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The Power and Importance of Your Brand: Practical Guidance for Implementing and Improving Your Brand Protection, Enforcement, and Monetization Strategy on any Budget

Jason K. Schmitz

Jason Schmitz is a Shareholder in the law firm Vedder Price with a comprehensive global intellectual property practice that includes transactional and litigation experience. His extensive transactional IP background includes expertise in evaluating, structuring, and implementing commercial transactions, including negotiating and drafting a wide variety of transaction documents such as licenses, assignments, distribution agreements, technology transfer agreements, and co-development agreements. He also partners with his clients on all aspects of US and international trademark search, availability and clearance opinions, trademark procurement and trademark portfolio management, trademark litigation avoidance (including coexistence and consent arrangements), trademark and trade dress litigation in federal courts and before the US Trademark Trial and Appeal Board, and trademark watch services.

With the growing power of data analytics, companies are making more effective use of data to increase the likelihood that consumers will consider their goods and services when making purchasing decisions. Sophisticated analytics are applied by these same organizations to help ensure that consumers become repeat customers and that these customers develop a sense of brand loyalty. Increasingly, this data-rich marketplace is online and mobile. This new and constantly evolving way of doing business has resulted in a faster moving and more competitive marketplace with a more savvy purchasing public. This inevitably requires companies to continue to evaluate and reevaluate the strength and appeal of their brands in capturing the attention of discerning consumers that are

encountering more messaging in this highly competitive environment.

Impact of *Alice* Supreme Court Decision on Brand Strategy

A number of recent Supreme Court and Federal Circuit decisions in the intellectual property area further highlight how organizations need to rethink the role of brands to their organizations. The Supreme Court's June 2014 decision in *Alice Corp. v. CLS Bank International* and the questions it leaves unresolved regarding the patentability of certain innovations has certainly prompted organizations to reconsider how they can most effectively construct barriers to entry against their competitors.

While there continue to be numerous effective avenues for excluding competition through patent protection and/or trade secret protection, some organizations might conclude that because of the characteristics of the specific markets they compete in, their resources might be best spent building the best possible product/service irrespective of right or ability to potentially exclude others based on the protectability of the product/service itself, perfecting the customer experience and protecting and enforcing their brands. On the other hand, an organization might simply feel the need to have a more robust brand portfolio as a complement to their patent portfolio.

Regardless of the exact makeup of an organization's IP portfolio, if an organization concludes that its brands need to occupy an important position in the company's overall protectable intellectual property portfolio, the organization might need to consider whether it is optimizing how it deploys

resources to protect and enforce its brands. This analysis is relevant to start-up companies as well as more established companies.

Trademark Selection

Any organization that has been through the exercise of identifying a new potential name for its company, product, or service knows that it can be an arduous journey simply to identify a name that the business embraces as being the right fit for how the business wants to portray itself or its goods and/or services in the marketplace. As an initial matter, organizations still need to be very mindful of where their proposed names fall on the spectrum of protectability from a legal perspective. Fanciful, arbitrary, and suggestive marks will be treated differently from descriptive and generic marks. Although these standards certainly are not new, the courts continue to interpret these standards, and organizations need to be aware of these recent interpretations in order to pick a mark that can likely be registered on absolute grounds. For example, the Federal Circuit weighed in on the proper legal standard for a genericness determination in their June 2015 ruling in *Frito-Lay North America Inc. v. Princeton Vanguard LLC* by confirming that compound marks must be considered in their entirety.

