rights to USE company name (Secretaries of State do not to trademark searches before they register)
- **NO TM rights from registration of a Domain Name**
 - Registration of domain name does NOT provide right to use domain name and trademark (same)
- **NO TM rights from use of an Internal Name**
 - Internal use of a mark does NOT ensure right to use mark commercially

The Relevance of USE

- Even ownership of a U.S. registration does not give owner the right to enforce in the U.S. courts
 - client must be *actually using* its mark in that geographic area where infringement occurring
 - mere ownership of a registration issued under 44(e)/66(a) – is not enough
- In the U.S., infringement standard is “**likelihood of confusion**” – if no *use*, can be no likelihood that consumers will be confused

Filing the Application-Specific Goods and Services

- European practice is to include a laundry list of goods and services to obtain broadest scope of coverage (post *IP Translator decision*, this is somewhat moderated)
- U.S. practice requires that mark be used on **each and every good and service** listed in an application to renew (and in some cases to register)

Four Schemes for U.S. Registration

- **1(a)**-Current use of mark in U.S. commerce (USE)
- **1(b)**-Intent to use mark in U.S. commerce (in near future) (ITU)
- **44(e)**-Foreign registration in Home Country (where applicant has actual operations not just licensees) (foreign reg + ITU)
- **66(a)**-Madrid Extension of Protection (Madrid + ITU)

Four Schemes for U.S. Registration

- USE
 - If filed based upon use in the US, must verify under declaration of perjury, use on each and every good and service covered
- ITU
 - [this applies to Foreign Registrations, Madrid Applications, and pure ITUs/44(d)], the applicant is required to declare, under oath, its intention to use the mark on each and every good/service listed

What Does USE Mean for Foreign Applicants?

- USE plays a critical role in the registration and maintenance of a mark under all 4 schemes
- Madrid extensions of protection into U.S. or filings based upon foreign registration require pre-filing review of coverage and may require modification for U.S. market before you file
 - can't transfer goods to another class – have to delete
- **KNOW THAT** filing a domestic US application may be a safer less expensive approach in the long run

Possible Consequences – Bona Fide Intent

- Lack of bona fide intent is basis for invalidation of application (opposition and cancellation)
- Lack of bona fide intent is also basis for possible claim of fraud in filing of application
- If challenged on lack of ITU, client must be able to demonstrate **objective evidence** (documentary evidence; business plans) of bona fide intent to use mark as of filing date

U.S. Specimen Guidelines

- USPTO is a stickler about what qualifies as an acceptable specimen, namely, use of a mark:
 - in a manner that is **consistent with industry practice**
 - in a manner that allows consumers to view the mark and associate the mark with the goods/services ***in advance of purchase*** – or ***as part of the purchase of the product***

U.S. Specimen Guidelines

- Use of the mark on invoices (compiled after a purchase is made) will not qualify as acceptable specimens
- Use of a mark on *advertising* which is not part of the purchase process will not qualify as acceptable specimens (unless it provides ordering information)
- **Think *pre-purchase*** and evidence of how the mark is presented to consumers in the normal course of business

Specimens for Goods – What Works

- Use of the mark on the products themselves
- On containers/packaging for the goods
- On product inserts included with the goods to describe how to use them
- If for software – on a splash page introducing software, describing its functionality, and showing mark
- If the nature of the goods makes placement of the mark on them or their packaging impractical, then on documents associated with the goods and their sale or shipment (i.e., a catalog that includes ordering information; a label placed on boxes for shipment)

Specimens for Goods – What Works

- Shipping or mailing labels may be acceptable if affixed to the goods or containers for the goods as part of delivering products to customers (mere return address not acceptable) TMEP 904.04(a)

Specimens for Goods -- What WON'T WORK

- Pure advertising material – material whose function is merely to tell a prospective purchaser about the goods or promote the goods but is not actually part of the purchase process
 - Advertising circulars and brochures; leaflets
 - Price lists
 - Publicity releases/announcements
 - Listings in trade directories
 - Business cards
 - Invoices/bills of lading/waybills
 - Warranties
 - Business stationery
 - Order forms

Specimens for Services – What Works

- Must reflect use of the mark together with a **description** of the services
- A PowerPoint can work if it is presented to a customer as part of the purchase process
- Must actually offer those services for sale/in commerce in order to qualify as real use

Specimens for Services– What Works

- Promotional materials describing the services
- Advertisements in trade journals that describe the services
- Website printouts describing the services
- PowerPoint presentations to potential customers
- **KEY takeaway** – the PTO is looking for material that **supports the description of the services** as it appears in the application.
- Service mark specimens can be particularly tough.

