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Intellectual Property

Clearing the Way for Marks

Due diligence searches are critical in advising clients on the selection and prosecution of trademarks

By **Brett R. Harris and
Valerie L. Boccadoro**

Here's the scenario: A prospective client calls asking for your assistance in "patenting their name." They assure you that the name is "available" for them to "own" because they have already registered it. And they need it done immediately so they can challenge someone's Web site address.

Now take a deep breath, ask for a retainer and go through the basics on trademark law and trademark protection with the client. If nothing else, they have probably heard that a "trademark" is a word, symbol, logo or device that serves as a unique identifier of source for particular goods. So they don't need to worry about patenting. Then you can ask them where they registered the name, whether it be a county "doing business as" registration for a sole proprietorship or general partnership; a state filing to create a business entity; or a domain name registration. Or it could even be an electronic trademark application with the U.S. Patent and Trademark Office.

Once you and your client decide that

Harris is a partner and Boccadoro is an associate with the business law team at Wilentz, Goldman & Spitzer in Woodbridge.

a PTO filing is what needs to be done — but before such filing and before your client launches a marketing campaign across the full bandwidth of the Internet — you should find out whether this "great idea for a name" is available for use and registration in the first place.

Start off by explaining that applying for and obtaining formal registration from the PTO is not a prerequisite for claiming certain rights in any particular trademark. Trademark rights attach with use, not with the mere filing of a federal application or granting of a registration in the PTO.

Nevertheless, obtaining an actual federal trademark registration affords broader protection to one's trademark than does the common law. A U.S. registrant also enjoys access to a greater range of legal remedies in the event of another's unauthorized use. Nevertheless, one's trademark rights never exist in a vacuum — when seeking a U.S. registration, one's rights are only strong relative to the other marks currently being used in the commercial marketplace.

Trademark Search

Assuming the mark the client would like to use is capable of functioning as a federal trademark, the attorney's first

responsibility — before anything gets filed with the PTO — is due diligence. That means obtaining and synthesizing preliminary information about other pending U.S. trademark applications and relevant U.S. registrations as they apply to goods or services related to those offered by your client.

Just like most everything else in legal practice, an attorney's conclusions as to prospective commercial use of a trademark and that mark's ability to survive PTO examination must be made in view of common law precedent and statutory specificities. The most effective way to do this sort of due diligence is by conducting a trademark search.

The first purpose of due diligence is to determine whether the same or similar marks are being used by others in connection with the same or similar goods or services. This is of special concern before any great expense is incurred in connection with the mark, such as developing advertising materials and expensive marketing efforts. To the extent that similar usages are already taking place, the attorney must outline them for the client so she can determine the level of exposure that she is willing to risk for an infringement action for current and anticipated activities and use of the mark.

The second purpose is to ascertain

whether or not existing registrations with the PTO will pre-empt an application for federal trademark registration of the proposed mark or a variation thereof. The PTO will not issue registrations for marks which are the same as existing registrations or for ones it believes will be confusingly similar to the public as to related goods or services.

Search Techniques

There are two search techniques that trademark attorneys routinely utilize prior to preparing a written opinion regarding the right to use and register a given mark. The first is a "knock-out" search of the PTO's online database. The second type of search is a formal trademark clearance search report.

In any event, trademark searches of any kind should always be conducted after an initial client consultation and prior to preparing a new trademark application for filing in the PTO.

The client consultation is critical to ensure that you have the information required to conduct the searches for availability of a mark. Spend time consulting with the client about her business plans and proposed marketing endeavors prior to conducting or ordering any type of search report. Doing so allows the attorney and the client to work together to craft effective search parameters to unveil potentially conflicting marks and commercial risks presented by third parties. As a result, the client will have a greater understanding of the search and application process and it will be easier for the attorney to communicate the pros and cons of moving forward with a proposed trademark application.

Query the client as to their flexibility in the mark: Do they intend to use variations on the mark, and are they willing to consider variations if necessary to avoid conflict with an existing mark?

An understanding of your client's business plans is crucial since trademarks are only relevant as applied to particular classes of goods and services. Make sure to discuss with the client not only their current business operations but their ideas and expectations for expansion of their business. If the mark will be branded, then the client may be developing additional goods and ser-

vices in the future to be delivered under the mark.

Since trademark applications can be filed based upon either actual use or the intention to use the mark in commerce, the plans for expansion may be covered by the current application that you will prepare. Even if it is premature to file an application for a certain class of goods or services based on the intent to use statute, the search of potential future uses of the mark will give the client an idea of what is out there.

'Knock-Out' Searches

The first stage of the due diligence investigation is the Principal Register maintained by the United States, available for review on the PTO's Web site at www.uspto.gov. By supplying the PTO's search engine with adequate information about the client's proposed activity, an attorney can search the register for marks that are identical, or nearly identical, to the mark proposed by the client. For this reason, trademark attorneys often refer to these online queries as "knock-out" searches. If the identical mark already exists on the federal trademark Register as applied to related goods or services, that mark should be "knocked out" from the client's consideration early on.

An online search of the PTO database is quicker and cheaper than conducting and analyzing a full trademark research report, which is discussed in more detail below. At the same time, however, the results of online searches are much more limited in scope, less reliable and, therefore, of significantly less value than those contained in a formal search report.

