

# Trademarks



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# Trademarks 2016

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# United States

Catherine Holland, Lynda Zadra-Symes, Jeff Van Hoosear and Jonathan Hyman

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## 1 Ownership of marks

### Who may apply?

An application may be filed by any person or legal entity that uses or intends to use a mark in connection with goods sold or distributed, or services transacted, in United States commerce. The owner of the mark shall be deemed to have used the mark in United States commerce if it has affixed the mark to the goods or packaging for the goods that have been shipped across states of the United States or international borders, or if it has used the mark in materials advertising the services in the United States. A trademark owner may file an application based solely or in part on its use of the mark, or intent to use the mark, on goods and services offered by its licensees, as long as the trademark owner controls the quality of the goods and services being offered by its licensees. Trademark owners may also file applications to register their marks in each of the 50 states, if they have used their mark on goods and services within that state.

## 2 Scope of trademark

### What may and may not be protected and registered as a trademark?

Anything that identifies and distinguishes the source of goods and services may be protected under the common law and registered as a trademark on the Principal Register in the United States. Protectable and registrable trademarks can include words, phrases, symbols, designs, colours, shapes, sounds, smells and trade dress. Trade dress refers to the design or packaging of a product. The burden is upon the trademark owner to prove that the claimed mark serves to identify the source of the goods, and is not merely descriptive, functional or ornamental. The burden is higher when the claimed mark is trade dress or 'non-traditional', for example, a colour, shape, sound or smell. If a trademark owner cannot meet its burden of showing that the claimed mark would be viewed by the public as identifying the source of the product, it may be possible for the owner to obtain a supplemental registration for its mark. Once the trademark owner has used and advertised the claimed mark sufficiently so that it can prove that it has acquired trademark significance, it can re-apply for a registration on the Principal Register.

Trademarks are registrable in the United States as long as they function to identify source, and as long as they are not prohibited by statute. The Lanham Act prohibits the registration of marks on the Principal Register if they:

- are immoral, deceptive, scandalous, disparaging or falsely suggest a connection with persons, institutions, beliefs or national symbols;
- are coats of arms, flags or other insignia of the United States or a state or municipality;
- are the name, portrait, etc, of a living individual;
- resemble a mark registered in the Patent and Trademark Office by another and are likely to cause confusion; or
- are merely descriptive or deceptively misdescriptive or primarily geographically descriptive or geographically deceptively misdescriptive, merely a surname or functional.

## 3 Common law trademarks

### Can trademark rights be established without registration?

Trademark rights in the United States are established by use of the trademark in commerce. The senior user of an unregistered trademark may protect and enforce its common law rights in the geographic area in which it is using its mark. The trademark owner may also enforce its common law rights in the geographic area that would be considered a reasonable zone of expansion for its use of its mark. A trademark owner may receive both monetary damages and equitable relief under the common law. It can enjoin junior users from using a confusingly similar trademark. While it is not necessary to register a trademark, federal registration does provide significant procedural advantages and statutory rights.

## 4 Registration time frame and cost

### How long does it typically take, and how much does it typically cost, to obtain a trademark registration? What circumstances would increase the estimated time and cost of filing a trademark application and receiving a registration? What additional documentation is needed to file a trademark application?

In the simplest, best-case scenario, a federal registration will issue approximately 12 months from the date of filing the application. If the application includes only one international class, the United States Patent and Trademark Office (USPTO) issues no office actions or requests, only very minor amendments and no one files an opposition, the cost could be as little as US\$2,000, inclusive of the government filing fee.

It is unusual to have a 'best-case' scenario, and it often takes longer and costs more to obtain a federal trademark registration. Several factors influence the prosecution time and cost: the type of mark, the basis or bases of the application, the quantity and description of the goods and services included in the application, how long it takes the applicant to use the mark on all of the goods and services in the application, how the client uses the mark on the goods and services and the ease with which acceptable specimens of use can be produced, the number and nature of office actions issued by the USPTO and the sophistication of the applicant in dealing with all of these issues. There are additional delays and costs if the applicant conducts an availability search before filing the application, or if the application is opposed by a third party.

An 'average' application in one class, with one or two office actions and no undue delays caused by the applicant's failure to use the mark on the goods and services, may cost US\$2,500 - US\$5,000 and take approximately two years. A long difficult prosecution of a multi-class application, without an opposition, can take five or more years and cost \$5,000 - US\$10,000. An opposition can add significant additional time and cost.

To begin the application process, the applicant submits an application to the USPTO. The applicant may file the application directly, or use a licensed US attorney. If the latter, it must submit a power of attorney authorising the attorney to prosecute the application on its behalf.

## 5 Classification system

**What classification system is followed, and how does this system differ from the International Classification System as to the goods and services that can be claimed? Are multi-class applications available and what are the estimated cost savings?**

The United States uses the International Classification of Goods and Services established by the Nice Agreement. The USPTO often requires that goods and services in a US trademark application be described with greater specificity than is required in the International Schedule of Classes. To assist applicants, the USPTO publishes a manual of Acceptable Identification of Goods and Services at [www.uspto.gov](http://www.uspto.gov).

