

THE DAILY RECORD

WESTERN NEW YORK'S SOURCE FOR LAW, REAL ESTATE, FINANCE AND GENERAL INTELLIGENCE SINCE 1908

IP FRONTIERS

Filing a federal trademark application – it's easy, right?

You are incorporating a business for one of your clients and have several corporate names rejected by NY State Department of State because they are “indistinguishable” from a pre-existing corporate name. Eventually, you get one through. Success! Your client then makes substantial investments on advertising, marketing, signage, state licenses and a website, using its corporate name as its trademark.

Six months go by, business is booming. Your client asks you to file a federal trademark registration with the United States Trademark and Patent Office. You go to the USPTO website, fill in the form, and hit “Validate.” Success again! A few weeks later, your client gets a letter from someone in Arkansas demanding it change its name, abandon its federal trademark application, destroy all marketing materials, advertising, packaging, and change its website.

If this scenario does not sound familiar, it's only a matter of time. By its nature, adopting and filing a trademark application with the USPTO without knowing the ins and outs of trademark law is risky and subject to a variety of unknown errors. Luckily, with experience, these risks and errors can be mitigated before your client commits significant resources and money to its proposed trademark.

Filling in the online application is easy – what's the issue?

In the late 1990s, the USPTO began accepting federal trademark applications online. The USPTO's e-filing system is a fairly simple process, created with the goal of making the trademark application process user-friendly and more widely available to non-attorney (pro se) applicants.

Now, anyone with a credit card can file a federal trademark application over the Internet. I agree, the USPTO's e-filing application itself is easy and deceptively straightforward. And, yes, counseling a client on the selection of a trademark can be straightforward. But, before your client pays the \$275-325 non-

refundable USPTO filing fee, consider the benefits of using (or at least consulting with) an experienced trademark attorney.

To be successful, a trademark application requires more than culling information from your client and inserting it into a form. More often than not, the issues involve tough calls, strategic decisions and many factors that must be considered. When these factors are ignored in the beginning, mistakes may not be discovered until it is too late and correcting the error(s), if even possible, can cause significant legal bills.

A 2013 study, *Do Trademark Lawyers Matter?*, 16 Stan. Tech. L. Rev. 533 (2013) (<http://stlr.stanford.edu/pdf/dotrademarklawyersmatter.pdf>), examined the impact of “experience” for trademark applications filed between 1984-2010. The study measured “experience” by the number of times an attorney had filed a trademark application.

The authors found that using an experienced attorney to prepare and file a federal trademark application resulted in a 46 percent increase over the success rate for inexperienced pro se applicants (57 percent vs. 83 percent), which included applications filed

directly through the USPTO by the applicant and via a third-party service such as Legal Zoom.

The study also found using an experienced attorney resulted in a 22 percent increase over the success rate for inexperienced attorneys (68 percent vs. 83 percent), and when comparing the success rate for experienced non-attorney applications with experienced attorney-filed applications, the difference all but disappears (81 percent v. 83 percent). Similarly, the success rate for inexperienced attorneys (68 percent) was only 1 percent greater than the success rate for moderately experienced pro se applicants, and experienced pro se applicants had much higher success rates than inexperienced attorneys (68 percent) and moderately experienced attorneys (74 percent).

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Common mistakes

Some of the most common mistakes in selecting and applying for a trademark (whether pro se or with a non-trademark attorney) include:

1. No search for confusingly similar mark. A previously registered trademark does not have to be identical to a proposed trademark to prevent its use, it only need be “confusingly similar.” This vastly differs from a corporate name availability search with the DOS and is often not understood.

Before filing a trademark application with the USPTO, an experienced attorney can provide counsel regarding the trademark, recommend whether to file a trademark application and its likelihood of success. Again, the standard is not identicality. The risks of not performing an appropriate trademark search are great and can trigger cease and desist letters, trademark oppositions, or even federal civil actions against a trademark applicant. In other words, sometimes it may be better not to apply for federal registration.

2. Intent to use applications. An Intent-To-Use application is one in which the owner of the trademark application has not yet used the trademark in interstate commerce but instead has a bona fide intent to do so. ITU applications have their own unique pitfalls.

(a) Once an ITU application has been allowed, the applicant still needs to file a Statement of Use within a 6-month window. The USPTO does not send out “warning” letters if you miss deadlines. Without a trademark docketing system, applicants and attorneys often let deadlines for Statements of Use or extensions go by. This is not a trivial matter — if you miss this date, you need to start all over again, pay another fee, lose your filing date, etc.

(b) You cannot “warehouse” or reserve a trademark without a good faith intent to use it in commerce. If an applicant attempts to do so and/or lacks documentary evidence (e.g. R&D, internal branding activities, marketing, etc.) establishing it had a bona fide intent to use the mark in commerce when it filed the application, the trademark registration is subject to cancellation down the road. Similarly, if the description of goods or services is too broad, it eventually could cause cancellation.

