

InfoPAKSM

Best Practices for Developing and Protecting Strong Brands

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Best Practices for Developing and Protecting Strong Brands

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This InfoPAKSM provides an overview to identifying and navigating obstacles to developing and protecting strong brands. First, we address counseling corporate clients in selecting, adopting, and properly using trademarks. Second, we identify best practices for protecting strong brands, including cost-effective means for policing the marketplace, pre-litigation practices, and tribunals available to adjudicate disputes when they escalate. Finally, we discuss franchising and licensing strong brands, along with potential pitfalls to these ventures. The treatments of these topics are illustrative more than they are exhaustive. Nevertheless, this InfoPak aims to assist in-house and outside counsel alike in counseling their clients toward selecting, achieving, and protecting strong brands.

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Contents

I.	Introduction	5
II.	Counseling Clients on Selecting, Adopting, and Using Trademarks	6
A.	Understanding the “Spectrum of Distinctiveness”	6
B.	Instituting a Selection Process to Play Both Defense and Offense.....	8
1.	“Defensive” Considerations	9
2.	Setting up the Selection Process	15
3.	Structuring an Effective Trademark Search	17
C.	Adoption and Use	19
II.	Expanding a Brand Through Licensing and Franchising.....	21
A.	Licensing.....	21
1.	Cannons of Contract Law Apply	21
2.	Standing to Sue in Federal Court and Bring Administrative Actions.....	22
3.	Ensure the Agreement Is in Fact a License Agreement.....	22
B.	Franchising	24
1.	The Franchise and Disclosures.....	25
2.	Licensor to Franchisor and the Accidental Franchisor	26
3.	Avoiding Franchisees Construed as Employees.....	27
4.	Summary	27
III.	Brand Protection	28
A.	Setting Priorities and Finding Cost-Effective Enforcement Mechanisms	28
B.	TTAB Proceedings	29
1.	Comparing <i>Inter Partes</i> TTAB Proceedings to Federal Court Litigation	30
2.	The <i>B&B Hardware</i> Decision	31
C.	ICANN Dispute Resolution Services	32
1.	Identical or Confusing Similarity.....	33
2.	Respondent Has No Legitimate Interest in the Domain Name	34
3.	Bad Faith	35
IV.	About the Author	38

A.	About Kilpatrick Townsend & Stockton LLP	38
B.	Charles H. Hooker III, Partner	38
V.	Sample Forms	39
A.	Notice of Opposition.....	39
B.	License Agreement.....	42
C.	Trademark Assignment.....	60
D.	Sample Co-Existence Agreement.....	63
VI.	Additional Resources.....	72
VII.	Endnotes	74

I. Introduction

Building strong brands allows businesses to set themselves apart from the competition. Strong brands not only create obvious commercial advantages in selling a company's wares in the marketplace, they also facilitate the protection of trademark rights themselves and can lower the costs and fees associated with enforcement efforts. A strong brand affords its owner opportunities to persuade consumers in the market to deliberately set out to purchase *this* brand over *that* brand. More than that, strong brands have become commodities in and of themselves, often treated as primary assets at the heart of any major corporate acquisition or transaction.¹ Beyond commercial advantages, a strong brand also provides its owner with a broad scope of protection to keep both intentional and unsuspecting infringers and free-riders at bay. Investing in brand strength, therefore, creates powerful long-term returns in both commercial sales of products and legal efficacy in pursuing brazen infringers as well as competitors who cozy up too close to those things that consumers uniquely associate with your company.

But developing a strong brand is easier said than done. The owners of such powerful brands as APPLE®, ADIDAS®, ALLSTATE®, JEEP®, and GOOGLE® did not come to enjoy their strong rights and substantial brand assets over night or by chance. Myriad obstacles stand in the way of a company developing a strong brand, and even more challenges arise in maintaining and protecting a potent brand once it is established.

This InfoPAK provides a preliminary roadmap for identifying and navigating some of the obstacles to developing and protecting strong brands. First, we address counseling corporate clients in selecting, adopting, and properly using trademarks. Second, we suggest best practices for protecting strong brands, including cost-effective means for policing the marketplace, pre-litigation practices, and tribunals available to adjudicate disputes when they escalate. Finally, we discuss best practices in franchising and licensing strong brands, along with pitfalls that may be encountered in these ventures. As with any "best practices" piece, the treatments of these topics are illustrative more than they are exhaustive. Nevertheless, the hope is that they assist in-house and outside counsel alike in counseling their clients toward selecting, achieving, and protecting strong brands.

II. Counseling Clients on Selecting, Adopting, and Using Trademarks

Before a mark ever is seen by the consuming public, brand owners are well advised to spend the necessary time and invest the requisite resources to select a designation that can garner strong trademark rights. The savvy brand owner will also think carefully through the manner in which the trademark will be adopted and rolled out to consumers, and will develop a plan for the ways the mark will be used over time.

Most corporate trademark attorneys will tell you that their marketing departments suffer from an inherent and often intransigent predilection for proposing marks or brand names that are highly descriptive of the products or services with which they are to be used. Descriptive marks are the darlings of marketing executives and sales directors because consumers readily understand their meaning, and they carry lower advertising costs to establish a connection in potential consumers' minds between the name and the good or service.

The problem with this predilection is that the basic litmus test for trademark protection is whether a designation is “distinctive,” or capable of distinguishing one's goods or services from those of another.² Trademarks can take many forms, including words, designs, numbers, letters, symbols, slogans, smells, configurations, trade dress, or sounds.³ Federal law, under the Lanham Act, as well as state laws, protect not only trademarks, but also service marks, collective marks, and certification marks. A service mark is the counterpart of a trademark, but is used in connection with services rather than goods. A collective mark is owned by a collective group or association and distinguishes the goods or services of its members from those of others. A certification mark represents a certification by the mark owner that the goods or services meet certain standards – whether quality, method of manufacture, geographic origin, or other.⁴

Whatever the form of a mark, it must be “distinctive” to be protectable. A mark may become distinctive in one of two ways: It may be “inherently distinctive”⁵ or it may be “merely descriptive” of the associated products or services, but nevertheless endowed with a “secondary meaning” that has developed in the marketplace following its use. Courts in the United States often refer to the “spectrum of distinctiveness” in this regard.⁶ Helping corporate clients understand this spectrum and its impact on the rights that may accrue in a mark is often the first step in counseling clients toward a strong brand.

A. Understanding the “Spectrum of Distinctiveness”

The spectrum of distinctiveness extends from “fanciful,” “arbitrary,” and “suggestive” marks (all of which are “inherently distinctive”) to “merely descriptive” marks that may be distinctive upon a showing of secondary meaning or “acquired distinctiveness” to generic terms which can never achieve trademark protection.⁷

The most distinctive and instantly protectable marks are fanciful terms developed for the owner's particular goods or services. These marks are coined, having no pre-existing linguistic meaning. Examples of fanciful marks include KODAK®, XEROX®, and EXXON®. These marks are instantly protectable because they neither describe a particular good or service nor a type of product or service. They further receive a broad scope of protection because prohibiting their use by others does not inhibit free speech or offend other notions of fair use.⁸

"Arbitrary" marks are also inherently distinctive.⁹ They are words or terms that have a common or dictionary meaning, but that meaning has no connection or association with the goods or services at hand. Thus, even though consumers may readily recognize the word and know its ordinary meaning, it is considered arbitrary when "applied to a product or service unrelated to its meaning, so that the word neither describes nor suggests the product or service."¹⁰ CAMEL® cigarettes, APPLE® computers, and LOTUS® software are examples of arbitrary trademarks. Like fanciful designations, these marks are generally entitled to a broad scope of protection because they do not deprive competitors of the ability to describe their own products freely and because the association between the term and the goods or services is not easily made by the consumer without substantial marketing efforts by the brand owner.