Multi-class applications are available in the United States. There is no difference in the amount of government filing fees that an applicant must pay to file a multi-class application versus filing separate applications for each class of goods or services. If the applicant is using a law firm to file the application, the professional fees charged to file a multi-class application may be somewhat lower than the cost to file separate applications, because of the efficiencies resulting from filing one application.

## 6 Examination procedure

**What procedure does the trademark office follow when determining whether to grant a registration? Are applications examined for potential conflicts with other trademarks? May applicants respond to rejections by the trademark office?**

After the USPTO determines that the minimum filing requirements have been met, the application is assigned to a trademark examining attorney for review. This initial review generally occurs within the first four months after filing. During this review, the examining attorney will search the USPTO records to determine if there is likelihood of confusion between the applicant's mark and the marks in any prior applications or registrations. The analysis of likelihood of confusion would be made in light of the goods and services offered in connection with each mark. The Examiner may also perform other searches to determine if a mark is a term of art or is otherwise generic. The examining attorney will review the application, the drawing, the list of goods and services, and any specimens submitted by the applicant showing use of the mark.

After examination, the examining attorney may issue an 'office action.' The office action will describe any substantive reasons for refusal and any technical or procedural deficiencies in the application, for example, an unacceptable description of the goods or services. The applicant will then have six months in which to file a response. The Examiner may issue subsequent office actions to which the applicant must also respond. The number and nature of office actions can vary widely and comprise the 'prosecution' of the application.

If the examining attorney does not issue an office action, or if the applicant overcomes all of the issues raised in the office action, the mark will be approved for publication. Any party that believes it will be injured by registration of the mark has 30 days from the publication date in which to file an opposition. If no one opposes the application, a registration will issue in approximately three months for applications based upon the actual use of the mark in commerce, on a foreign registration under section 44 of the Trademark Act or on an extension of protection of an international registration to the United States under the Madrid Protocol.

If the application was based on an intent to use, a notice of allowance will be issued, and the applicant must submit a declaration and proof that it is using the mark before the registration will be granted.

## 7 Use of a trademark and registration

**Does use of a trademark or service mark have to be claimed before registration is granted or issued? Does proof of use have to be submitted? Are foreign registrations granted any rights of priority? If registration is granted without use, is there a time by which use must begin either to maintain the registration or to defeat a third-party challenge on grounds of non-use?**

The filing basis of the application and the domicile of the applicant determine whether or not use is required to obtain a registration. For 'intent to use' applications filed under section 1(b), evidence of use does not have to be submitted at the time of filing. If the sole basis of the application is

section 1(b), however, evidence of use will be required before a registration will issue.

Applications can also be filed based on actual use under section 1(a). These applications require evidence of use at the time of filing.

There are two other filing bases, which are generally reserved for foreign applicants – section 44 and section 66. Pursuant to the Paris Convention, section 44(d) permits a claim of priority from a foreign application if the US application is filed within six months of the filing date of the foreign application. The applicant must then either 'perfect' the section 44 basis by filing a copy of the foreign registration (a certified copy is not required) or submitting evidence of use under section 1(a). The applicant will receive the priority filing date no matter which method it uses to perfect the section 44 basis.

If the applicant submits its foreign registration to perfect its filing pursuant to section 44(e), it can obtain the US registration without submitting evidence of use.

Section 66 is the filing basis for extensions of protection under the Madrid Protocol. Section 66 applications do not require evidence of use.

Although an applicant can obtain a US registration based on a foreign registration or on an extension of protection under the Madrid Protocol without submitting proof that it is using the mark in US commerce, the applicant must still have a bona-fide intention to use the mark in US commerce. Its US registration could be vulnerable to attack if it cannot produce physical evidence demonstrating that it was taking steps to use the mark in the United States at the time it filed its application.

In addition, the applicant needs to use its mark in US commerce within three years after the registration issues, or the registration may be subject to cancellation by a third party. This means that a third party could bring a cancellation action against the registration on the ground that the applicant has abandoned the mark. These cancellation actions are often brought as a defensive manoeuvre by third parties when an applicant is attempting to enforce its rights and stop them from using an infringing mark.

To maintain the registration, the applicant must submit proof to the USPTO that it is using the mark in US commerce. This proof, which includes a sworn declaration, must be submitted between the fifth and sixth anniversaries of the issuance of the registration, and again at every 10th anniversary of the registration date.

One benefit of submitting evidence of use as a basis for obtaining a registration is that it often deters third parties from challenging the validity of a registration on the ground that the applicant did not have a legitimate intent to use the mark at the time of filing, the applicant did not begin using the mark within three years of registration or the applicant abandoned its mark. A use-based registration can also be used by an applicant to enforce its rights in the United States.