(c) Generally, ITU applications cannot be assigned. In a recent decision issued by the Trademark Trial and Appeal Board, *Central Garden & Pet Company v. Doskocil Manufacturing Company, Inc.*, (TTAB, 8/16/13), the board cancelled a U.S. trademark registration based on an ITU application improperly assigned to a related company prior to filing an allegation of use. Because the related company was not the successor of the origi-

nal applicant's entire “ongoing and existing business,” the assignment violated the Lanham Act and the registration was invalid.

3. Maintenance/foreign filing deadlines. After a trademark registers, it is not uncommon for a company to file the Certificate of Registration away and forget about it. To maintain a registration, however, several post-registration requirements need to be addressed.

Within the fifth and sixth year after registration, an affidavit of continued use must be submitted with a fee — otherwise, the registration will go abandoned. Similarly, a trademark can become “incontestable” if certain post-registration requirements are met, and registration must be renewed every 10 years. There also are foreign filing deadlines that must be met for a trademark owner to claim priority of use in foreign countries. Failure to timely satisfy the above deadlines results in the forfeiture or loss of certain rights. However, these dates are often missed.

4. State Approval vs. Federal Trademark Registrations. According to the NYS DOS website, “a finding that the name is available is not an approval of the name by the Department of State and is not a determination that the proposed name satisfies any particular requirement of law. No expenditure or other commitment should be made in reliance upon the availability of a name.”

Said another way, obtaining a corporate name does not protect against others using the same name or grant a right to use the name in commerce. Another common error, state incorporation papers or filings do not comprise “a date of first use” in commerce for trademark purposes. There must be use as a trademark; a corporate name is not synonymous with trademark use.

Also, while a state trademark registration may suffice for some clients, a later-filed federal trademark registration can preempt an earlier-filed state registration for the same or similar trademark. In this situation, the state registered mark will be limited to use within the geographical areas when the federal application was filed. In contrast, a first-filed federal registration will always trump a later-filed state registration.

5. Common errors made when filling out trademark applications

- Filing a trademark that is too descriptive (not registrable) rather than “suggestive” (registrable). Many clients adopt a trademark that describes the goods they sell or business they conduct. This may be good for marketing a new business, but a merely descriptive term or name cannot be a trademark.

- Filing in too many (or too few) international classes (at \$275-325 each).

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- Not understanding what trademark to apply for (e.g. the entire logo, just the design, the words alone, or all three) and/or the implications related thereto. Should it be in a specific font and/or in color, or black and white? What protection is broader, and what are the risks of filing for a broader trademark?

- Selecting an improper filing basis or submitting an improper specimen.

- Assuming a trademark application can be “amended” after it is filed.

- Not realizing a federally registered trademark must be used in interstate commerce.

- Improperly drafting a description of the goods and/or services. The USPTO has strict requirements regarding what is acceptable. Also, sometimes a cleverly drafted description can avoid §2(d) and/or §2(e) rejections.

- Filing a use-based application without having the right specimens to establish “use” —ultimately this can be fatal to an application and you will need to start all over.

- Errors in the drawing: the trademark must be properly depicted on the “drawing page” submitted with the application. It cannot be amended in any material respect, even if the error is obvious.

6. Trademark online services. There are as many online non-attorney trademark filing services as websites offering to incorporate a business for free in minutes. Start-up companies and individuals must minimize legal fees where they can, so these services are tempting. They cannot, however, practice law or offer trademark advice. They cannot even file the trademark applications for the applicant.

Instead, they merely type answers into the USPTO online forms — exactly what a pro se applicant would do if it went to the USPTO website itself, and then the applicant files the appli-

cation. They also cannot represent you or respond to the USPTO’s rejections or inquiries. Many of our clients have used these services, and then come to us to fix what has been done — but it can be at great cost.

What is at risk?

Before filling in the forms and clicking “validate,” remember there is no one size fits all for trademarks. The simplicity of the USPTO online forms has instilled a false sense of ease and makes it tempting to “do it yourself” without seeking advice from an attorney familiar with trademark law and prosecution. Although the application process can be simple, it can also be complex depending on the proposed trademark, competitors and industry.

A trademark owner may save money up front, but then spend more time and money fixing or re-filing a trademark application down the road. An attorney familiar with trademark law and the application process can help determine if a proposed name or logo qualifies for trademark protection, assist in selecting a strong, protectable trademark, assess the potential for conflict with previously registered marks, and help plot a course through the particulars of the trademark process. Once filed, experience also makes it easier to move through the application process and overcome obstacles such as office actions and opposition proceedings. According to the 2013 study cited above, applicants increased the likelihood of moving their application towards allowance by 30 percent if they hire an attorney experienced in trademark prosecution after receiving an office action from the USPTO.

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