"Suggestive" marks are inherently distinctive as well.¹¹ Suggestive marks indicate some of the qualities of the owner's goods or services but do "not directly and immediately describe some aspect of the goods or services."¹² Courts are fond of saying that suggestive marks require a "mental leap" to get from the connotation of the trademark to the goods or services it signifies.¹³ For example, 7-ELEVEN for convenience stores,¹⁴ SEVENTEEN for teenage magazines,¹⁵ PLAYBOY for adult publications,¹⁶ and WET-ONES for pre-moistened wipes¹⁷ were held suggestive by courts evaluating them. Because they are inherently distinctive, suggestive marks are entitled to protection at the moment they are adopted, although the scope of their protection generally will not be as broad as that afforded to fanciful and arbitrary marks.¹⁸ Unless they have achieved a high degree of fame, suggestive marks typically will only be protected against others using similar marks for the same or related goods or services.¹⁹

Descriptive marks are not protectable at the moment of adoption.²⁰ Instead, the owner of a descriptive mark must demonstrate that the term has developed a "secondary meaning" or "acquired distinctiveness" among an "appropriate segment of the public mind."²¹ Descriptive marks, as the name implies, describe the goods or services on or in connection with which they are used. These include geographic descriptors, surnames, laudatory marks, and, of course, terms directly describing the characteristics, qualities, or functions of the user's goods or services.²² For example, "Le Croissant Shop" for a restaurant selling croissants, "Arthriticare" for a gel treating arthritis pain, "Joy" for perfume, and "E-Fashion" for retail services selling fashion designs all were held descriptive.²³ Consistent with the idea of a "spectrum" of distinctiveness, some terms are only somewhat descriptive, while others are highly descriptive. The former generally needs less usage to acquire

distinctiveness; while the latter generally requires substantial use and proof of secondary meaning to be protectable. Using the preceding examples, Le Croissant Shop is highly descriptive of a croissant shop, while Joy for perfume may describe the effect of the perfume on its user, but is far less descriptive.

While descriptive marks require their owners to overcome the obstacle of showing secondary meaning, one should not conclude that descriptive marks are incapable of becoming strong and even famous trademarks. It is true that descriptive marks generally are entitled to a more narrow ambit of protection than inherently distinctive marks; typically, a descriptive mark that has obtained sufficient secondary meaning to be protectable will be entitled to stop others from using identical terms on identical or highly related goods or services. But depending upon the nature and extent of their usage, distinctive marks can grow into extremely strong and even famous marks, entitled to extremely broad protection. For example, COCA-COLA® and IBM® (for International Business Machines) began as descriptive marks, but have become extremely well known and thus are entitled to very broad protection.²⁴

Finally, generic terms are not entitled to protection at all. Generic terms refer to the “genus” or type or kind of product or service. They are the common descriptive names consumers use to refer to a kind of product or service, such as “shirt” for upper body apparel, “chair” for seating, and “restaurant” for eateries. Because competitors and the general public rely on generic terms to refer to various kinds of goods or services, the law will not recognize a right to stop others from using them and thus generic terms are not entitled to trademark protection. In this regard, courts often look to dictionaries and other repositories of common parlance to determine whether a term is generic.²⁵ Importantly, generic terms include designations that once enjoyed trademark significance but fell into common usage as a general term for a type of good or service. For example, “linoleum,” “kerosene,” “yoyo,” “escalator,” “cellophane,” “aspirin,” and “shredded wheat” all at one time were trademarks but became common names for a type of product. If a mark—even a registered mark—becomes generic, it loses its trademark status. Indeed, the Lanham Act provides for the cancellation of marks that have become generic. Where non-verbal designations are concerned, courts use the term “functionality” to determine whether the designation is necessary to compete in an industry and thus is unprotectable. The functionality doctrine will be discussed in greater detail below in Section II.B.2.c.

Because the protectability and scope of rights is heavily determined by the kind of mark that is selected, it is important to consider instituting a selection process for all of the marks a company adopts and uses over time. These processes may vary across companies and across situations, but many of the critical components to a sound selection process remain constant.

B. Instituting a Selection Process to Play Both Defense and Offense

In today’s commercial climate, marks are selected for a wide array of reasons. Some marks are selected to be house brands, the marquis name used with the company and all of its goods or services; others are selected to denote a division of a company or a set of goods;

others still are adopted as sub-brands to be used in connection with a particular product or line of products. Some marks will be used only for a limited time, while others will endure for decades, or longer. Some will be the object of tremendous advertising and promotional expenditures, while others will receive virtually no marketing. Depending on the particular circumstances surrounding the selection of a particular mark – including the degree to which the owner will rely on the mark, the anticipated duration of use, and its overall importance to the company – the process for selecting a mark will vary in degree and intensity. However, even when a company anticipates using a prospective mark minimally or only for a short period of time, it is important to follow a selection process to ensure an appropriate fit between the mark and its goods or services, to minimize risks, and to assess whether or how the mark fits within the company’s portfolio of marks.

I. “Defensive” Considerations

Particularly for companies offering numerous products or services, the counselor’s role in instituting such a process may be very challenging. Product developers, sales teams, and marketing personnel are inspired with names for goods and services from all manner of sources, including competitors’ offerings and things they see on the Internet. Moreover, employees may from time to time be less than entirely forthcoming about – or at least not volunteer – attributions for the names they propose. Worse, they may assume marks or product names do not need to be cleared or go through a selection process. Thus, while many people often think of a “selection process” as pertaining only to primary trademarks, house marks, or brands that a company anticipates marketing heavily and relying on for decades to come, counselors should envision selection processes that apply as well to sub-brands, product names, and secondary and tertiary marks used in connection with series or lines of goods and services offered by an organization.

A principal reason for establishing a routinized selection protocol is avoiding claims from others. No corporate counselor enjoys receiving the letter, email, or phone call from a competitor or other third party claiming that a mark, name, or design being used somehow is infringing the rights of another. Because infringement claims may arise not just from designations that are being used as house marks or first tier trademarks – but often arise from all levels of trademarks, and even in connection with names and designs a company does not intend to emphasize – it is important to educate those who decide and implement trademarks and trade names about the need to engage in a selection process.

Searching and clearing²⁶ proposed terms early in the development of a trademark will allow your client to avoid, or at least minimize, exposure to damages and potential attorneys’ fees resulting from demand letters, legal claims, or administrative oppositions brought by senior rights owners. They will further reduce the likelihood of expending valuable resources on building goodwill in a mark that a company may later have to stop using because another party has demonstrated superior rights to the same, or a confusingly similar, mark.

Steering clear of the rights of others may seem easy at first blush, and product developers, sales persons, and marketing team members may look askance at efforts to develop a formal set of procedures for this reason. It is easy enough to avoid infringing well-known marks such as COCA-COLA®, SAMSUNG®, MACY'S®, or ALLSTATE®. But myriad issues arise when businesses propose or begin using lesser-known designators that may be the subject of others' longstanding trademark rights – whether at common law, through a state trademark registration, or by virtue of a federal registration. Even more problems may arise when design elements are at play. To take a couple of examples, rights holders such as Levis (which owns trademark rights in its pocket-stitch design mark) and American Eagle Outfitters (which owns rights in its Flying Eagle Design Mark) regularly enforce their rights against both intentional infringers and third parties who may not have suspected that the pocket stitching or bird design at issue would evoke a demand letter or legal claim. Other times, product developers may propose using designs or designations incorporating portions of flags, designs or photographs of buildings or skylines, certain surnames, or a color bearing an association with another entity. Each of these raises issues to be searched and cleared.

Conducting a search prior to commencing use of a new mark will identify others' marks that the proposed mark may be likely to infringe or dilute. Conducting trademark searches further helps identify existing marks that present a risk of triggering demand letters or lawsuits, being cited by an Examiner in the United States Patent and Trademark Office ("USPTO") as obstacles to federal registration, or prompting the initiation of opposition proceedings before the USPTO's Trademark Trial and Appeal Board ("TTAB").

a. “Offensive” Considerations

The benefits of following trademark selection, search, and clearance procedures are not all defensive in nature. Following these practices also accords positive benefits to a potential mark or brand. To begin with, they avoid adopting a weak mark that the client is unable to protect or that requires substantial cost to achieve the desired level of protection. Searches also help businesses evaluate the competitive landscape, assess marks that are being used for similar goods or services, and understand the degree to which third parties use the mark under consideration generally in unrelated industries or fields.