A registration based solely on a foreign registration, without the submission of evidence of use, can prevent the registration of confusingly similar marks by third parties. Without evidence of use of the mark in the United States, however, the owner of the registration will not be able to enforce its rights against third parties.

In some cases, it is possible to substitute a section 44(e) foreign registration basis after publication if it appears that there will be no use of the mark. While the US application will need to be republished, it could still be saved. This option is only available if the foreign registration is for the same mark and goods or services as the US application.

## 8 Appealing a denied application

**Is there an appeal process if the application is denied?**

Currently, a first office action is issued approximately four months after the application is filed. If an office action is issued, the applicant has six months to respond. If the applicant is unable to overcome the issues raised in the Office Action, the examining attorney will issue a final office action, again with a six-month response deadline. If a response is filed within three months of the issuance of a final office action, the examining attorney will review the response by the six-month deadline. This gives the applicant a 'second bite' at the apple and a chance to file a final response by the six-month deadline.

At the end of the six-month deadline for the final office action, the applicant can respond or file an appeal with the Trademark Trial and Appeal Board (TTAB). It is common to file a 'request for reconsideration' and an appeal, and the appeal is stayed, pending review of the request for reconsideration. If the examining attorney withdraws the issues based on

the request for reconsideration the application proceeds to publication and the appeal is moot.

If the issue is not resolved, then the appeal is instituted and the issues are heard by the TTAB. The TTAB is an administrative law court within the Trademark Office. The applicant submits an appeal brief and the examining attorney submits a brief. The applicant may submit a reply brief and request an oral hearing.

If the applicant is not satisfied with the decision of the TTAB, the applicant can appeal the TTAB's decision to the United States Court of Appeals for the Federal Circuit or a US District Court. In an appeal to the Federal Circuit, the case proceeds on the closed administrative record and no new evidence is permitted. In contrast, an appeal to the District Court is both an appeal and a new action, which allows the parties to submit new evidence.

## 9 Third-party opposition

**Are applications published for opposition? May a third party oppose an application prior to registration, or seek cancellation of a trademark or service mark after registration? What are the primary bases of such challenges, and what are the procedures? May a brand owner oppose a bad-faith application for its mark in a jurisdiction in which it does not have protection? What is the typical range of costs associated with a third-party opposition or cancellation proceeding?**

Applications on the Principal Register are published for opposition in the Official Gazette. The initial opposition period is 30 days, but can be extended for an additional 150 days. An application can be opposed prior to registration, and challenged after registration via a cancellation action.

Opposition and cancellation proceedings may be based on allegations that:

- there is a likelihood of confusion with marks owned by third parties;
- the mark is generic or descriptive;
- the mark dilutes the mark of another;
- the mark is scandalous;
- the mark has been abandoned;
- the applicant or registrant lacked a bona fide intent to use the mark; or
- the applicant or registrant committed fraud in procuring the registration.

After five years of registration, and with the filing of the appropriate documents to make the registration incontestable, a registration, typically, may not be challenged on the ground that another party had prior rights to the same or a confusingly similar mark.

An opposition commences with the filing of a Notice of Opposition. The Notice of Opposition must set forth the standing of the opposer and the grounds of the opposition. The grounds in an opposition against an application filed under section 1(a) actual use, section 1(b) intent-to-use, or section 44 foreign registration can generally be amended after filing. An opposition against an application filed under section 66 Madrid cannot be amended after filing.

A cancellation commences with the filing of a Petition for Cancellation. The Petition for Cancellation must set forth the standing of the petitioner and the grounds of the cancellation.

A brand owner may oppose a bad-faith application for its mark if it does not have a registration in the United States. However, the brand owner will need to show that it has used the mark in the United States, or that its mark is well-known within the United States.

An answer must be filed within 40 days. This deadline can be extended upon agreement of the parties. Such extensions are typical if the parties are exploring settlement.

The USPTO charges US\$300 per class for an opposition or cancellation. Attorneys' fees will vary depending on the attorney and complexity of the issues.

Applications on the Supplemental Register are published in the Official Gazette but are not subject to opposition. An application on the Supplemental Register can only be challenged in a post-registration cancellation action.

## 10 Duration and maintenance of registration

**How long does a registration remain in effect and what is required to maintain a registration? Is use of the trademark required for its maintenance? If so, what proof of use is required?**

A registration is valid for 10 years and must be renewed between the ninth and 10th year. Once renewed, the registration can be maintained indefinitely as long as the owner is using the mark and files the necessary renewal documents every 10 years. There is a six-month grace period to file the renewal. The renewal documents must contain a sworn declaration that the owner is using the mark and specimens showing how the mark is used in the United States in connection with the goods or services in each class. The specimens must show the mark as filed. In some cases, minor changes in the format of the mark may be permitted on the specimens. If there are any changes to the mark, it is highly recommended that the owner discuss the specimens with trademark counsel to ensure they will be accepted by the USPTO.