By its very nature, a knock-out search is only capable of searching those marks that are physically represented on the Principal Register. Accordingly, there may be several other, related marks used in the same commercial space that are not represented on the register for one reason or another. Because trademark rights attach with use, and not with filing, the attorney must be aware of the fact that just because a particular mark doesn't show up during the course of a knock-out search doesn't mean that another person or entity won't claim

rights to the mark, and may have such rights.

Furthermore, "clear" results from a knock-out search do not necessarily mean that the mark is "clear" for use and registration, or that the client may register the mark without assuming significant commercial risk. This is especially relevant given the nature of trademarks, whereby infringement claims can be asserted with respect to marks that are merely *similar*, versus identical, to a particular mark when used in connection with related goods or services.

Furthermore, when advising clients as to use and availability, be mindful of the fact that certain goods and services are nevertheless deemed "related" to each other even though one may not typically consider them to be so in the course of everyday use.

On the other hand, an initial knock-out search can be very useful in deciding whether to pursue a particular mark, especially in the event that your client has a short list of proposed marks and is deciding which one to pursue.

The knock-out search stage can also incorporate a search of trademark usage on the Internet through one of the more popular search engines, like Google or Lycos. If the client is already in the industry they may have knowledge as to similar marks but you can help identify them through this type of early investigation. In fact, the client may be aware their selected mark is close to one being used by a competitor. The client assumes that since it is distinguishable from the competitor's mark, that it could give them a competitive edge. Before your client proceeds any further, remind them of the purpose of trademarks and the concepts of "likelihood of confusion" in the marketplace.

Formal Clearance

Assuming that a proposed trademark is not knocked-out from consideration after searching the Principal Register, the next step is recommending to the client that the attorney obtain a formal trademark clearance report from a search firm specializing in such services. By studying the results of the formal clearance report, an experienced attorney will be able to provide an

informed opinion as to the availability and registrability of almost any mark.

Formal trademark research reports are conducted and compiled by organized trademark clearance search firms such as Corporation Service Company Inc. or Thomson & Thomson Inc. A trademark clearance report is able to search greater variants of a proposed trademark than a knock-out search online.

In addition to searching the PTO's Principal Register for marks that may be identical to your client's, a search report looks for other marks that are merely *close*, if not identical, to your client's mark in sight, sound or overall commercial presentation. As mentioned above, this is especially relevant to an attorney advising a client regarding use and registrability since the Trademark Law protects against the unauthorized use of confusingly similar marks, not of *identical* marks alone. Even in the absence of outright similarities between two or more marks, an experienced trademark attorney is often able to opine whether and to what degree a third-party mark uncovered in a clearance report may pose an obstacle to the client's prospective use and registration.

In addition to comparing the elements of a proposed mark to other marks on the Principal Register, a comprehensive clearance report compares the proposed mark to every mark registered at the state level alone, across the country. A comprehensive search will also scour *unregistered* marks appearing in common law databases such as newspapers, trade publications and domain name rosters for potential conflicts with your client's mark.

Again, because trademark rights are born through one's use alone, it would behoove an attorney to uncover and evaluate any risks associated with poten-

tial right-to-use contests and infringement actions sooner rather than later down the road. Furthermore, the information will be invaluable to a client deciding whether to expend significant costs and effort to market, develop or promote a given mark.

The search report also has certain corollary benefits from a business perspective. Clients often find these reports to be informative with respect to the activities of other companies in their industry, to the extent that such other companies have similar trademarks for similar goods or services. This can be of special interest if any of the trademark applications included in the report are based upon an intention to use a mark in commerce, which applications are filed prior to a company's actual use of the mark in commerce. Clients may find it interesting to see if any of the companies listed in the report are familiar to them. Separate "owner" searches can also be pursued if the client is interested in the activities of a particular competitor. Careful examination of third-party usage identified in the report as related to the client's proposed use may also give the client a better understanding of the market in which she is poised to tout her wares.

Generally, the results contained in a formal clearance report cannot, and are not meant to, guarantee that some other party is *not* using an identical or similar mark anywhere else in the world. Similarly, the results of a clearance report does not claim to offer its reader 100 percent assurance that another party has not otherwise obtained constructive rights in a particular mark in some other way. That is because the owner of an existing mark, even if that mark is unregistered, may preclude a subsequent user from registering a confusingly similar variant thereof, or from using that

mark altogether, if it can be shown that members of the public would likely be confused between the marks as a result.

Moreover, anyone can ultimately oppose an application for federal registration with the PTO on the belief that his or her own interests are likely to be adversely affected by the registration of the application's mark. Nevertheless, the chances of falling prey to such pitfalls will be greatly diminished by conducting proper due diligence prior to filing a new application in the PTO or advising a client that she may freely use a proposed trademark in commerce.

Conducting a comprehensive search of pending trademark applications, existing registrations and other third-party uses will serve to protect not only the client's interests, but the attorney's as well. The attorney's ability to make sophisticated decisions as to use and registration, as well as to get a better idea of the potential risks associated with the use of a particular designation, will allow an attorney to more effectively address issues that may arise before *and* after spending the client's money to prosecute an application in the PTO.

If all goes well, by the time an application is submitted to the PTO, it is unlikely that there will be many other surprises down the pike. The attorney will have consulted with the client about the details of her business plans, scrutinized and compared every clearance report entry in its entirety to the client's proposed use, and prepared a thorough, written opinion outlining foreseeable obstacles to use and registration for the client's review. The client, having collaborated with the attorney to ensure that responsive results have been included in the body of the clearance report, now understands the implications of filing an application and advancing the use of her trademark in the commercial forum. ■