
Trademark Searches

Making Sure You Actually Own Your Brand

By Arnold Winter

Imagine investing a great deal of time, money, and effort to acquire a **key asset** for your business that turns into a legal and business nightmare. What if you could have avoided such a fiasco by getting some basic legal help upfront?

Trademarks and service marks are among the most valuable assets in business today. Your clients or customers know your products or services through the marks with which you brand them, and your reputation in your market is established mainly through your marks. Essentially, “trademarking” your products or services is what you do to distinguish them from those of your competitors and to create name recognition for yourself.

However, it could end up costing your business dearly if it turns out that you are actually infringing marks already owned by other individuals or companies. Selecting trademarks and service marks without first undertaking proper trademark clearance searches is like buying a home without first doing a title search. Without a title search, you might discover only after you’ve bought the property that your title is worthless or impaired because someone other than your seller actually owns the property or has some legal claim against it.

For example, if you’re launching your own line of soft drinks, you wouldn’t call it “Pepsi” or “Coke” because you know that you’ll be getting nasty letters from the companies that already own those marks. Similarly, you wouldn’t call your new computer company “IBM” or “Microsoft,” or use the slogan “Just Do It!” in promoting your own line of sneakers. You know that you’d just be asking for trouble.

Aside from famous marks like the ones just mentioned, dozens, hundreds, or even thousands of trademarks and service marks might already be in use in any given line of business. Those other businesses may have legal rights in their marks that they might protect by taking legal action against any interlopers. Therefore, in selecting marks for your own business without first doing a trademark search, **you might be exposing your business to potentially costly claims of trademark infringement.**

It would not matter that you weren’t aware of the other marks. *Ignorance is not a defense against a claim of trademark infringement.* You might think that a mark you’re considering is unique and effective, but if it’s similar enough to a mark in which someone else already has established legal

rights, then whether or not you were aware of that other mark, you are treading on thin ice.

A proper trademark search conducted as early as possible with the help of an experienced trademark lawyer can go a long way toward reducing these potentially costly risks to your business.

WHAT IS A “TRADEMARK” ANYWAY?

In a nutshell, “trademark” is the term used under trademark law for those letters, words, designs, logos, slogans, and similar devices that businesses use to brand and market their goods and services. Unique marks create name recognition in the marketplace and enable a business to distinguish itself from its competitors. IBM, MICROSOFT, PEPSI, COCA COLA, MCDONALDS, BURGER KING, and JUST DO IT! are all examples of well-known marks.

If certain requirements are met, you can establish and claim **legal ownership rights** in your marks. Just as the law protects you against anyone who might trespass on your real property or steal your belongings, you can take legal action against someone who infringes your trademark rights.

Legal action might be necessary, for example, if the infringer is hurting your business by sowing confusion in the marketplace, or trading on your good name and reputation. By the same token, just as you might rent space in your building to tenants in exchange for rent, rights in marks are also often licensed out in exchange for royalties and other business benefits. This assumes, however, that the licensor has solid legal title to the marks based on the fact that they’re not likely to infringe someone else’s rights. Anything else would leave you with a bunch of extremely unhappy licensees.

In short, trademarks and service marks are valuable business assets, especially if their owners have established proprietary legal rights in them under trademark law. Thus, it’s important that you protect your marks as much as possible. At the same time, it’s equally important that your marks don’t conflict with anyone else’s legal rights.

Under the governing principles of trademark law, conflicts between marks are generally resolved in favor of the mark that came first in time. That’s why you risk committing trademark infringement by selecting a mark that might be similar to a mark that someone else already owns.

Incidentally, “trademarks” are marks used with goods, while “service marks” are marks used with

services. For most trademark law purposes, however, there really isn't any difference between the two. Therefore, whether we say "trademark," "service mark," or simply "mark," the legal principles, implications, and risks are the same.

PROTECTING YOUR BUSINESS THROUGH TRADEMARK SEARCHES

Trademark law does not expressly require clearance searches. Nevertheless, the **possible consequences of infringing someone else's trademark rights**, hence, the potential cost to your business of foregoing proper trademark clearance searches, may be catastrophic.