To maintain the registration, the owner must also submit a declaration of continued use (a section 8 declaration) and specimens proving use, between the fifth and sixth anniversaries of the registration. There is a six-month grace period to file the declaration of continued use. If the declaration of continued use is not filed, the registration will be cancelled. The requirements for this declaration and accompanying specimens are similar to those for the renewal declaration.

At the same time the section 8 declaration is filed, or at any time when there have been five years of continuous use in the United States, the owner can also file a section 15 declaration making the registration 'incontestable' except on limited grounds. A section 15 declaration is not required to maintain the registration, but can provide significant advantages to the registrant.

## 11 The benefits of registration

**What are the benefits of registration?**

A mark registered on the Principal Register enjoys several benefits. The registrant is presumed to have the exclusive right to use the trademark throughout the United States on the goods or services listed in the registration. The certificate of registration is prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.

Additional benefits include: only federally registered trademarks or service marks may use the ® symbol, a registered mark will be revealed in searches conducted by other businesses and may deter them from selecting infringing marks, the ability to record the mark with US customs to stop the importation of counterfeit goods, and the availability of certain damages, attorneys' fees and other remedies. Federal registration can also satisfy a prerequisite for registration and protection of certain marks in some foreign countries.

In addition to the Principal Register, the United States has the Supplemental Register. A Supplemental Registration is granted for marks that cannot be registered on the Principal Register (usually because of descriptiveness), but which are still capable of distinguishing the applicant's services through sufficient sales and advertising. Although registration on the Supplemental Register confers no substantive trademark rights beyond those obtained under the common law, it does provide some procedural advantages.

A Supplemental Registration may be cited by the USPTO against another's application for a confusingly similar mark either on the Principal or Supplemental Registers. A Supplemental Registration would be revealed in any trademark searches and could deter others from using or adopting infringing marks. The owner of a mark registered on the Supplemental Register is also entitled to use the symbol ® with its mark.

## 12 Licences

**May a licence be recorded against a mark in the jurisdiction? Are there any benefits to doing so or detriments to not doing so?**

Trademark licences may be recorded with the USPTO. Recording a licence has no statutory benefits. As the United States is a signatory to the

Singapore Treaty on the Law of Trademarks, there is no detriment for not recording a trademark licence at the USPTO.

### 13 Assignment

#### What can be assigned?

A trademark in actual use must be assigned with the goodwill of the trademark. The assignment can pertain to all or part of the goods or services. An application to register a trademark based on an intent to use the trademark cannot be assignable prior to either the filing of an amendment to allege use or the filing of a statement of use, except to a successor of the applicant's ongoing and existing business to which the trademark pertains. Such an assignment may require that certain tangible assets of the business also be transferred in order for the assignment to be deemed valid and enforceable.

### 14 Assignment documentation

#### What documents are required for assignment and what form must they take?

An assignment may be recorded with the USPTO. No formalities are required. The assignment document to be recorded must be in English or have a signed English translation. The assignment document must also be accompanied by a completed USPTO recordal cover sheet that details the relevant information regarding the assignment.

### 15 Validity of assignment

#### Must the assignment be recorded for purposes of its validity?

The recordation of an assignment document does not determine either the validity of the assignment document or the effect of the assignment as to the title of the applications or registrations assigned. However, recordation of an assignment at the USPTO within three months of the assignment is strongly recommended as any subsequent assignment will be void. In addition, as the USPTO will only accept filings to maintain a registration from the recorded owner of the registration, an assignment needs to be recorded for the registration to be maintained.

### 16 Security interests

#### Are security interests recognised and what form must they take? Must the security interest be recorded for purposes of its validity or enforceability?

A security interest document may be recorded at the USPTO to give a third party notice of an equitable or legal interest to the ownership of a registration. No formalities are required. It is also highly recommended to also record security interests with the appropriate state agency in order for it to be valid or enforceable against a third party.

### 17 Markings

#### What words or symbols can be used to indicate trademark use or registration? Is marking mandatory? What are the benefits of using and the risks of not using such words or symbols?

The designations <sup>TM</sup> (trademark) or <sup>SM</sup> (service mark) may be used to give notice of the rights claimed. No application or registration at the USPTO is required to use either of these designations.

Only a trademark that is actually registered with the USPTO may use the symbol ®. The registration symbol may be used with the trademark only in connection with the goods and services listed in the federal trademark registration. The phrases 'Registered in the US Patent and Trademark Office' or 'Reg US Pat & TM Office' may also be used for the same legal result.

While the use of the trademark registration symbol is not required, its use may be a deterrent to potential infringers. Further, use of the trademark registration symbol allows the registrant to recover certain damages without having to prove that the infringer had actual notice of the trademark registration.

### 18 Trademark enforcement proceedings

#### What types of legal or administrative proceedings are available to enforce the rights of a trademark owner against an alleged infringer or dilutive use of a mark, apart from previously discussed opposition and cancellation actions? Are there specialised courts or other tribunals? Is there any provision in the criminal law regarding trademark infringement or an equivalent offence?

