

AVOIDING PITFALLS

COMMON MISTAKES IN TRADEMARK PRACTICE FOR TRANSACTIONAL LAWYERS.

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Trademarks play an important role in protecting brands. For transactional lawyers, navigating the intricacies of trademark practice can be challenging. Although filling out a trademark application is deceptively simple, trademark rules are nuanced and often unintuitive. This article highlights common mistakes made in trademark practice and provides guidance on how to avoid them. Consequences of those mistakes include unnecessary and/or costly litigation, invalid trademark registrations, and delay.

IDENTIFYING THE WRONG APPLICANT

One of the most fundamental yet frequently overlooked aspects of trademark applications is correctly identifying the applicant. Often, the applicant is the party who uses the trademark in commerce. In fact, unless there is an agreement to the contrary, the trademark owner is the party who *uses*—or intends to use—the trademark in commerce. For small businesses, this issue is usually straightforward. Common mistakes include:

1. Naming an individual when the mark is actually owned by the individual's company.
2. Naming a parent company instead of the subsidiary that actually uses the mark.

The consequences of misidentification can be severe. At best, it may require costly and time-consuming corrections. At worst, it could result in an invalid application.

If the business comprises a single operating entity, the entity owns the trademark. If the business is a sole proprietor, the proprietor is the owner. Things are more complicated if conversions occur (e.g., the sole proprietor later forms an entity) or if there are multiple entities involved.

When a parent and subsidiary are involved (e.g., a holding company owns an operating entity) the enterprise may intend for the parent to own the trademarks (in order to shield the trademarks from liability of the subsidiary) but intention may depart from reality. The enterprise should consider assigning



the trademarks from the subsidiary to the parent company and licensing them back to the subsidiary (if the trademark is already in use) or executing a licensing agreement between the two entities if they are formed prior to the adoption of the trademark. Additional issues arise when several subsidiaries are using the same trademark(s) or when parties engage in international distribution relationships.

To avoid pitfalls from misidentifying the applicant, always verify the correct legal entity that owns and uses the mark. Review corporate structures, licensing agreements, and actual use of the mark in commerce before filing.

FILING A TRADEMARK APPLICATION UNDER THE WRONG BASIS

The U.S. Patent and Trademark Office (USPTO) allows several filing bases¹ for trademark applications. Selecting the wrong basis can lead to office actions, delays, and even abandonment of the application. The filing bases are:

1. Use in Commerce (Section 1(a))²
2. Intent to Use (Section 1(b))³
3. Foreign Registration (Section 44(e))⁴
4. Foreign Application (Section 44(d))⁵
5. Madrid Protocol (Section 66(a))⁶

U.S.-based applicants are largely limited to the first two bases. During the application process, trademark examining attorneys review each application for several issues, including whether the applied-for mark is in use and whether the application contains adequate proof of such use (i.e., specimen). If such proof is inadequate, the examining attorney will require the applicant to submit a substitute specimen or amend the filing basis. Either way, the application is delayed, and more work is necessary to correct the application.

Here is a hypothetical: Counsel agrees to assist a foreign entity with its U.S. trademark applications. Counsel files the application under Section 1(a) based on the applicant's use of its mark in the applicant's home country (but not

the U.S.). Counsel submits photographs of the applicant's signage or other promotional materials. Unless it is clear from the specimens that the trademark use occurs outside of the U.S., the examining attorney may inadvertently allow the application to proceed, and the application might register. Unfortunately, if the applicant needs to enforce its rights, the applicant's registration is likely invalid based on an improper filing basis. Counsel should have filed the application under one of the other filing bases (e.g., intent to begin using the mark in the U.S. in the future; ownership of a foreign application or registration).

To avoid pitfalls from choosing the incorrect basis:

1. Confirm whether the mark is currently in use in U.S. commerce.
2. If not in use, determine if there is a bona fide intent to use the mark.
3. For foreign applicants—or applicants with foreign rights—confirm whether there is a qualifying foreign registration or application.

SUBMITTING AN UNACCEPTABLE TRADEMARK SPECIMEN

Specimens are crucial evidence demonstrating how a mark is actually used in commerce. The USPTO has strict requirements for acceptable specimens, which vary depending on whether the mark is for goods or services.