Trademark Clearance Search

Once a business has decided on the name(s) of interest, the business then undertakes the important process of conducting a trademark clearance search in order to determine the risks associated with use and registration of its chosen company names, trademarks, service marks, and/or taglines based on any senior trademark rights owned by third parties. As a preliminary matter, the organization will need to decide on a list of goods and services that the business uses or intends to use in connection with the mark so that the trademark search is appropriately tailored to this particular field of goods and services. The organization also will need to decide the countries in which protection will be sought for the mark so that the trademark clearance search includes all of these jurisdictions. It is important to know if the chosen jurisdictions are first to use or first to file jurisdictions. This will have a material impact on the likelihood of confusion analysis. Having an established protocol in place for the trademark clearance search process will help to ensure that the organization moves efficiently through the trademark clearance search process with a reliable risk assessment

regarding the risks associated with use and registration of the mark.

An organization should consider what metrics it uses to search and clear its brands, who develops the metrics, which internal personnel must be alerted for approval when a clearance search risk assessment reaches a certain level and if the metrics are in line with the expectations of the risk management team and the expectations of upper management. As part of the trademark search clearance process, brand owners need to clearly understand the third-party use landscape for their proposed mark and confusingly similar marks in order to make an informed decision with respect to the advantages and disadvantages of common law use compared to obtaining a federal registered mark. Brand owners also need to be aware of supplementary investigation tools available to them in the event that the search results do not provide sufficient information regarding certain prior third-party users that might pose infringement risks and/or trademark registration problems.

Jurisdiction Selection

After a name has been cleared through the company's trademark clearance search process, the organization should confirm which jurisdictions have been cleared for use and registration of the mark. If the mark will be filed in multiple jurisdictions, consideration should be given to whether there is any benefit to utilizing the Madrid System and/or a regional filing regime such as a CTM application in the European Union. Trademark owners will need to know if the countries of interest are signatories to the Madrid System.

Careful attention should be paid to the goods and services description ultimately set forth in the application to ensure that it accurately reflects the ongoing business or intended business operations of the trademark owner. A decision needs to be made as to which entity within the organization's business structure actually will use the mark and/or be responsible for exercising quality control over the mark, as this will need to be the trademark applicant. This decision is often driven by tax considerations and companies increasingly are adopting holding company structures for the intellectual property for tax purposes.

Trademark Filing and Prosecution

The prosecution process itself can of course be fraught with obstacles of which to be mindful. In addition to potentially encountering a range of issues

raised by the trademark examiner during the substantive examination period of the trademark application, the trademark owner also needs to be aware of numerous potential third-party challenges that might arise. One such challenge is on the basis that the applicant never had a bona fide intent to use the trademark. In the United States, when a trademark is not already in use by a trademark applicant at the time of filing of the application, the applicant has the option of filing the application on an intent-to-use basis. Trademark owners need to be aware that this intent must in fact exist at the time the application is filed. Notably, the Federal Circuit ruled in its June 2015 *M.Z. Berger & Co., Inc. v. Swatch AG* decision that courts should consider the “totality of the evidence” when determining whether a trademark applicant actually had a “bona fide intent” to use the mark. Trademark owners also need to ensure that they have a robust trademark portfolio management system in place to effectively track all deadlines associated with their trademark portfolio.

Trademark Watch Service

Assuming that the mark enjoys a successful prosecution process and a registration is obtained, the organization needs to consider whether a trademark watch service is advisable to effectively monitor third-party infringement of the brand. Watch services are increasingly important as third-party infringements continue to crop up with increased frequency in new and widely used online channels, which are more difficult to track, such as social media sites. The damage done by these third party infringers can be swift and severe. Organizations benefit from having a brand enforcement plan in place that allows them to promptly act once a third-party infringement has been identified.

Brand Enforcement Plan

A company’s brand enforcement plan will need to include an understanding as to the tools available to the organization to enforce its brands including state and Federal court proceedings, administrative proceedings in front of the US Patent and Trademark Office’s Trademark Trial and Appeal Board (TTAB) as well as domain name proceedings under the federal Anti-Cybersquatting Consumer Protection Act and Uniform Domain Name Dispute Resolution Policy. Important decisions like the Supreme Court’s March 2015 decision in *B&B Hardware, Inc. v. Hargis Industries, Inc.* certainly impact the analysis, as a finding that a likelihood of confusion exists by the

TTAB may now have preclusive effect in District Court proceedings.