Specimens for Services – What WON'T Work

- Anything that just lists the mark but doesn't describe the nature of the services
 - Business cards
 - Letterhead
 - Advertising where the nature of the services is not evident from the advertisement
 - Invoices where the nature of the services are not clear from the face of the invoice

U.S. Specimen Guidelines Generally

- **Must be current**
 - Not one used years ago and no longer in use
- **One specimen per class** (not for every good)
- If nature of specimen is unclear, must include an explanation of what it is
- Can submit multiple specimens per class if you are concerned about what might work

U.S. Specimen Guidelines Generally

- PTO does not want anything “bulky” or “of value” or three dimensional – just **photocopies, photographs, website printouts, relevant pages from a package insert** that can be scanned into an electronic file and visible on the PTO electronic database

Substitute Specimens

- If the PTO doesn't accept the first specimens you submit, you do get a chance to submit substitute specimens along with a new declaration stating that new specimen was in use in commerce *as of the date of your earlier filing*
- If you filed an application claiming use back to a certain date, the substitute specimen must have been in use as of the application filing date and must file a declaration attesting to same

Proper Trademark Notice on Specimens

- Before a mark is federally registered in the U.S., you should use trademark notice – TM (for a trademark) or SM (for a service mark)
- TM is the appropriate symbol to use when a mark covers both goods AND services (it is the umbrella designation)
- TM should appear the first and most prominent time the mark is used in materials
- You don't need to use a TM every time the mark appears
- Use of trademark notice is valuable for future enforcement efforts

Specimens that Display ®

- You should not use an ® unless the mark is already the subject of a registration
- If a specimen shows use of an ®, the PTO will object, notify the applicant, and enquire about its use
- If the ® reflects a foreign registration, you may be able to get the specimen through BUT you will have to demonstrate that you are using that same packaging in both the foreign jurisdiction and the U.S
- Use of an ® when a mark is not registered is considered fraud

Maintaining First Use Dates and Specimens

- In the U.S. a company can get rights in a trademark the first time it uses the mark in commerce even if it doesn't own a trademark registration
 - The concept is called “priority” – first one to use wins
- For both registration AND enforcement purposes, it is very important to maintain a database that records:
 - the *first time* a product or services is offered (the so-called first use dates) AND
 - a copy of that use – in the form of specimens
- It is critical to maintain this information as part of the product/service release NOT as an afterthought

Maintenance in U.S.

- European registrants are particularly vulnerable to challenge for false filings of Declaration of Use and Renewals for all listed goods/services
- **USPTO “Dead Wood” initiative** – 10% of registrations subject to random investigation and review
 - Your client may need to come up with additional specimens, evidence of use, declarations
 - PTO is doing this on *its own initiative*

- Current standard: Knowing Falsehood; Intent to Deceive (**can be inferred**)
 - In re Bose Corporation (Fed'l Circuit 2009)
 - *A trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant **knowingly** makes a false, material representation with the intent to deceive the PTO*
- Prior Standard: negligence, inadvertence, misunderstanding of law, or gross negligence
 - Medinol v. Neuro Vasc, Inc. (TTAB 2003)

- Now more difficult to plead and prove fraud on the USPTO
- Must plead specific facts supporting allegations of knowledge, intent to deceive, fraud
- BUT Federal Circuit held that finding of fraud may be found where there is “reckless disregard for the truth”

- What is **Reckless Disregard**
 - intent to deceive?
 - No attempt to investigate?
 - Failure to read filings?
 - More than mere negligence...
- Safe Harbors
 - Amend before publication
 - Amend before proceeding (opposition/cancellation) commenced

Best Practices in the U.S.

- Watch services for key marks
 - Newly filed applications
 - Published/approved marks
 - Ownership watches
 - Domain name watch
- Weekly monitoring
 - Google Alerts
 - Weekly Internet searches
- Periodic Portfolio Audits for “deadwood”

- US Litigation versus European Litigation
 - Expensive
 - Lengthy and time consuming (can go on for years)
 - Preparation of documentary evidence, evidentiary witnesses, expert witnesses
 - Courts are unpredictable
 - Can choose your forum
 - Judge versus Jury
 - 95% of cases settle before or on eve of trial

- **USPTO (Oppositions/Cancellations)**
 - Trademark Trial and Appeal Board (TTAB) – judicial arm of the PTO
 - Focus is on the *face of the application/registration*
 - assume all standard trade channels if no limitations
 - luxury goods versus standard retail trade channels – doesn't matter
 - review for complementary nature of goods/services
 - camping apparel and camping gear
 - differences in packaging/actual use not relevant
 - Can only prevent registration not use
 - No damages/monetary sanctions

Enforcement – District Court

- Focus is on *real world*
 - Packaging
 - Actual use – goods/services
 - Actual trade channels
 - Actual customers
- Can prohibit use
- Monetary sanctions/Damages

Enforcement – Common to Both

- **Discovery** – can ask for production of any documents or witnesses “likely to lead to discoverable evidence”
 - Client required to override normal document retention policies to maintain relevant documents/texts/emails
 - Can get access to client’s internal documents and files
 - Can force employees to be deposed and testify

Enforcement – Common to Both

- **Discovery** – can ask for production of any documents or witnesses “likely to lead to discoverable evidence”
 - can get access to client’s internal documents and files
 - advertising records
 - sales information
 - customer information
 - can force employees to be deposed and testify
 - this is where the real costs is of US litigation - - motion practice, document review, depositions, etc...

Any Alternatives to Litigation?

- Consent Agreements
- Assignment/License back
- Alterations to Marks
- Disclaimers
- Phase-out Period

Any Questions?