The stronger the mark, the broader the protection courts accord it. It, therefore, behooves trademark owners to aim to adopt strong marks from the outset – a goal that is more often accomplished when brand owners take the time to carefully select a strong mark and ensure it will have room in the marketplace to grow into a strong brand.

b. Achieving Conceptual and Commercial Strength

The strength of a trademark is assessed by examining its conceptual strength and its commercial strength.²⁷ Conceptual strength refers to the placement of the mark along the “spectrum of distinctiveness” discussed above. The more distinctive a mark is, the stronger it is conceptually. Commercial strength refers to the recognition a mark garners in the marketplace. Well-known marks possess commercial magnetism and thus greater value, while lesser-known marks are commercially weak. A mark may be conceptually strong,

but commercially weak, and vice versa. For instance, a mark may be comprised of a coined and fanciful term, and thus highly distinctive and very strong conceptually, but it may be relatively unknown in the marketplace and thus commercially weak. As one court observed, “[a] mark can be conceptually strong (by being arbitrary or fanciful) and at the same time be commercially weak if the mark lacks significance in the marketplace for identifying the origin of the goods.”²⁸ By the same token, a mark may be merely descriptive and thus conceptually rather weak, but it may have become famous and highly distinctive of the goods in connection with which it is used, and thus commercially quite strong.

The conceptual strength of a mark is accomplished (or not) in the process of selecting a mark. As intimated above, there is often a tension between short-term business desires in selecting marks, on the one hand, and ensuring long-term brand strength, on the other hand. Sales and marketing teams often are drawn to designations that are descriptive in nature because they are easily understood by consumers and require minimal amounts of advertising for the public to understand the connection between the mark and its goods or services. As is clear by now, this facility of use with consumers comes at the expense of conceptual strength. As described in greater detail below, therefore, sound counseling will advise clients of this trade-off, and it will endeavor to bring long-term and short-term interests and decision makers to the table when envisioning and deciding on prospective trademarks.

Whether a proposed mark is conceptually strong or weak, a trademark search may assist the trademark counselor and her client in understanding the extent to which others are using the term for related goods or services, as well as for unrelated ones – as all of these uses might impact the ultimate overall strength of the mark in the marketplace. If a party has coined a term to be its proposed trademark, a search likely, for example, will show no use by others for any kind of goods or services. By contrast, as a client moves down the spectrum to terms that are common words, to designs that appear commonly, or to phrases that are descriptive in nature, searches will increasingly show uses of these terms by others for the related and unrelated goods.

When a search reveals a number of others using identical or similar marks for the same or related goods or services, the field is said to be “crowded.” For example, countless marks containing the word “green” pervade the fields of environmentally-friendly goods and services. A party wishing to introduce a new mark or brand incorporating the word “green” for environmentally-friendly goods or services, thus, will have a difficult time carving out protectable, much less strong, trademark rights.

A crowded field makes obtaining trademark protection difficult, and using such a mark might result in receiving a demand letter, a lawsuit, or one of the other unpleasanties described above. When the primary concern is creating a strong brand, learning that the field is crowded should lead to exploring alternative marks and going back to the drawing board. Even if one is able to avoid or keep at bay potential actions from prior users of similar marks, developing a mark in a crowded field leads to owning a relatively weak mark that is entitled to only a narrow scope of protection.

If one's client is, however, insistent on using a mark that is one of many in a crowded field, a careful search may nonetheless assist the counselor and business develop an execution of the mark that maximizes its commercial value while at the same time minimizing the risk of negative actions from others. As described below, depending upon the thoroughness and level of detail provided by a search, one may identify all of (or at least the most problematic) prior uses. Armed with this information, strategies can be developed for overcoming obstacles to protectability and strength. For instance, a company can use the search results to investigate:

- whether the problematic marks are actually still in use;
- whether there are geographic limitations on the areas in which the problematic marks are being used;
- whether the problematic marks incorporate other distinguishing terms or designs; and
- whether the products or services offered under the problematic marks are truly related to those one's business intends to offer under its proposed mark.

One can dig further into the problematic uses by engaging in further Internet research, conducting additional and more detailed searches, or engaging an investigator. With a fulsome understanding of the field of crowded marks, a business may then refine its proposed mark to incorporate distinguishing terms; add design elements; or restrict the geographic areas, markets, or channels of trade in which the proposed mark is to be used.

c. Deciding Whether to Pursue a Federal Registration

Taking a careful approach to selecting a mark and searching for potential obstacles will also inform a company's decision whether to pursue a federal trademark registration. Federal registration is not a prerequisite to trademark protection, as a trademark owner may assert common law rights under state laws and under Section 43(a) of the Lanham Act. But under Sections 7(b) and 33(a) of the Lanham Act, registration on the USPTO's Principal Register is *prima facie* evidence that a mark is valid, is owned by the registrant, and that the registrant possesses the exclusive right to use the mark in commerce on or in connection with the goods or services for which the mark is registered. Thus, in the event that a trademark registrant brings an infringement action pursuant to Section 32 of the Lanham Act, the registered mark will be presumed valid, and the registrant will not be required to affirmatively prove validity; rather, the defendant will carry the burden of showing the mark is invalid or unprotectable. Under Section 22 of the Lanham Act, a registration on the Principal Register constitutes constructive notice of the registrant's ownership, thus giving the registrant priority over junior users, even in regions of the United States where the registrant has not yet used the mark.²⁹ Additionally, once a mark has been registered on the Principal Register for five years, it becomes eligible for "incontestable" status,³⁰ meaning the validity and exclusive ownership of the registered mark are conclusively established, and the registration is subject to significantly fewer grounds on which it may be cancelled.³¹ Finally, under Sections 34 and 35 of the Lanham Act, the owner of a mark registered on the Principal Register is able to pursue a broader range of remedies against infringers than is the owner of an unregistered mark.³²

Importantly, the presumptions and benefits that attach to a registration on the Principal Register do not apply when a mark is registered on the USPTO's Supplemental Register, which is reserved for designations that may be capable of serving as a trademark but are not yet protectable. If one is considering registration on the Supplemental Register, one should bear in mind that generally "it is well-settled as a legal matter that a mark owner's acceptance of registration on the Supplemental Register constitutes an admission that the mark is [merely] descriptive [and without secondary meaning] at the time of registration."³³ While registration on the Supplemental Register may carry certain benefits, such as arguably placing others on notice or establishing a date by which one may claim first use, in certain respects it disadvantages the mark owner because it serves as an admission that – at least as of the date of registration on the Supplemental Register – the mark was merely descriptive and lacked secondary meaning.

The allure of the advantages to registering a mark on the Principal Register must be balanced against the risk associated with applying for federal registration. The more crowded a field of marks is, the more likely it is that submitting an application will trigger a demand letter, opposition proceeding, or lawsuit from a senior user of a similar mark for the same or similar goods or services. Therefore, under certain circumstances a counselor may justifiably clear a mark for use (with appropriate risk assessments and advice concerning the type and manner of appropriate use), while at the same time advising against applying to federally register the mark. These decisions draw upon the expertise and experience of a seasoned trademark prosecution attorney and require a robust evaluation of the nature and extent of third-party uses, the characteristics of the proposed mark, the intentions of the client, and likelihood that senior users will take action.

d. Avoiding Ornamental and Functionality Challenges

Diligently engaging in a selection process followed by a structured means of searching for potential obstacles also carries the advantage of affording the opportunity to ensure one's mark is not subject to ornamentality or functionality challenges.

i. Ornamentality

To qualify as a trademark, a word, symbol, sound, color, or design must be something more than ornamental or aesthetically or aurally pleasing. Because the essence of a trademark is to signify the source of goods or services, if a proposed mark is "solely or merely ornamental and does not also identify and distinguish [the] source," then it is not eligible for trademark status.³⁴ Searching for others' uses of a proposed design often will inform a determination regarding whether consumers are likely to perceive the proposed mark as an indicator of source (and thus as a trademark) or whether they will perceive it as mere decoration (and thus not a trademark). If many third parties are using the proposed design decoratively, it is unlikely to be able to do the job of a trademark.³⁵