There are no specialised trademark courts. Trademark owners can enforce their trademarks against alleged infringers by filing suit in state or federal courts. As the federal courts can issue broader remedies, including nationwide injunctions, most claims involving US trademarks are filed in federal court. The federal district court judges adjudicate both civil and criminal cases. Cases filed in state courts are often removed to federal court at the defendant's request. A trademark infringement suit may be filed in any federal district court that can properly assert personal jurisdiction over the defendant and is a forum in which a substantial part of the events giving rise to the claim has occurred.

Common causes of action in a complaint for violation of trademark rights under the federal Trademark Act (the Lanham Act) can be based on infringement of plaintiff's federally registered trademark and also on the plaintiff's unregistered, common law trademark rights (false designation of origin or unfair competition), dilution and false advertising. Additional claims can be asserted under state statutory and common laws against trademark infringement, unfair competition and dilution.

Available remedies sought typically include injunctive relief, monetary relief, cancellation of trademark registration, injunctions against importation, criminal penalties and declaratory judgments of non-infringement or invalidity.

Appeals of federal district court decisions in trademark infringement cases are taken to the relevant circuit court of appeals. Appeals from those decisions, and decisions of the Federal Circuit on appeal from the TTAB, may be heard by the US Supreme Court.

Administrative proceedings against infringing or counterfeit goods imported into the United States from abroad are available through the United States Customs and Border Protection Service (CBP) and the International Trade Commission (ITC).

The owner of a US trademark registration may record the registration with the CBP. The CBP has the authority to seize merchandise that is considered counterfeit or bears infringing marks that violate the registration. With regard to 'grey goods' or 'parallel imports' that bear the registered mark, importation bars may be available under certain conditions and where it can be proved that the goods are materially different from the goods sold in the United States under the same mark.

The ITC proceedings are instituted by filing a complaint with the ITC, which has its own rules regarding required elements of proof, discovery, hearings and conferences, and generally is a speedy procedure. An administrative judge is assigned to the case and recommends a decision to the ITC. In the event infringement is proven, all infringing merchandise is specifically denied entry into the United States. The ITC has no authority to award monetary damages and may only issue exclusion orders and cease-and-desist orders.

With regard to criminal proceedings, there are multiple federal statutes and corresponding state statutes that provide remedies for trademark infringement (particularly counterfeiting). These include the Federal Counterfeiting Act, federal mail and wire fraud laws and, in appropriate cases, the Federal Racketeering and Corruption Act. Remedies can include seizure and destruction of goods, fines, restitution and even imprisonment in appropriate cases.

### 19 Procedural format and timing

#### What is the format of the infringement proceeding?

After the complaint is filed in the Federal District Court or State Court, a copy of the complaint and a summons issued by the court is served on the defendant. The answer or other response to the complaint (such as a motion to dismiss) must be filed within a set period of time (21 days from service in Federal Court cases). Counterclaims can be filed at the time of the answer. Replies to counterclaims are then filed. Sur-replies and cross-claims may also be filed. Collectively, these are known as the pleadings, which may be amended or supplemented.



A trademark infringement plaintiff may seek an expedited remedy in the form of a temporary restraining order or a request for preliminary injunction. In such cases, the plaintiff must prove that it will be 'irreparably harmed' by the defendant's activities unless such preliminary relief is granted.

Unless otherwise limited by court order, the parties may obtain discovery regarding any matter that is not privileged and that is relevant to the claims or defences of any party. 'Initial disclosures' are exchanged early in the discovery period in which the parties must disclose the name and address of individuals likely to have discoverable information that the disclosing party may use to support its claims or defences (except for impeachment), and a copy or description by category and location of all documents, electronically stored information and tangible things that the disclosing party may use to support its claims and defences (except for impeachment). A privilege against disclosure attaches to attorney-client communications and attorney work product.

Depositions are permitted during discovery. Depositions may be taken of persons having knowledge of discoverable information who may be presented at trial or whose opinion will be presented at trial.

Summary judgment motions may be filed on some or all causes of action. Although summary judgment motions may be filed earlier in the case, most summary judgment motions are filed after some discovery has been taken. Evidence may be submitted with such motions in the form of declarations or affidavits under oath. Summary judgment is often granted when the court finds that there is no genuine issue as to any material fact.

If the case proceeds to trial, evidence is introduced through live testimony of witnesses. First, counsel for the party offering a witness directly questions the witness to elicit specific detailed testimony. Then opposing counsel is given the opportunity to cross-examine the witness on matters within the scope of the direct testimony. In trademark cases, the parties often present expert witnesses to testify on technical matters relating to infringement or dilution, such as survey evidence and marketplace evidence. Documents and physical items, such as product samples, may be received into evidence, usually through a witness.