As stated in *Trademark Searching*, a book published by the International Trademark Association: "To launch a new product, service, or business without first conducting a [trademark] search is to flirt with commercial disaster." Why? Well, here's what can happen:

- Instead of focusing on your business, you now have the considerable expense and distraction of dealing with the legal action brought by the other trademark owner.
- If you're forced to stop using your mark, you've wasted all the time, money, and other business resources you've invested in developing and promoting the mark and establishing your brand. Think about all the marketing you may have done, all the promotional and packaging materials you've created, and all the advertising you may have bought.
- Giving up your mark means that you lose all the benefits of name recognition and goodwill associated with your goods or services through the mark. Just imagine having to stop using the marks through which your clients and customers have come to recognize your products or services! Assuming you even have the resources to start over, you'll now have to start your branding efforts from scratch.
- If your mark is also the address of your business web site, you may have to give up that web address. This means that your clients, customers, or prospects will no longer find you at that address, and you'll have to inform everyone of the change if you start using a new web address. Related to that, you'll also have to change all the e-mail addresses (and business cards and other materials that display them) that you and your employees have been using if those e-mail addresses are based on the web site address that you now have to give up.
- In the end, you may not only owe the other trademark owner damages for trademark infringement (which could be trebled in certain circumstances) but perhaps also be ordered to pay the

other owner's attorney fees and other expenses incurred in bringing the action against you.

To minimize these risks, proper trademark clearance searches should be done as early as possible, preferably as soon as you start thinking about a mark that you want to use to market your products or services. The potential cost of these risks to your business far outweigh the relatively minor expense of a proper trademark clearance search.

Remember: Ignorance of someone else's existing trademark rights is no defense. And once you're in business, you'll be attracting not only the attention of people you want to reach but also of competitors who might feel that you're violating their trademark rights.

In that regard, just because a certain name was available in your state as a corporate or fictitious name, that has nothing to do with whether or not it is also available as a trademark or service mark. So make sure that your lawyer is also looking at the trademark issues in helping you select a name for your business.

OTHER BENEFITS OF TRADEMARK SEARCHES

In addition to reducing the risks mentioned above, trademark searches can also benefit you in a variety of other ways:

FIRST: A proper trademark search will help you assess whether you might run into problems if you want to federally register your mark with the Patent and Trademark Office (PTO) and will enable you to decide on an informed basis whether to proceed with an application.

The PTO currently charges a basic application filing fee of \$335 per International Class—and you'll be paying some multiple of that amount if the range of your goods or services requires you to file for more than one so-called International Class ("International Classes" come from the classification system that the PTO uses to classify goods and services). Added to that expense may be additional fees plus the cost of legal services. Altogether an application for federal trademark registration can cost you upward of \$1,000. And it generally takes about one to two years before you'll really know whether or not the PTO will grant your application.

Potential problems that you might run into during this process (and that a trademark search can help anticipate) include:

- A **refusal of registration** by the PTO on the grounds that the mark resembles one that's already registered;
- **Opposition actions** brought by other trademark owners against the registration of your mark.

Neither event is necessarily fatal to your application. Refusals to register can often be overcome by responding to the PTO's objections. Likewise, you might prevail in an opposition action. Nevertheless, these events can significantly increase your expenses and the time it takes to get the registration.

And even if the PTO grants your application and registers your mark, **other trademark owners can still petition the PTO to cancel the registration.** Here, too, you might be able to prevail in the end, but perhaps only at a significant cost.

A proper trademark search done before you apply for federal registration can help you assess these risks and lets you make decisions about your branding and marketing on an informed basis.

SECOND: Potential business partners such as investors, lenders, and licensees might require proof of proper searches before doing business with you.

If you haven't already done clearance searches on your marks, your chances of getting that funding or making that business deal might be delayed or even derailed. Moreover, you might also be risking legal claims against you by your investors or licensees if something goes wrong down the road.

More specifically, just as mortgage lenders require title searches and proof of title insurance before lending you money to buy a home, your outside business investors or lenders will ask you whether you conducted trademark clearance searches before adopting your marks (especially if you want to use your marks as collateral).

Likewise, if you'll be licensing your marks in exchange for royalties or other business benefits, your licensees will expect you to guarantee contractually that you have good legal title to the mark. You might also be required to agree to back up your guaranty with a promise to protect your licensees against any lawsuits for trademark infringement brought by third parties.

Proper trademark clearance searches will prepare you for due diligence by potential business partners. At the same time, searches will let you assess the risks to you in making contractual concessions in a business deal and let you decide whether you're willing to bear those risks in exchange for the benefits you get from the deal.