Simply because a design mark is visually pleasing, however, does not mean that it is incapable of trademark protection. Some of the strongest trademarks are those that "combine visually attractive 'ornamentation' with the trademark purpose of identification

of source.”³⁶ As but one example, the Black Dog Tavern in Martha’s Vineyard has owned the Black Dog Design Mark since 1990, which features the silhouette of what appears to be a black Labrador Retriever.³⁷ When this mark was challenged as merely ornamental in an infringement suit, the court rejected the ornamentality claim. Specifically, the defendant argued that “[p]eople purchase [Black Dog] T-shirts not because they desire a T-shirt which they are assured originated with The Black Dog Tavern, but because they want a T-shirt with an image of a dog they consider pleasing.”³⁸ The court, however, held that “people buy Black Dog T-shirts precisely because they associate them with plaintiff’s establishments.”³⁹ Because it indicated the source, the Black Dog Design mark, was held to be a valid trademark. It is also worth noting, in light of the discussion above regarding registration, that *The Black Dog Tavern* court found significant plaintiff’s trademark registration on the Principal Register, stating “defendant has failed to overcome the presumption [of validity] created by plaintiff’s registration of its marks.”⁴⁰

An interesting situation arises when a trademark owner develops a mark consisting of both words and a design element and later wishes to protect the design element alone. Achieving protection for the design element alone in these situations is certainly possible, but the trademark owner should be deliberate in the way it goes about establishing protection. Courts often have rejected protection for design elements when the trademark owner has failed to use them without the accompanying verbal elements of the composite mark. This result has occurred even where, for example, one company’s star symbol was an “integral part of several marks” and a “common element across its non-word marks”. The Fifth Circuit, in this instance, nevertheless refused to find that there was sufficient support for finding secondary meaning in the star standing alone.⁴¹ Therefore, if your client wishes to claim rights in a design element, it should consider using the element alone – without accompanying word marks – in at least some instances to afford it the opportunity to develop recognized rights.

ii. Functionality

When a product configuration, design, or trade dress is claimed as a trademark, an opposing party often will raise functionality as a defense in an attempt to defeat the protectability of the mark. As with ornamentality, a deliberate selection and search process can help the trademark owner avoid adopting marks that are vulnerable to functionality defenses. By exploring whether the configuration, design, or trade dress is used by others, and gaining a full appreciation for its integration into the product at issue, counsel and client may make an educated decision about whether the proposed mark is likely to stand the test of time.

“A design is ‘functional’ . . . [if it] affords benefits in the manufacturing, marketing, or use of the goods or services with which the design is used, apart from any benefits attributable to the design’s significance as an indication of source, that are important to effective competition by others and that are not practically available through the use of alternative designs.”⁴² In its well-known decision in *Traffix Devices v. Marketing Displays*, the United States Supreme Court stated that a product feature is functional “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”⁴³

As these definitions suggest, functionality determinations can be complex and complicated. The gist of the functionality inquiry, however, is:

- Does the design or feature have functional benefits independent of any trademark significance?
- Does the design make manufacturing easier or less expensive?
- Does it make the product perform better in some way?
- Are there alternatives available that could accomplish the same thing?

Because the functionality inquiry often implicates engineering issues, it serves as a further example of the need to institute a formal process for selecting and vetting trademarks prior to adopting them. It further illustrates the need for the process to include all of the relevant decision makers and persons with appropriate knowledge. If a company has patent counsel, they should be part of the process as well. In *Traffix*, for instance, the Supreme Court noted that “[a] utility patent is strong evidence that the features therein claimed are functional.”⁴⁴ Therefore, if a company intends to claim trademark rights in a design, product feature, or trade dress, and the company owns or has applied to register patents related to the design or features, patent counsel should assist in determining whether any of the patents or patent applications claim as patentable the same design or features that are intended to serve as a trademark. Because those forms of protection cannot coexist for the same particular design or feature, a decision will have to be made with respect to which form of protection should prevail.

As this section and the ones preceding it have shown, selecting and evaluating a proposed mark or brand is a complex process carrying both defensive and offensive components. Because the selection and adoption of marks carry important implications for many facets of a business for years to come, best practices militate in favor of a deliberative process that draws input from the full array of a company’s stakeholders who are likely to take advantage of the benefits of a mark and other forms of available intellectual property protection and who may be affected by obstacles encountered along the way.

2. Setting up the Selection Process

In light of the complexities entailed in selecting a brand, a business is well-advised to adopt formal mechanisms for selecting marks. Regimens around the selection of marks will vary widely across companies depending on an array of factors, including the size of the business, the number of marks the business adopts each year, the degree to which marks are an integral part of the competitive landscape in the business’s particular industry, and whether the company has corporate counsel dedicated to trademark matters. The process may also vary depending on the relative importance of the mark being selected. For instance, if a company is selecting a house mark to appear on all of its products, to serve as the name of the company or to identify a subsidiary business or an entirely new line of products, the company may hire an outside marketing firm to research and create an entirely new brand. On the other hand, if the proposed mark is to be used as a tertiary

mark on one of many products already offered by the business, a less robust development process will probably be used. Whether the process is full-blown or relatively modest, the following list of considerations will help ensure that it is deliberate and covers the concerns addressed above.

- Who should be involved in selecting the mark?
 - Who are the relevant decision makers?
 - Who has institutional knowledge or technical knowledge that may impact whether the mark is protectable?
 - Who will implement the mark?
 - Who is responsible for sales under the mark?
- What is the purpose of the proposed mark?
 - Is it to serve as a house mark or a sub-brand?
 - Will it be used in connection with all goods and services or a subset?
 - Who are the consumers who will see the mark?
 - Are the goods or services offered under the new mark already familiar territory for the trademark owner, or is this a brand new market?
- What kind of marketing support will the proposed mark receive?
 - How much will the company spend to promote the proposed mark?
 - Is the mark likely to be popularized through the media or other means?
 - Is it practically feasible to select a coined or arbitrary mark, or is it necessary to include a descriptive element?
- Is the proposed mark comprised of words, designs, or trade dress?
- If design elements are involved, are they protectable?
 - Are they ornamental?
 - Can they be used standing alone to signify source?
 - Are they functional?
- What requirements or goals are there for conceptual strength and eventual commercial strength?
- How likely is the company to take action against others to enforce its rights?
- What is the company's tolerance for risks associated with receiving trademark infringement claims from others?

3. Structuring an Effective Trademark Search

As discussed above, conducting a trademark search may assist greatly in the selection process. Once the selection of the mark is believed to be completed, conducting appropriate searches may help refine the mark to one that is more protectable and less likely to trigger actions or claims from others.

Structuring an effective search requires an assessment of the intended use and details about the proposed mark. Understanding the proposed use includes asking such questions as:

- What is the anticipated nature and duration of use?
 - Is the proposed mark intended to be a house mark, a primary brand, or a secondary or tertiary mark?
 - How long will the proposed mark be used?
 - Will it be used alone or in connection with a house mark?
 - Is the proposed mark part of a family of marks owned by the client?
- What is the geographic scope and proposed publicity for the proposed use?
 - Where will the proposed mark be used?
 - Will it be used internally and externally?
 - Will it be used in a specific geographic region?
 - Will it be used outside the United States?
 - Will the proposed mark receive substantial marketing support as part of a major launch, or will it be the object of only incidental or limited promotional efforts?
 - Will it appear in mainstream media, on billboards, digital media, and other widely viewed media, or will it be used in a more limited fashion?
 - Will it be used as part of a domain name?
- What, if anything, inspired the proposed mark?
 - Where did the idea for the mark come from?
 - Is the proposed mark an acronym?
 - Does it derive from another language?
- If it is a word mark, will a design element be incorporated?
- How is the term pronounced?
- Does the client wish to own strong, broad rights it may enforce, or does it wish merely to clear the use to minimize the risk of any claims from others?

- Be alert to the possibility that a client who only desires clearance to use at the outset may later care about broad enforcement as the mark gains traction, but a mark chosen for easy adoption usage purposes today (e.g., a descriptive term) may not be capable of protection at a later date.

■ Does the client want to register the mark?

Understanding these details, among many others, will help the counselor arrange for a search that provides results that are appropriate to assess availability, identify the most relevant results, and give the results sufficient weight and consideration in connection with the client's goals.