Cease-and-desist letters continue to be an extremely effective pre-litigation strategy for achieving a brand owner’s objectives without resorting to litigation. However, brand owners need to ensure that their cease-and-desist letters are drafted carefully to achieve the intended enforcement results while avoiding unnecessary exposure from a liability standpoint. A declaratory judgment action filed against the trademark owner is one area of potential exposure.

Additionally, the widespread use of social media should be a concern for trademark owners. Social media sites are where overreaching cease and desist letters are often posted these days, causing serious public relations concerns for brand owners. Trademark bullying is a concept that has been gaining attention globally. The US Trademark Office defines a trademark bully as “a trademark owner that uses its trademark rights to harass and intimidate another business beyond what the law might be reasonably interpreted to allow.” The balancing act is a delicate one because brand owners have an obligation to defend their trademark rights. If owners fail to monitor and defend their marks against third-party infringement, they risk losing their rights completely. This can have serious consequences for the brand owners and related third parties such as licensees.

Advertising, Marketing Materials and Product Packaging Review/ Third Party Agreement Review

In addition to enforcement of the brands, an organization will want to consider how it can best monetize its brands. In connection with the promotion of their goods and services, companies need to be mindful that their advertising, marketing materials, and product packaging does not run afoul of false advertising laws and regulatory guidelines. Companies should ensure that any agreements they enter into with third parties in connection with the promotion of their goods and services contain sufficient safeguards for the brands. Some examples of typical agreements with third parties that require appropriate language to safeguard the brands include Web site development and hosting agreements, supplier agreements, distribution agreements, joint venture agreements, and license agreements.

Brand owners need to be mindful that each jurisdiction around the world has its own requirements with respect to license recordation. Failure to properly record the license in jurisdictions requiring recordation can lead to an abandonment of the owner's trademark rights. Royalty-bearing licenses often have additional recordation requirements in numerous foreign jurisdictions. Failure to adhere to these additional royalty recordation requirements can lead to impairment of the trademark owner's ability to collect its royalties. There also may be a need for the brand owner to grant a security interest in the brands for purposes of obtaining financing to achieve the business objectives of the business. The security interest will need to be drafted to protect the brands and the security interest will need to be recorded in order to be perfected. The trademark owner might also benefit from considering whether the entity that owns the mark is still the best entity to own the mark within its organization for tax purposes. If it is not, the brand might need to be assigned within the organization, and the assignment will need to be recorded.

Brand Use Guidelines and Internal Training

A successful brand management program also depends on an understanding within the organization as to the acceptable use of the company's brands. This is most effectively conveyed in a brand use guidelines manual distributed throughout the company. Brand use guidelines manuals can be prepared in conjunction with the company's trade secrets protection guidelines manual so that internal training can be conducted in connection with both manuals.

Global Brand Management Best Practices Checklist

Ultimately, brand owners looking to successfully implement a new brand protection strategy and enforcement program will want to consider whether some or all of these issues are relevant to their business needs. Brand owners looking to improve on their existing brand protection strategy and enforcement program should consider an audit of their existing practices to identify areas that might need improvement. In either case, brand owners can use a brand protection checklist such as the one below to track the progress of these issues in their brand program:

- trademark selection
- pre-trademark search diligence
 - preliminary goods/services description
- preliminary jurisdiction selection
- trademark clearance search
 - trademark clearance search supplementary investigation
- trademark clearance search opinion
- trademark filing and prosecution
- trademark docket and portfolio management
- trademark watch service
- brand enforcement plan
 - pre-litigation strategies
 - litigation strategies
- advertising, marketing materials and product packaging review
- third party agreement review
 - license agreement recordation
 - security interest recordation
 - third party agreement review
- brand use guidelines manual and brand use internal training program

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