Trademark infringement cases may be tried before a judge or jury, and either party may demand a jury trial. In a jury trial, the judge is responsible for deciding all disputed issues of law, and the jury is responsible for deciding all disputed issues of fact. In a trial before a judge only, known as a 'bench trial', the judge decides all disputed issues. However, there is no right to a jury trial on equitable issues (such as injunctive relief), only legal ones (such as damages). Some courts consider a request for profits and damages under the Lanham Act incidental to a claim for injunctive relief, thus equitable and not requiring a jury trial.

The length of a trademark infringement proceeding varies widely, depending upon when and how it is terminated. A proceeding can be terminated as early as weeks to months after a complaint is filed if a settlement agreement is reached, months to years if the case is terminated after preliminary injunction or summary judgment before trial and years if through judgment after trial and through appeal. In most cases, the length of the proceedings would vary from approximately one to two years.

Criminal proceedings are available and may be appropriate in clear-cut counterfeiting cases. However, involving the government and law enforcement agencies in the prosecution of the case may create delays beyond what would normally be encountered in a civil action.

Proceedings before the ITC involving infringing importation of goods have their own specialised procedures. When the ITC institutes an investigation, it assigns an administrative law judge to preside over proceedings. ITC actions are required to be conducted expeditiously and are typically targeted to be completed within 16 months. ITC proceedings typically resemble a district court bench trial and, generally, adhere to the Federal Rules of Evidence and Civil Procedure followed in district courts. The remedy available is an exclusion order against importation of the infringing product enforced by the US Customs and Border Protection. Monetary damages are not available. Discovery, including depositions, is available and sanctions are available against foreign respondents who fail to comply with discovery obligations. Witness testimony before the ITC is submitted in written form and then subject to live cross-examination at the final hearing. ITC proceedings are tried solely by an administrative law judge that renders an initial determination after a hearing. That initial determination may, upon request, be reviewed by the full commission and a final determination will be issued. Any determination to ban importation is subject to a 60-day period of presidential review, where the US President may veto the ban for policy reasons (which is rare).

## 20 Burden of proof

### What is the burden of proof to establish infringement or dilution?

Plaintiffs have the burden of proof and must show by a preponderance of the evidence that a significant number of reasonably prudent purchasers are likely to be confused by the defendant's mark into believing that it originated with the plaintiff or is affiliated with, endorsed or sponsored by the plaintiff. Although each regional circuit has its own test, generally, all federal courts consider the following factors in determining likelihood of confusion:

- the strength (distinctiveness) of the plaintiff's mark;
- the degree of similarity between the parties' marks;
- the similarity or relatedness of the parties' goods or services;
- the likelihood that the plaintiff will bridge the gap if the parties' goods are different;
- the parties' channels of trade;
- evidence of actual confusion (including survey evidence);
- the sophistication of buyers;
- the defendants' intent in adopting the mark; and
- the quality of the defendant's goods or services

In dilution cases, the plaintiff must show that the mark is famous and that the defendant's mark causes dilution of the distinctive quality of the plaintiff's mark that is a 'lessening of the capacity of the famous mark to identify and distinguish goods and services' by 'blurring' or 'tarnishment.'

A plaintiff must only show a likelihood of dilution rather than actual dilution. To establish that a mark is 'famous', the plaintiff must prove that its mark is widely recognised by the general consuming public of the United States. State anti-dilution statutes may also be available.

With regard to burdens of proof in criminal cases, the standards of required proof can vary. However, in most cases there is a requirement of intent or wilful commission or omission of certain acts (although in some cases such intent can be legally presumed).

## 21 Standing

### Who may seek a remedy for an alleged trademark violation and under what conditions? Who has standing to bring a criminal complaint?

Trademark owners have standing to seek remedies for trademark violations. Exclusive trademark licensees can also have standing, although the defendant may seek to bring the trademark owner into the case as an involuntary plaintiff to avoid the risk of a second suit from the trademark owner. Non-exclusive licensees do not have standing to bring a trademark infringement suit.

In criminal actions (usually for trafficking in counterfeit goods and labels), the government is the entity with standing to bring the complaint.

## 22 Foreign activities

### Can activities that take place outside the country of registration support a charge of infringement or dilution?

The only activities that can support a charge of infringement or dilution under the federal Trademark Act are those that take place and are seen by consumers in the United States or its territories. However, goods bearing infringing trademarks that are brought into the United States can be evidence of infringement or dilution.

## 23 Discovery

### What discovery or disclosure devices are permitted for obtaining evidence from an adverse party, from third parties, or from parties outside the country?

Under the Federal Rules of Civil Procedure (FRCP), the scope of permissible pretrial discovery is extremely broad. In general, a party may discover any non-privileged information that is relevant to any claim or defence of any party in a suit. The parties must exchange initial disclosures early in the case in which they disclose witnesses likely to have knowledge of facts relevant to the claims or defences and also disclose and describe categories of documents upon which the parties intend to rely at trial, or produce the documents. Additional written discovery consists of requests for production of documents and things, interrogatories and requests for admission.

Depositions (oral questions and answers recorded under oath by a court reporter) are also frequently used. Subpoenas to third-party witnesses for document production and depositions are also available, subject to limitations to prevent the imposition of undue burden or expense on the third-party witness.