Experienced counsel readily appreciate that trademark searches may vary considerably in cost. Just as there is a spectrum of distinctiveness, so too is there a spectrum of trademark searches. As one might expect, the more in depth and comprehensive the search, the more attorney time is involved, and the more the client incurs in fees and costs. Weighing the pros and cons of these realities requires an understanding of the details discussed above, as well as an appreciation for the client's resources, risk tolerance, and overall business objectives.

The spectrum of trademark searches is framed on one end by a preliminary, or "knock out," search. These searches typically are used to narrow or prioritize a list of proposed marks by eliminating any marks with an obvious conflict. However, where clients are particularly budget conscious and willing to accept the risks associated with moving forward without a comprehensive search, preliminary searches may be used to do as much as possible to clear a mark without incurring the time and expense associated with a full search. Preliminary searches typically consist of Internet research, searches of the USPTO's free online database, domain searches through the WHOIS database, and, depending on the circumstances, limited searches of state trademark registries and through fee-based databases such as Saegis. If a client elects to conduct only a preliminary search, counsel should take care to construct the kinds of research involved in a preliminary search in such a way so that the attorney and paralegal time involved does not exceed the cost associated with a comprehensive search.

At the other end of the spectrum are full trademark searches. Full searches are available from a number of vendors, including CT Corsearch and Thomson. Analysis of a full search report provides a more complete understanding of the availability of the proposed mark for use or registration and a better sense of potential risks. It also can provide a basis for defending the client's good faith adoption of the mark in the event of a legal challenge. A full search typically includes an examination of USPTO records, state trademark registries, common law and corporate name databases, and domain name databases. Additionally, full searches typically identify conceptual and phonetic variants of the proposed mark, including abbreviations, phonetic equivalents, variations in punctuation, synonyms, and translations. While comprehensive search reports provide a more complete view of the landscape, even they are not foolproof or exhaustive. They reflect the search strategies of the report itself and its analyst. As such, they should be evaluated and consideration should be given to conducting follow-up research.

C. Adoption and Use

As noted above, one need not register a trademark – either with the USPTO or any state agency – in order to develop protectable trademark rights. Rather, trademark rights in the United States are based upon use in commerce, and a party may develop use-based rights in a mark in the geographic territories where it makes use of the mark and to the extent it uses the mark exclusively and distinctively for its goods or services. When a mark is not registered, it is recommended that it be used with a designation to put third parties on notice that trademark rights are claimed – for example, “CRACKED EGGTM breakfast sandwich,” or “RISE N’ DINESM breakfast café.” Such notice is not a prerequisite for protection, but it does lessen a third party’s ability to profess ignorance that the mark’s owner claims rights in the mark. It also has a “chilling effect” on those who are thinking of copying the mark for their own use.

Because all trademark rights in the United States – whether federally registered or common law – are based on use, it is important that use of a mark be consistent. Once a mark has become well established or famous, there are exceptions to this, but as a general rule – particularly for a trademark owner attempting to strengthen its rights in its mark – the mark should be used consistently. As the Federal Circuit explained, for example, in reversing a jury finding of secondary meaning, a plaintiff’s burden to prove distinctiveness “becomes almost insurmountable” if record evidence exists “showing that its coloring system changed from time to time.”⁴⁵ Because “[c]onstantly changing styles rarely demonstrate the stability necessary for the public to identify those particular characteristics with a particular source,”⁴⁶ “a consumer witnessing constant changes to [a plaintiff’s] trade dress will not necessarily associate any single trade dress with the [plaintiff’s] product.”⁴⁷ Moreover, a brand owner’s inconsistent use of its trademarks or trade dress can weaken or undermine its efforts to protect its rights against third parties through enforcement efforts. For example, in *Rock and Roll Hall of Fame v. Gentile Productions*, the Sixth Circuit reversed a preliminary injunction granted in the Hall of Fame’s favor because it found that the Hall of Fame had used its claimed mark so inconsistently that it was unlikely to be able to establish protectable rights in the mark: “In light of the Museum’s irregular use of its building design, then, we believe that it is quite unlikely, on the record before us, that the Museum will prevail on its claims that Gentile’s photograph of the Museum is an infringing trademark use of the Museum’s building design.”⁴⁸

Similarly, in *Sorensen v. WD-40*, the Seventh Circuit rejected a plaintiff’s trademark-infringement claims due, in large measure, to his inconsistent use of this claimed mark. Specifically, in addressing the “strength of the mark” factor in its likelihood-of-confusion analysis, the court stated:

Most damaging to Sorensen’s argument regarding this factor is his inconsistent use of the crosshair mark. Inconsistent use makes a symbol less helpful to consumers as a source indicator, and therefore a weaker mark. Sorensen’s crosshair has been used since 1997, but inconsistently – sometimes the crosshair has symbols in each quadrant, sometimes the quadrants are

empty, and many times there is no crosshair at all, but rather a bull's eye. This factor therefore squarely supports WD40.⁴⁹

This kind of inconsistent use is not only fatal in trademark infringement lawsuits, it also seriously impedes a party's ability to attempt to enforce its trademark rights in non-litigation contexts, as most recipients of demand letters who do their homework will investigate the consistency of trademark claimant's use. Best practices for in-house counsel, therefore, include educating their clients about the importance of consistency in trademark use and monitoring the business's use of its marks for consistency in presentation.

In addition to providing notice of the rights one claims in a mark and executing the mark consistently, calling out the mark and emphasizing its trademark significance in advertising can strengthen trademark rights. For example, adidas frequently uses the slogan (for which it also has trademark protection) THE BRAND WITH THREE STRIPES to "call out" or have consumers "look for" its famous Three-Stripe trademark when shopping for shoes and apparel. Such "look for" advertising strengthens one's brand, and courts consider it in evaluating secondary meaning because "[a]dvertising and marketing expenses are truly probative of secondary meaning only when they encourage consumers to make the connection between a product feature and the origin of the product, *i.e.*, when a manufacturer's promotion of its [design] tells consumers to 'look for' a specific feature as indicative of source."⁵⁰ Indeed, in the case of trade dress, distinctiveness "cannot usually be proven by advertising that merely pictures the claimed trade dress and does nothing to emphasize it or call attention to it."⁵¹ The advertising must ask consumers to "look for" the trade dress and treat it as a source-identifier.

When trademark owners adopt distinctive marks, use them consistently, and take steps to ensure consumers view them as source-identifiers, strong brands are built. When owners or their counsel fail to take these measures, they may encounter difficulties when they go to attempt to enforce rights they believe they have. As we turn to licensing and franchising as further means of building brand strength, it's important to bear in mind that, just as a trademark owner must make sure its own use is consistent and done in a manner that causes consumers to view the designation or trade dress as a source-identifier, licensees and franchisees must do the same.

II. Expanding a Brand Through Licensing and Franchising

In addition to developing rights through one's own use of a mark, a trademark owner may further develop and strengthen rights in a mark through licensing and franchising. While related, licensing and franchising carry critical distinctions that have significant ramifications for the trademark owner. The concepts of licensing and franchising, as well as their distinctions, are explored below.

A. Licensing

In its most basic form, a trademark license is created when a trademark owner grants to another party a set of rights to use the owner's trademark in certain ways or under certain conditions in exchange for some form of consideration. Licenses can be an important mechanism in strengthening one's brand because a licensee's use of a mark inures to the benefit of the trademark owner, and so long as that use is consistent, it will likely help to strengthen the mark. In addition to ensuring that a licensee follows the best practices outlined in this article, such as consistency of use, it is important for license agreements to contain a quality control provision to avoid the situation of engaging in a naked license, which can eliminate a trademark owner's rights in the mark altogether.

In the United States, both statutory and common law principles govern trademark licensing. It is important, therefore, to note the statutory provisions that most commonly impact trademark license agreements, as well as the common law principles that govern their construction and interpretation. The laws and principles discussed below primarily address U.S. law and thus apply if U.S. law governs the contract. If that is not the case, the parties to any license agreement should seek local counsel in the jurisdiction that governs the agreement to determine which laws and other principles apply.