THIRD: Though searches are not required by trademark law, failing to conduct a clearance search before using a mark can make it much harder to defend against a subsequent claim of infringement...or to take legal action against possible infringers.

For example, courts sometimes find that trademark infringers acted in **bad faith** in *proceeding with a mark without first doing a trademark search*. This can then be grounds for the court to order the infringer to pay not only the trademark owner's regular damages but also lost profits *and* the costs and legal fees that the owner incurred in taking legal action. Having done a trademark search, and having relied on the advice of counsel before adopting a mark, will go a long way to staving off such a finding of bad faith.

In fact, findings of bad faith because of not doing a trademark search before selecting a mark have also been a factor in resolving **Internet domain name disputes**. In at least one such case, the defendant had failed to do a trademark search before federally registering a mark. The mark was also used as an Internet domain name. The panel that decided this case ruled that this domain name infringed the plaintiff's trademark rights. The panel also ruled that by failing to do a trademark search, the defendant had demonstrated bad faith. Therefore, the panel ordered the defendant to transfer ownership of the domain name to the plaintiff.

By the same token, if you find yourself having to take legal action against **infringers of your own mark**, having done a trademark search before adopting your mark will strengthen your legal position. For example, the mere fact that you did the search may convince the court that you always treated your mark as a valuable business asset worthy of legal protection.

FOURTH: Trademark searches can uncover useful business and competitive intelligence about other players in your line of business.

For example, search results will identify other companies by name and location and provide information about their actual and intended business activities. Though this information might not be complete because of the focus on trademark use, it can serve as a starting point in giving you some idea of who else is out there and what they're doing. Along these lines, it might also make you think about additional products or services that you might want to offer in your own business.

FIFTH: If you're searching a mark that you're already using in your business, trademark searches can uncover infringements of your trademark rights by others, especially if you conduct such searches on a regular basis as part of your policing efforts. Not taking action against such infringers might otherwise weaken your own legal rights under trademark law and thus jeopardize the legal foundation of your branding and marketing.

DOING A TRADEMARK SEARCH

THE TWO-STEP APPROACH TO SEARCHING

Trademark searches are usually done in two steps. The main reason for this is to minimize costs. The first step is a so-called **federal “knock-out” search**. The second step is an **expanded search**.

FEDERAL KNOCK-OUT SEARCHES: So-called federal knock-out searches are limited to the records of the PTO and only cover marks that are currently registered with the PTO (or for which a pending application for federal registration is on file). Consequently, **a federal knock-out search only addresses the risk that the PTO might refuse to register your own mark on the grounds that it resembles a mark that’s already federally registered.**

EXPANDED SEARCHES: When is it worth paying for a so-called “expanded search”? That depends mainly on the outcome of the federal knock-out search.

If a federal knock-out search already indicates that it would be risky to proceed with the mark in question, then incurring the additional expense of an expanded search wouldn’t make any sense. Instead, it might be better to abandon the mark and possibly consider an alternative mark.

If, however, the federal knock-out search does *not* indicate a risk, then the knock-out search should be followed up with an expanded search.

What are the benefits of an expanded search? For that, we need to dig deeper into the principles of U.S. trademark law: Federal registration is *not* a necessary condition for acquiring enforceable legal rights in marks. For one reason or another, many owners of marks may not have federally registered their marks. Nevertheless, these unregistered marks can still cause problems for you.

Remember, meanwhile, that federal knock-out searches are limited to the records of the PTO. These records cover only federal registrations and pending applications for federal registration but exclude the whole universe of unregistered marks.

Unregistered marks are found only through expanded searches. Expanded searches go beyond the records of the PTO by drawing upon such sources of information as trade and telephone directories, trade name listings, catalogs and buyers’ guides, trade publications, newspapers, magazines, and other media outlets, and, of course, the Internet.

In short, **expanded searches address the risk that someone with legal rights in an unregistered mark could take legal action against you.** In many lines of business, unregistered marks often far exceed

the number of registered marks. Thus, conducting an expanded search as a follow-up to a federal knock-out search generally is well worth the cost.

USING THE RIGHT TOOLS FOR THE JOB

The quality and reliability of trademark searches depends heavily on two factors: *First*, the experience and skill of the investigator, and *second*, the nature and scope of the sources of information used in the search. Thus, a **word of caution:** *relying merely on the Internet in general and the specific search tools at the PTO’s web site will not give you sufficiently comprehensive results for assessing your legal and business risks under trademark law.*

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THE INTERNET: While the Internet generally is an excellent source of business intelligence, relying on a search done with Google or some other search engine is not enough to determine the availability of a trademark or service mark and to assess risks and draw conclusions under trademark law.