Discovery may be taken from persons or entities outside the United States pursuant to the Convention on the Taking of Evidence Abroad in Civil or Commercial Matters (the Hague Convention). This is often a cumbersome and time-consuming process, particularly compared with the liberal discovery approach permitted by the FRCP. The party from whom discovery is sought must be a resident of a Hague Convention country. Procedurally, the US court must request, by letter to the appropriate authority in the witness's country, the exact discovery sought, and the authority in that country will then apply its own laws governing discovery.

## 24 Timing

### What is the typical time frame for an infringement or dilution, or related action, at the preliminary injunction and trial levels, and on appeal?

The average duration of a trademark infringement or dilution suit, from filing of a complaint to entry of a judgment varies widely depending upon the court in which a case is filed, whether preliminary relief is obtained early in the case, the level of discovery required or permitted by the court, the number and nature of motions filed, whether surveys supporting confusion or dilution are conducted, and whether agreements can be reached as to settlement or specific issues and at what stage in the action. A duration between two to five years is not uncommon (particularly with appeals), although most cases would fit within the one to three year range. If preliminary relief is granted early in the case, there is a high likelihood that the case will settle because such relief requires the court to make a finding that the party seeking relief is likely to succeed on the merits at trial.

## 25 Litigation costs

### What is the typical range of costs associated with an infringement or dilution action, including trial preparation, trial and appeal?

Costs of a trademark or dilution action can vary greatly depending on the issues involved, the property at state, the forum, whether a survey or other expert testimony is involved and the stage to which the proceeding advances. The American Intellectual Property Law Association conducts a biannual survey of IP lawyers that includes questions regarding litigation costs through end of discovery and through end of trial. In 2015, the survey results disclosed that a typical trademark infringement action cost approximately US\$150,000 through end of discovery and US\$325,000 through to the end of the trial in cases where less than US\$1million was at risk; US\$263,000 through end of discovery and US\$500,000 through to end of trial in cases where between US\$1 million to US\$10 million was at risk, US\$400,000 through end of discovery and US\$720,000 through end of trial where between US\$10 million to \$25 million was at risk, and US\$900,000 through end of discovery and US\$1.6 million through to the end of trial where more than US\$25 million was at risk.

For opposition or cancellation proceedings before the TTAB, the 2015 survey figures show approximately US\$50,000 through to the end of discovery and US\$95,000 through to end of trial.

Historically, it has been difficult to obtain an award of attorney's fees in a federal trademark case, even when the opposing party's actions have been egregious. The Lanham Act provides, in part, that the court in exceptional cases may award reasonable attorney fees to the prevailing party. However, in practice, federal courts have rarely found cases to be exceptional. A recent US Supreme Court decision in *Octane Fitness LLC v Icon Health and Fitness Inc*, 134 S.Ct. 1749 (2014) expanded the definition of 'exceptional' in the Federal Patent Act to mean one that stands out from others with respect to the substantive strength of a party's litigation position or the unreasonable manner in which the case was litigated. This reasoning has recently been applied by several courts in Lanham Act cases, resulting in a more liberal issuance of fee awards.

## 26 Appeals

### What avenues of appeal are available?

The grant of a preliminary injunction can be appealed and, generally, an appeal from any final district court decision can be taken to the Court of Appeals in that circuit.

Appeals from decision of the TTAB may be taken to the Federal Circuit Court of Appeals or the Federal District Court having jurisdiction over the parties. If appeal is taken to the District Court, the case is reviewed de novo.

## 27 Defences

### What defences are available to a charge of infringement or dilution, or any related action?

Numerous defences are available, and depend on the specific facts in question. In the case of infringement, a defendant may argue that it is the owner of prior rights, that the mark is invalid or unenforceable because of genericness, abandonment through uncontrolled third-party use or naked licensing, that there is no likelihood of confusion between the subject marks or that acquiescence, estoppel or laches apply to bar the requested relief. Other defences include fraud on the Trademark Office (when petitioning to cancel a registration), fair use, unclean hands, trademark misuse and violation of antitrust laws. The defence of aesthetic functionality may also be raised in relation to colour and product configuration trademark claims.

## 28 Remedies

### What remedies are available to a successful party in an action for infringement or dilution, etc?

The remedies available to a prevailing plaintiff in infringement and dilution actions can include monetary damages, injunction against future infringement and, in cases of counterfeits of federally registered marks, seizure and destruction of the goods and counterfeit labels and statutory damages. The court may also award reasonable attorney's fees and increased damages in exceptional cases (discussed above) or in cases involving counterfeit marks. Certain state statutes may impose additional remedies such as mandatory attorney fees under certain circumstances.

Preliminary and permanent injunctive relief is also available. For preliminary relief the plaintiff must show a likelihood of succeeding on the merits at trial and prove irreparable harm if the relief is not granted. Irreparable harm must also be proved for permanent injunctive relief after plaintiff has succeeded in proving infringement.