I. Cannons of Contract Law Apply

Beginning with the most basic, license agreements are after all contracts and are, therefore, governed by contract law. Generally, it is recommended that all license agreements be in writing, but trademark owners should be aware that it is possible, but not advisable, to form oral licenses that are enforceable in the United States,⁵² though this might not be the case in other jurisdictions. Because disputes regarding license agreements are adjudicated under cannons of contract law, care should be taken in drafting license provisions to make them as clear and thorough as possible.⁵³ By way of example, a well-crafted trademark license agreement should not leave open-ended the parties' respective post-termination rights, or what happens following the natural expiration of the agreement. In a 2008 case, the Second Circuit found such ambiguity existed with respect to the latter, even though the former was carefully laid out.⁵⁴ The license agreement at issue provided that "upon

termination . . . [licensee] would have no further right” to use the licensor’s marks or technology, except under limited, well-defined circumstances. While the agreement clearly spelled the parties’ rights during the term of the license and in the event of termination, the court found there was no express language stating that the licensee’s right to use the licensed material would end at the natural expiration of the term of the license.⁵⁵ The aforementioned problem is easily resolved by inserting the words “and/or expiration” after the word “termination” in the clause referenced above.

2. Standing to Sue in Federal Court and Bring Administrative Actions

Because jurisdictions vary on the default rights accorded to a licensee, parties to a license agreement should consider whether, or under what circumstances, a licensee will be entitled to bring a trademark infringement, dilution, false advertising, or an administrative action against third parties concerning the licensed marks. In the United States, only the registrant of a mark may bring a claim for federal trademark infringement.⁵⁶ However, a party need not be the owner or registrant of a mark to have standing to sue under Section 43(a) of the Lanham Act for federal unfair competition.⁵⁷ Nor is a licensee precluded from bringing an administrative proceeding, such as a notice of opposition, against a party seeking to register a mark that may create a likelihood of confusion with the licensed mark.⁵⁸ In light of the fact that a trademark owner’s rights may be substantially impacted in any such litigation or administrative action, an owner should carefully evaluate any right to sue conveyed to a licensee and the extent to which the owner maintains control over such actions.

3. Ensure the Agreement Is in Fact a License Agreement

Trademark licenses are typically driven by business objectives; namely, increasing brand awareness or revenue by either (a) expanding a brand owner’s market or product line or (b) lowering production or supply costs. Sometimes, however, trademark licenses are used to resolve disputes. Parties may, for example, decide to enter into a license agreement rather than litigate such that the alleged infringer becomes an authorized user of the mark in exchange for acknowledging the owner’s superior rights and paying a royalty to benefit from those rights.

Often, however, when agreements are used to resolve disputes, the parties are motivated to alter key licensing ingredients, and they may want to enter into an arrangement that falls short of an actual trademark license. An alleged infringer, or perhaps a senior user in an entirely different product category, for instance, may not want to submit to the trademark owner’s quality control requirements or oversight. These motivations often cause parties – wittingly or unwittingly – to enter into coexistence or consent agreements rather than trademark license agreements. Other arrangements like joint ventures or cobranding agreements could also come into play to resolve a dispute and could result in the creation of a new entity that will “license” the mark to each party for use in related or unrelated revenue generating activities.

Coexistence and Consent Agreements. “A license integrates, while a [coexistence agreement] differentiates.”⁵⁹ Thus, while the premise of a license is that absent such an agreement, the licensee’s use is an infringement, a coexistence agreement is premised on the parties’ assent that their respective marks and the way they are used create distinct commercial impressions such that neither infringes the other. A coexistence agreement thus allows both parties to act independently and merely provides guidelines sufficient to avoid confusion in the market place.

The term “consent agreement” is sometimes used interchangeably with “coexistence agreement.” Conceptually, however, a consent agreement is a type of a coexistence agreement; one that typically provides for nothing more than that both parties consent to the use and registration of their respective marks for their respective lines and/or geographic markets. A consent agreement, unlike a coexistence agreement, typically does not contain any limitations on either party.

Consent agreements typically are entered into so that one of the parties may overcome a refusal from the Trademark Office to register its mark because of an existing registration. Such agreements are almost always accepted by the U.S. Trademark Office because, as the predecessor court to the Federal Circuit explained, “A mere assumption that confusion is likely will rarely prevail against uncontroverted evidence from those on the firing line that it is not.”⁶⁰

Coexistence agreements will typically address many concerns such as future geographic and line expansion, adoption of new logos accompanying the word mark, or the abandonment by one party of its use. They should also address how the parties will handle future disputes that may arise, including what jurisdiction’s legal standards will apply, whether disputes will be decided through arbitration, and whether the agreement may be assigned.

Covenants Not to Sue. Just as coexistence and consent agreements are not equivalent to trademark licenses, neither are covenants not to sue, which also are often used to resolve disputes. Covenants not to sue often are employed as relatively straight-forward means of resolving a dispute. Typically, a trademark owner covenants not to sue an adverse party over a particular mark or design, or a junior user may assign its trademark rights in exchange for an agreement to retain the ability to use the mark and a covenant not to be sued for such use. As simple as such arrangements may seem, they may have unexpected consequences. For example, in *Nike v. Already*, Nike entered into a covenant not to sue Yums following a dispute over allegedly infringing footwear Yums had been selling.⁶¹ When Yums later attempted to maintain a federal court action for its counterclaims seeking declaratory relief and a petition to cancel Nike’s mark, the Second Circuit held the breadth of Nike’s covenant not to sue precluded such a suit because it eliminated any case or controversy between the parties.⁶² Unbeknownst to Yums, the covenant not to sue caused Yums to lose its ability to seek the relief it sought. On appeal to the Supreme Court, which affirmed the Second Circuit decision, the Court found that Nike’s covenant not to sue was broad enough to satisfy the “voluntary cessation” doctrine, whereby the covenant rendered

Yums, its agents, and its customers with no apprehension of suit, and hence, no viable right to pursue its counterclaims.⁶³

Similarly, unlike many licenses that may provide a licensee with the ability to sublicense, a covenant not to sue may not extend to a recipient's affiliates, vendors, or sublicensees. Thus, while the difference between a license and a covenant not to sue may appear to be a purely semantic issue when parties are in the midst of resolving a dispute, the consequences may be more far reaching.⁶⁴

B. Franchising

In addition, and related, to licensing, brand owners can strengthen a brand through franchising, which provides powerful ways to leverage trademark rights, not only to increase brand strength, but also to increase revenue, expand geographically, and grow the overall business. Franchising is a business relationship in which the franchisor permits the franchisee to offer goods and services under the auspices of the franchisor's trademarks and to use the franchisor's know-how. In exchange, the franchisee typically pays a suite of fees to the franchisor, which can include initial fees, royalty fees, marketing fees, local advertising fees, and others. Additionally, the franchisor closely monitors and controls the manner in which the franchisee offers the goods and services under the franchise.

The franchise relationship is a unique one. Stronger than a license, but weaker than an employment contract, it exists in a "commercial gray area," where the franchisor and franchisee are closely bound to one another, but also intent on maintaining a certain level of distance. Various forces combine to create this unique relationship, including but not limited to the following:

- the franchisee's desire for access to as much brand value and commercial know-how as possible, contrasting with its desire for flexibility to modify its business model so that it can be most successful in its territory;
- the franchisor's desire to keep firm control of its brand by setting out strong guidelines for a franchised business, contrasting with its desire to avoid any legal liability that accompanies an employer-employee relationship.

The franchise relationship can be said to exist in a commercial gray area because, at the edges, it may be confused for a license or for an employment contract. It is in the franchisor's interest to claim clearly the existence of a franchise relationship and to define clearly the nature of that franchise relationship as that of an independent contractor. If a prospective franchisor elects to sell franchises, it will have the advantage of significant control, minimal front-end expansion costs, and insulation from certain on-the-ground liability for the actions of employees of its franchise units.

Despite these advantages, very often businesses are reticent to commit to forming a franchise system. Due to the unique nature of the franchise relationship, the federal government and 15 states have enacted legislation governing the sale of franchises. These regulations call for complicated and costly disclosure programs that businesses may prefer

to avoid, either by limiting their business relationships to licensor-licensee relationships or by expanding only through use of units that are owned by the entity that owns the brand (or an affiliate).⁶⁵ For businesses intent on maintaining absolute control of their brands, franchising may also be unattractive because it invites outside entities to use brand assets.