FIRST: Many trademark owners may not even be on the Internet.

SECOND: Even if any trademark owners relevant to you can be found on the Internet, the information that happens to be online may be incomplete, outdated, or even misleading.

THIRD: As effective as Internet search tools are for many other purposes, they do not index the information in cyberspace based on trademark law principles. Keep in mind that for trademark risk assessment purposes, we’re not searching so much for business names and other general information but for specific “uses” of marks in connection with certain goods or services as defined by trademark law. This type of legally relevant information simply cannot be found through a typical Internet search in a sufficiently systematic and comprehensive manner.

FOURTH: Information found on the Internet may not be current. Therefore, to the untrained eye, an Internet search might suggest that a mark is already owned by someone else while, in fact, it’s not (or no longer).

Overall, relying solely on the Internet for a trademark search would be like making sure that a real estate seller actually has good legal title to the property by checking whether or not the seller is listed under that address in the phone book.

THE PTO’S WEB SITE: Along these lines, as useful as the search tools at the **PTO’s web site** (www.uspto.gov) can be in certain situations, they will provide incomplete and unreliable results for trademark clearance purposes.

The main reason is that the PTO's web site will only give you results that exactly match the letters and words used in the search. Meanwhile, missing close variations on your mark can have severe consequences. That's because under trademark law, *your mark can still infringe an already existing mark even if the two marks are not complete identical*. So if you don't adequately search for variations of your own mark, or if you fail to search a sufficient range of possible variations, you could end up missing potentially relevant marks in assessing your legal and business risks.

For these reasons, proper trademark searches (including federal knock-out searches) are best obtained through **specialized commercial service providers**. These companies have access to a wide array of databases and other sources of information, both public and proprietary. Furthermore, they employ tried and true methods and specialized capabilities that are grounded in the intricacies of trademark law. Any other approach simply is not cost effective—and risky to boot.

Note, however, that commercial search companies are *not* in the business of giving you legal advice. Meanwhile, conducting and analyzing trademark searches involves assessing your legal rights, risks, responsibilities, and options under trademark and related areas of law. Therefore, always get the help of an **experienced trademark attorney**.

WORKING WITH AN ATTORNEY

Should you hire an attorney to help you with your trademark search? The short answer is: **Yes!**

Even if you use the best commercial trademark search company out there, the results you get depend in large part on how the search is framed. "Garbage in, garbage out." The search company only takes whatever information you give them and doesn't actually help you frame the search. Moreover, the search company only provides you with raw data but not any analysis or interpretation that you would need to fully assess your risks and opportunities.

Keep in mind that the decisions you make about your marks can make or break your business. To that end, framing the search so that you'll receive sufficiently meaningful and reliable results, and interpreting the data for purposes of making informed business decisions, requires not only a **solid**

grounding of trademark law but also an **objective understanding of your business goals and strategies**. Only an attorney working on your behalf and representing your interests can provide that understanding, perspective, and guidance.

So how would an experienced trademark attorney help you with your trademark searches?

First of all, make sure your attorney understands your business and your objectives and strategies. This includes discussing how your marks fit in with your marketing and selling activities. In fact, your attorney might even be able to help you identify potential marks you have (but might not be aware of) that could be worth protecting and turning into valuable business assets.

Your attorney will then discuss with you whether your marks would, in fact, even qualify for trademark protection in the first place and possibly help evaluate alternative marks. The attorney will then order the necessary trademark searches based on your input. Once the search results are available, the attorney will review and analyze them, forward them to you with an opinion letter, and be available for further discussion and explanations.

This basic process will provide you with the information you require to make the decisions you need to make about the use of trademarks and service marks in support of your business and marketing strategies.

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In sum, trademark searches can help put your marketing on a solid legal footing. **Image** and **reputation** are important in any business, and marks that represent how your products or services are regarded in your market are **valuable business assets** that should be adopted only with great care. Considering the business value of branding in general, and the potentially catastrophic downside to infringing someone else's trademark rights, a proper trademark search done early on with the help of an experienced attorney is well worth the cost.

*To discuss any specific questions about trademarks or related legal matters, please call **Arnold Winter** at (610) 891-6910. For more information about our legal services, please visit www.LawWinter.com.*

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