With regard to criminal remedies, these may include seizure, forfeiture, destruction of goods, fines, restitution and imprisonment (depending on the statute or statutes at issue, which could be federal or state statutes).

## 29 ADR

### Are ADR techniques available, commonly used and enforceable? What are the benefits and risks?

The use of alternative dispute resolution procedures (ADR) is encouraged both in the federal courts and in the TTAB. Many courts require the parties early in the case to specify a procedure for ADR, such as an outside mediation service, the magistrate assigned to the case or an attorney listed with the court's volunteer settlement officers panel. The court will usually set a mandatory settlement conference deadline. A number of organisations provide dispute resolution services (many including retired federal and state judges on their panels), including the International Trademark Association, the American Intellectual Property Law Association, American Arbitration Association, JAMS/Endispute, and the International Institute for Conflict Prevention and Resolution.

In the TTAB, 95 per cent of proceedings are resolved prior to trial by settlement and without the use of ADR procedures.

## 30 Famous foreign trademarks

### Is a famous foreign trademark afforded protection even if not used domestically? If so, must the foreign trademark be famous domestically? What proof is required? What protection is provided?

The issue of the protection of famous marks in the United States is in flux and will depend on where the case is brought. Some circuits, such as the Ninth Circuit, will recognise famous or well-known marks regardless of

### Update and trends

Notable court cases in the past year include two back-to-back trademark cases heard by the US Supreme Court. In the case *Hana Financial Inc v Hana Bank*, which dealt with 'tacking', the US Supreme Court addressed a split among the US appellate courts. In an unanimous opinion, the US Supreme Court held that the jury, rather than the court, determines whether the use of an older trademark may be 'tacked' to a newer trademark. In the case *B&B Hardware Inc v Hargis Industries Inc*, the US Supreme Court addressed the question of 'issue preclusion'. This case addressed the relationship between a contested registration proceeding before the TTAB and a trademark infringement proceeding in a Federal District Court. The US Supreme Court held that as long as the other elements of issue preclusion are met, where the usage of a mark as adjudicated by the TTAB is materially the same as the usage of a mark before a district court, issue preclusion should apply.

A topic of current interest in the trademark field is the treatment of trademarks that are 'disparaging' (the Washington Redskins trademark) or 'self-disparaging' ('The Slants' trademark) under section 2(a) of the Lanham Act, and whether this provision is constitutional. The Washington Redskins football team recently had their registrations for 'Redskins' cancelled (again) by the USPTO. That case will no doubt be appealed and go on to another level of review. The denial of the trademark application for 'The Slants' by the USPTO is scheduled to be heard en banc by the Federal Circuit Court of Appeals. At least for now, the registration of a 'disparaging' mark remains constitutional.

Another topic of current interest is a potential change in the way attorneys' fees are awarded in intellectual property cases. In the patent

case *Octane Fitness LLC v Icon Health & Fitness Inc.*, the US Supreme Court overturned the Federal Circuit's standard for determining when a case is 'exceptional' under 35 USC section 285. The Federal Circuit Court had adopted a rule that made it very difficult to obtain attorneys' fees, even in extreme cases. The US Supreme Court unanimously disagreed with the rule. The Court held that district courts should use their 'discretion' in deciding if attorneys' fees are appropriate, and required the appellate courts to respect the discretion of the district courts in this regard. It is anticipated that the change in the way 'exceptional' cases are handled in the patent field may lead to similar changes in the way 'exceptional' cases are handled in the trademark field.

As to emerging trends, the USPTO continues to see an increase in the number of trademark applications filed. Filings for non-traditional marks, celebrity marks and marks related to 'pop culture' are also on the rise. Examples of 'pop culture' marks include filings containing '#' (the hashtag symbol), specification of goods that include the terms 'gluten-free' or 'apps' and services designating 'social media'. US filings relating to the 'medicinal marijuana' industry also continue to increase.

The perception of trademark 'bullying' continues to be of concern to trademark owners, who must consider the potential for a backlash in social media as they attempt to protect the strength of their brands. There also appears to be a growing level of public disapproval towards celebrities and others who file applications to register and 'appropriate' catchphrases, slogans and nicknames used in news headlines and other media.

use in the United States. Other circuits, such as the Second Circuit, require use in the United States and the second Circuit has held that protection of famous foreign marks is not part of US trademark law. See *ITC Ltd v Punchgini Inc* 482 F.3d 135 (2nd Cir. 2007). Similarly, the TTAB has generally followed the Second Circuit and not recognized the well-known marks rule in most inter partes proceedings. The circuit split has not been resolved by the Supreme Court or laid to rest by Congress.

The degree of fame required will depend on in which circuit the case is brought. Typically, the degree of awareness and recognition that is necessary is that the mark must at least be sufficiently well-known in the United States in the relevant sector to a substantial number of people. In some courts, such as the Ninth Circuit, this has been held to be more than merely a 'secondary meaning' or over half the relevant sector.

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