I. The Franchise and Disclosures

Four elements are required for the formation of a franchise:

- “One party grants another the right to offer or sell goods or services”;
- “Using the grantor’s brand identification (trade- or service mark, logo, etc.), trade name, or advertising”;
- “Where the grantor either imposes significant controls over, or offers significant assistance in respect to, the grantee’s operation of the franchised business”; and
- “The grantee pays consideration for the right to enter into or maintain the relationship.”⁶⁶

These four requirements for a franchise are termed the grant, the trademark, the community of interest, and the marketing plan,⁶⁷ and all must be present for a franchise relationship to obtain.

Because a franchise agreement requires a franchisee to pay for the right to use a franchisor’s marks and participate in the franchisor’s business, and because the agreement allows for the franchisor to control and/or assist the franchisee extensively, federal and in some cases state laws exist to protect prospective franchisees (and franchisors) by calling for extensive pre-agreement disclosures. Franchisors must draft and distribute a document, commonly called the franchise disclosure document (“FDD”), which explains in “plain English” what is being offered and what sort of investment is required of franchisees. In the FDD, franchisors must disclose, among other things:

- the identities and business experience of the franchisor’s principals,
- whether the franchisor is involved in any ongoing litigation,
- the estimated initial investment for starting a franchise,
- what sort of controls franchisor will exert, and
- what a franchisee’s obligations will be.⁶⁸

In those states that have independent franchise regulations, a copy of the FDD must be filed with the state body charged with regulating the sale of franchises before a franchisor may sell franchises in that state.

Compliance with federal and state franchising regulations is time-consuming and expensive. Notwithstanding the benefits afforded to franchisors and franchisees through this relationship, some businesses choose simply to license their marks and exercise weaker

controls over their licensees, rather than to go through the process of franchise registration and sales.

2. Licensor to Franchisor and the Accidental Franchisor

If a brand owner wishes to license its brand assets to a licensee, and thereby grow a business without the headaches that accompany franchising, it must take care not to build into its license agreements all the requirements for forming a franchise. Even if an agreement is styled specifically as a license agreement, it will be construed as a franchise if the elements of a franchise are present.

Prospective licensors may, at this juncture, be confused as to how to avoid unintentionally forming a franchise relationship. After all, license agreements ostensibly do involve the grant of a right to use a trade or service mark to sell goods and services, where the licensor exerts control over the manner in which the mark(s) are used and the goods or services are sold, in exchange for valuable consideration from the licensee. Such an arrangement sounds a lot like a franchise agreement without more information.

Assuming licensors do not want to alter provisions granting the right to use a mark for a fee, they must be sure that the *controls* they exercise in their agreements do not rise to the level of community of interest. According to the Federal Trade Commission (“FTC”), there must be “significant control” for a franchise relationship to obtain, and the measure of significant control depends on the sophistication of the respective parties and other facts unique to each deal: “The more franchisees reasonably rely upon the franchisor’s control or assistance, the more likely the control or assistance will be considered ‘significant.’” Franchisees’ reliance is likely to be great when they are relatively inexperienced in the business being offered for sale or when they undertake a large financial risk. Similarly, franchisees are likely to reasonably rely on the franchisor’s control or assistance if the control or assistance is unique to that specific franchisor, as opposed to a typical practice employed by all businesses in the same industry.”⁶⁹

The Federal Franchise Compliance Guide goes on to include the rule of thumb that controls are deemed significant where they affect a franchisee’s “overall method of operation,”⁷⁰ as opposed to controlling only the manner in which the licensed mark(s) are used. According to the guide, the following non-exhaustive controls or assistance would be considered significant: Site approval and design, hours of operation, production techniques, accounting practices, personnel policies, training programs, and provision of a detailed operations manual.⁷¹ By contrast, controls designed “solely to protect the trademark owner’s legal ownership rights in the mark” granted are *not* considered significant.⁷²

Accordingly, a licensor who wishes to avoid having its agreements construed as franchise agreements should draft all control provisions with an eye toward protection of the trade and service marks granted to the licensee. Additionally, the licensor can use its discretion to approve the actions of the licensee, normally a “defensive” tool to protect the brand, in an “offensive” manner to steer the brand while avoiding construction as a franchise. For example, the licensee may be free to design any advertising it likes, but the licensor retains

the right to disapprove of any advertising that is inconsistent with the marks licensed, in the licensor's sole discretion.

Ultimately, if a business wishes to license its marks, it should work closely with counsel well-versed in license agreements and who also are intimately familiar with franchise agreements. The best way to avoid an inadvertent franchise is to know what a franchise requires and to negate a required element in a clear way.

3. Avoiding Franchisees Construed as Employees

On the opposite end of the spectrum, competent franchise counsel can also help a business that has decided to franchise avoid having its agreement construed as an employment contract. An important advantage of establishing a franchise system is that it permits the franchisor to exercise significant commercial control over its franchisees while also insulating the franchisor from liability. This is accomplished by maintaining an independent contractor relationship between the parties.

Franchise agreements should (i) clearly identify themselves as agreements for the sale of a franchise, and (ii) clearly state that the relationship between the parties is that of an independent contractor. While the law is fluid and in transition with respect to nontraditional employer-employee relationships,⁷³ the most recent cases deciding employment issues with franchises still understand the relationship to be that of an independent contractor where the agreement explicitly states this, and where the agreement explicitly styles itself as one for the sale of a franchise.⁷⁴

On the other hand, if an agreement provides for controls well beyond even a franchise relationship that can reasonably be understood as an independent contractor relationship, and/or where an agreement is not styled as a franchise agreement, the parties (in particular the franchisor) run the risk of courts opting to construe such agreements as employment agreements. The consequences of having one's franchisees (or the employees of one's franchisees) deemed employees can be far-reaching and financially significant: a franchisor may find itself on the hook to reimburse "employees" for wage and hour violations, rest and lunch break violations, tort claims brought pursuant to a franchisee's acts or omissions, and more.

4. Summary

Franchising may be an expensive and time-consuming process for brand owners. However, franchise relationships come with advantages brand owners may want to exploit to grow their businesses. In any case, brand owners should retain competent counsel and take care to be clear as to what they are offering to prospects, whether it is a license, a franchise, or an employment arrangement.

III. Brand Protection

Once a brand owner has established strong trademark rights, chances are others will (intentionally or unintentionally) trade on the goodwill those rights signify. Depending on the brand one has developed and the industry one is in, this may happen sparingly or all the time. When it happens, brand owners must decide how they are going to protect their brands. This section explores how brand owners may go about setting enforcement priorities, as well as the options brand owners have in taking action beyond the obvious and often expensive alternative of federal court litigation, options which include TTAB proceedings and ICANN UDRP proceedings.

A. Setting Priorities and Finding Cost-Effective Enforcement Mechanisms

Setting priorities for enforcing a brand owner's rights requires consideration of an array of factors, including the business's size, its appetite for contentious negotiations or litigation, the budget the company is willing to devote to enforcement efforts, internal and external resources available to the brand owner (including investigators and trademark counsel), and the overall importance of the brand to the viability of the business. Given this wide-range of factors, there is no easy prescription for brand enforcement. At the most cost-effective end of the spectrum, a brand owner may not have any dedicated legal staff or regularly retained outside counsel to address enforcement, but may simply rely on actors within the business to identify problems and address them, with or without counsel, on an ad hoc basis. It should go without saying that this approach carries with it many of the pitfalls one would expect when business persons address legal issues in other contexts without the aid of counsel.

