

Searches

The cost of free: why thorough trademark searches are necessary

When it comes to trademark clearance, thorough searches are essential – but can free search tools give lawyers the functionality they need?

One day before Hardihood Brewing was set to debut this summer and after four years of preparation, a trademark dispute prompted it to change names. The owners of coffee and juice bar Sol Kitchen had already spent \$10,000 on their website, branding and logo design when they were sued for trademark infringement and forced to come up with a new name two days before opening their doors. A Louisiana clothing designer who called her apparel line Monkey Hill had no idea that the phrase was already a registered trademark for clothing; she abandoned her brand name after more than two years of use. South Loop Brewing Company chose its name five years ago, but apparently was unaware of the similarly named South Loop Lager until the brewery applied to register its trademark earlier this year.

This is just a sample of sad trademark stories from the first half of 2016. How many other companies have been forced to change their business or product names because of the threat or reality of trademark litigation? How many of those would not be in that situation if they had conducted a true, thorough investigation before finalising their choice of trademark? And how many will find that the cost of a late-stage name change will cripple them?

Entrepreneurs are often surprised to learn that clearing a trademark requires time and money. They do not always understand the importance of consulting a lawyer before naming and launching a new business or product. Business owners may presume that if they come up with a name, they have the right to use it; or that if they have not heard of anyone using a similar name, they are not obliged to investigate. And besides, who wants to pay a lawyer or a trademark search vendor when anyone with a laptop can use online search engines for free?

Earlier this month, a tech-focused website published its top five “Startup Naming Tips” (<http://tech.co/startup-naming-no-one-cares-tho-2016-07>). The article advises entrepreneurs to research their potential trademark before finalising the selection to avoid coming into conflict with competitors – so far, so good. Unfortunately, the author ends by advising authoritatively that “an hour with Google should tell you everything you need to know”.

As experienced practitioners will attest, an hour with Google will almost never tell you everything you need to know about the viability of a potential trademark. Nor will an hour on the websites of the US Patent and Trademark Office (USPTO), the World Intellectual

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Property Organisation or the EU Intellectual Property Office. Even a few hours that a qualified trademark lawyer spends using free resources such as these will not necessarily generate all the information needed for an informed decision. Ask the owners of Maxline Brewing (formerly Hardihood), Bon Temps Boutique (formerly Monkey Hill), Bridge Span 14 (the juice bar that was almost Sol Kitchen), Hop Butcher (originally South Loop Brewing Co) or any other small business which learned the hard way that the trademark it selected was not actually free and clear. And when I say the hard way, I mean logistically, emotionally and financially.

The longer a business operates under the expectation that a word or phrase will be the symbol by which the public identifies its goods or services, and the more resources it invests in that mark, the more goodwill the mark acquires and the more that business stands to lose when compelled to rebrand. The tangible costs – new signs, a new logo, new trademark clearance, new menus or labels or packaging, a new domain name and website – can be substantial, but the intangible costs are often even greater.

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Why is a free search not good enough? If you are looking to confirm that the trademark you have selected is actually available and you will not find a process server darkening your doorstep a week after your grand opening, you need three things:

- access to a comprehensive, global database of registered and unregistered trademarks;
- the capacity to tailor searches appropriately; and
- the expertise to make sense of the results and evaluate any risks.

Free searches fail on all three fronts. Free resources are unlikely to generate exhaustive results and the searches can be difficult to tailor adequately. Google, Bing, Yahoo! and other online search engines return results only from

businesses with a web presence, meaning that small local businesses may be buried very deep within those results. They will not translate search terms automatically, which is a problem given that trademark law can treat the same mark in different languages as virtually identical, and given that US trademark users may eventually conflict with international ones. They may not turn up product trademarks as consistently as they do business names, even though owners are increasingly treating names of menu items and individual products as trademarks. Crucially, free searches are unlikely to find homonyms, such as 'soul' and 'sole' for 'sol'. Finally, the amount of noise in search engine results is deafening, especially when a proposed trademark is not a made-up term, but a term or phrase derived from dictionary words (eg, 'hardihood' and 'kitchen') or geographical identifiers (eg, 'Monkey Hill' or 'South Loop').

Putative trademark owners often rely on the USPTO Trademark Electronic Search System (TESS), but its usefulness is limited and experience navigating the site is crucial. Punctuation marks often generate errors, even though they are common trademark elements. TESS can be helpful for a quick preliminary check to eliminate potential marks at the front end, but its search technology is not sophisticated enough to affirmatively determine whether a mark is available. In addition, it reflects only those marks that owners have applied to register federally. Plenty of entities have common law rights in trademarks that are unregistered – or registered only in a particular state or a foreign country – and those are not indexed on TESS. Searching every state and country database individually would be prohibitively time consuming. Free resources are even more limited

in their usefulness when it comes to clearing potential image and design marks.

After business owners or their counsel conduct initial searches, they need to assess the results in order to evaluate risk. If a mark appears on their radar, a series of questions follows:

- How distinctive is the mark, and where and how has it been used?
- Is it famous?
- How similar are the prior user's marks, products, audiences, marketing strategies and channels of trade to those which the new user plans on employing?
- Is the prior user large, litigious and hell-bent on expanding into new markets or has it been quietly coexisting with competitors with similar marks?

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The answers to these questions take time to find and expertise to analyse. The data generated by free searches is typically incomplete, requiring more people power to continue the investigation. If the data set is incomplete, then paying a lawyer to analyse it and assess the relative risk of using potential marks would be a waste of resources. Even the best lawyer cannot gauge the likelihood of a lawsuit over a similar mark if he or she is unaware of its existence.

Several companies provide services that search registered and unregistered trademarks from all corners of the world, and those vendors work closely with trademark lawyers to ensure that the appropriate industries and products are pulled in and irrelevant results screened out. While these searches cost more on the front end, they dramatically reduce the likelihood of a late-stage name change due to unanticipated trademark disputes and unassessed risk.

Lawyers who decline to perform thorough searches using those tools do their clients a disservice by gambling on the real availability of a mark – a move that could severely harm those clients later on. And businesses that proceed without consulting trademark lawyers or allow their lawyers to rely only on free tools in clearing their desired marks risk becoming the next tragic trademark tale in an article such as this. **WTR**



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