For goods (e.g., paint, medicine, T-shirts, wine), applicants “must show use of the mark on the goods, on containers or packaging for the goods, on labels or tags affixed to the goods, or on a display associated with the goods.”⁷ For services, applicants “must show the mark as used in the sale of the services, including use in the performance or rendering of the services, or in the advertising of the services. The specimen must show a direct association between the mark and the services.”⁸

Common specimen mistakes include:

1. Submitting mockups or digitally altered images instead of actual use examples.⁹ The trademark office wants to see a photograph of the actual goods themselves with labels or tags, etc. The USPTO rejects phony or mockup images. The latter often arises when a trademark applicant submits a file that its graphic designer created for use by a printer/labeler.
2. Submitting specimens showing merely ornamental use of the mark.¹⁰ This issue is common with clothing and apparel. Clients often want to protect a clever phrase or tagline that appears on the chest of a T-shirt or the front panel of a baseball cap. Such use is often merely ornamental. Consumers perceive the phrase as art rather than a source identifier. Applicants should submit photos of tags or use of the mark on collars or breast pockets.

3. Using advertising materials for goods instead of product packaging or labels.¹¹ This issue arises when applicants submit website or social media posts showing and promoting their products. This rejection can be avoided when applicants submit photos of the product and its label/tags, etc.
4. Providing webpages for services without a clear association between the mark and the services.¹² This issue is less common because the threshold for showing the association between the mark and the services is low. However, by way of example, if a law firm is operating under the name DINOSAUR FIRM and launches a website with the word DINOSAUR FIRM but no reference to legal services, the USPTO will reject the specimen as not showing use of the mark.
5. Providing specimens that show a mark that does not match the applied-for-mark.¹³ Using the same fictitious law firm as an example, a specimen showing DINOSAUR LAW FIRM will not support an application for the mark DINOSAUR FIRM. It is important that the marks match. Be aware that the USPTO usually *does not* allow applicants to amend the applied-for-mark after the application is filed.

To avoid specimen rejections:

1. For goods, use tags, labels, packaging, or point-of-sale displays that show the mark.
2. For services, use advertisements, brochures, or websites that clearly show the mark used in providing the services.
3. Ensure the specimen shows the mark as it appears in the application.

Review the USPTO's specimen rules before submission to avoid potential refusals.

ADDITIONAL COMMON MISTAKES IN TRADEMARK PRACTICE

While the above issues are particularly prevalent, transactional lawyers should also be aware of these common pitfalls:

1. Inadequate clearance searches: Failing to conduct thorough searches can lead to conflicts with existing marks. Use comprehensive search tools¹⁴ and consider both registered and common law marks.
2. Improper description of goods and services: Overly broad or vague descriptions can lead to office actions or weak registrations. Be specific and use the USPTO's Acceptable Identification of Goods and Services Manual.¹⁵ Similarly, be cognizant that the words used in the description of the goods/services could support a refusal based on descriptiveness or genericness.

3. Failing to maintain registrations properly: Missing deadlines for renewals or declarations of use can result in cancellation of registrations. Implement a robust docketing system to track deadlines.¹⁶

STRATEGIES FOR AVOIDING TRADEMARK MISTAKES

To minimize errors in trademark practice:

1. Develop a systematic approach: Create checklists and protocols for each step of the trademark process, from clearance to maintenance.
2. Stay updated: Follow developments in trademark law through continuing legal education and professional publications.
3. Seek specialized assistance: When dealing with trademark issues, don't hesitate to enlist an experienced trademark attorney.

CONCLUSION

While trademark law can be a minefield of potential mistakes for transactional lawyers, awareness of common pitfalls is the first step in avoiding them. By paying close attention to applicant identification, filing bases, specimens, etc., transactional lawyers can better serve their clients and protect valuable rights. **TBJ**

NOTES

1. 37 C.F.R. §2.32(a)(5); *see also* Trademark Manual of Examining Procedure § 806.
2. TMEP § 901 et seq.
3. TMEP § 1101 et seq.
4. TMEP § 1001 et seq.
5. *Id.*
6. TMEP § 1901 et seq.
7. 37 C.F.R. 2.56(b)(1); *see also* TMEP § 904.03.
8. 37 C.F.R. 2.56(b)(2); *see also* TMEP § 1301.04.
9. 37 C.F.R. 2.56; *see also* TMEP § 904.04(a).
10. TMEP § 1202.03.
11. 37 C.F.R. 2.56; *see also* TMEP § 904.04(b).
12. 37 C.F.R. 2.56(b)(2); *see also* TMEP § 1301.04(f)(ii).
13. 37 C.F.R. 2.51; *see also* TMEP § 807.12.
14. *See, e.g.*, Trademark Electronic Search System, available at <https://tmsearch.uspto.gov/search/search-information>.
15. *See* Trademark ID Manual, available at <https://idm-tmng.uspto.gov/id-master-list-public.html>.
16. *See* 15 U.S.C. §1058 et seq.; TMEP § 1604 et seq.



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