Beyond such a bare-bones approach, a brand owner may have a marketing executive or in-house counsel dedicated to receiving enforcement concerns from the business and coordinating legal efforts to address them with outside counsel. The larger and more sophisticated the business, the larger the budget, and the more important the brand under consideration, the more a business is likely to have dedicated in-house counsel whose job is to initiate these efforts, investigate them, and manage outside counsel. In addition to passively receiving enforcement concerns from the business, in-house counsel may actively look for them by conducting Internet searches, following industry publications to look for competing products or services with marks that infringe, or hiring a watch service to send alerts when third parties file applications to register trademarks in certain classes that include certain words or features that may infringe. In addition to cost, there are pros and cons to more modest and more robust approaches. For example, generally, a brand owner will not risk a successful laches defense from a would-be defendant if the brand owner was not aware of the infringing use. Thus, a more passive approach may have an advantage in preserving resources by not necessitating action. However, a passive approach risks being charged with constructive knowledge, as in the case of a third party who has filed a federal trademark application for an infringing mark. When brand owners do not have watch

services in place to alert them to such applications, and such third parties' registrations issue (and, worse, become incontestable), brand owners may face an uphill laches battle. As with other strategic decisions that are dependent on other factors, these kinds of decisions should be made in consultation with sophisticated trademark counsel.

Regardless of how slender or robust a brand owner's enforcement resources are, each brand owner will need to decide what course or courses of action it will take when it discovers uses by third parties that infringe or compete unfairly. Typically, brand owners begin by contacting the alleged infringer. This contact may take a variety of forms depending on how aggressive or formal a brand owner wishes to be. It may come in the form of:

- an amicable phone call from a business person or in-house counsel to the relevant contact at the business believed to be infringing;
- an informal e-mail or low-key letter; or
- a formal cease-and-desist letter with specific demands and definite consequences if those demands are not met.

Often the decision over what kind of approach to take depends on the situation. For instance, when the infringement is egregious and appears to be the intentional act of a primary competitor, a more formal and aggressive approach may be called for. By contrast, when the infringement plausibly could be the honest mistake of a party with whom the brand owner does not compete, a more relaxed, amicable approach may be preferred.

Often negotiations stemming from these kinds of contact will successfully resolve enforcement issues. When they do not, a brand owner may turn to litigation, TTAB proceedings, or, when the infringing use involves a domain name, ICANN UDRP proceedings. To these we now turn.

B. TTAB Proceedings

Established in 1958 through an amendment to the Trademark Act, the Trademark Trial and Appeal Board ("TTAB") determines the right of applicants to register a mark with the USPTO. The TTAB is made up of four executive officers from the USPTO, 18 Administrative Trademark Judges, and a Chief Administrative Trademark Judge with a panel of at least three Board judges making decisions on the merits of the case.⁷⁵ The federal Trademark Act gives the TTAB its power to deny a proposed mark, cancel a registered mark, modify an application or registration, and permit concurrent use of two similar marks. The TTAB is not imbued with any power to award damages, profits, or any form of remuneration.

There are four primary types of inter partes proceedings that can come before the TTAB.⁷⁶ Opposition proceedings are initiated when a party seeks to prevent the registration of a mark by an applicant. Cancellation proceedings occur when a party is seeking to cancel a registration that is already owned by a defendant. Concurrent Use proceedings arise when a party is seeking permission to use a mark similar to a previously registered mark at the

same time. The TTAB can only rule in favor of the plaintiff in a Concurrent Use proceeding if “deception is not likely to result from the continued use by more than one person of the same or similar marks.”⁷⁷ A fourth, less common, proceeding is an Interference proceeding, in which the Board determines which, if any, of the owners of conflicting applications are entitled to registration.

I. Comparing *Inter Partes* TTAB Proceedings to Federal Court Litigation

The Lanham Act gives the party considering a cancellation or opposition proceeding against a proposed mark a choice between filing their action in federal court or bringing it before the TTAB. Proceedings before the TTAB do share some structural similarities with civil actions filed in federal district court. As in federal court, TTAB proceedings allow for pleadings, conferences, discovery, trial, briefs, a wide range of motions, and an optional oral hearing.⁷⁸ However, one of the primary structural differences between the federal courts and the TTAB is that TTAB proceedings are conducted in writing, and TTAB’s actions are based almost exclusively upon the written record. All testimony used in a TTAB decision, including all transcripts and exhibits, are taken out of the presence of the TTAB, and then filed separately.⁷⁹ Except for optional pretrial conferences or another rare circumstance, the parties to a TTAB action will often never even travel to the offices of the TTAB. Therefore, to the extent that parties feel they want to present in-person testimony and rely on oral arguments, the TTAB may not be the best choice of forum.

Aside from structural and procedural differences, there are many other factors that a potential plaintiff should consider when determining whether to file a complaint in federal court or before the TTAB. As a threshold matter, it should be noted that the type of the mark application being opposed can influence whether the complaint can be filed in federal court or before the TTAB. The USPTO offers two types of trademark applications to applicants: Section 1(a) applications based on use in commerce, and Section 1(b) applications based on *intent* to use in commerce. Section 1(b) applications allow applicants to reserve some protection over their marks that have not yet been used in commerce (a common law and statutory requirement to receive full trademark protection), but will be used at some point in the near future. Because there would be no likelihood of confusion or mistake arising from a mark that is not yet used in commerce, there would be no case or controversy sufficient to give a federal court jurisdiction under the U.S. Constitution.⁸⁰ Therefore, actions against Section 1(b) applications can only be brought before the TTAB, which are not subject to the same Article III requirements as traditional federal courts.⁸¹ Actions against foreign applicants may also be restricted to the TTAB, as federal courts may not have jurisdiction over defendants from other countries.⁸²

If a trademark application is eligible to be challenged or opposed before the TTAB, there are some distinct advantages of choosing the TTAB as the adjudicatory forum over the federal courts. The first advantage is that proceedings before the TTAB tend to be less expensive and less time consuming as compared to federal courts. A TTAB proceeding can be even more efficient and cost effective if the parties mutually agree to an Accelerated Case Resolution (ACR), an option similar to summary judgment that gives the TTAB the power

to resolve any issues of material fact in the case.⁸³ The TTAB then has 50 days after the last brief is submitted to issue a ruling on the merits.

Initiating a TTAB proceeding may also be a better tactical maneuver for plaintiffs seeking the end result of negotiating a settlement with the other side. This is partly because the TTAB has a very flexible suspension practice, which permits parties to negotiate easily.⁸⁴ The filing of a TTAB action can also be seen as less intimidating and may be a better first step toward resolving a trademark matter as compared to federal court litigation, which is generally considered to be a more rigorous forum. It is also easier for plaintiffs to dismiss a complaint filed before the TTAB because, unlike in federal court, there are no monetary consequences for prejudicial or non-prejudicial dismissals in a TTAB proceeding.⁸⁵ Another strategic consideration for deciding between a TTAB proceeding and federal court are the possible appeal options. District court decisions are only directly appealable to their respective circuits; they are not eligible to be appealed before the Court of Appeals for the Federal Circuit. On the contrary, TTAB positions are appealable to the Federal Circuit. Therefore, to the extent that a plaintiff wants to ensure appeal rights to the Federal Circuit, they should choose the TTAB as their forum for the action.

The federal courts also share their own distinct set of advantages over the TTAB. First, while federal courts are able to award injunctive and financial relief, the TTAB does not have this power.⁸⁶ Therefore, if the plaintiff is seeking a remedy beyond refusal or cancellation of a registration, federal court is a more suitable forum. An additional financial consideration for a plaintiff is that the TTAB is not able to award attorney's fees or deliver sanctions for the violation of a rule, whereas the federal courts do enjoy this power. If the plaintiff does seek financial or injunctive relief in federal court, a jury trial may be available to them. This is not true of TTAB proceedings, where the panel judges are solely responsible for decisions on the merits.⁸⁷

2. The *B&B Hardware* Decision

In 2015, the United States Supreme Court considered the question of what preclusive effect should be given to a finding by the TTAB after an inter partes proceeding. In *B&B Hardware v. Hargis Industries*, the Court balanced the argument that issue-preclusion principles should never apply to TTAB panel decisions against the proposition that preclusion is permissible in some circumstances.⁸⁸ Siding with the latter argument, the Court held that TTAB decisions may have a preclusive effect in federal trademark litigation "so long as the other ordinary elements of issue preclusion are met."⁸⁹ In most Circuits, the elements of issue preclusion are similar to the following:

- the party sought to be precluded in the second suit must have been a party, or in privity with a party, to the original lawsuit;
- the issue sought to be precluded must have been the same as the issue involved in the prior action;

- the issue sought to be precluded must have been actually litigated in the prior action;
- the issue sought to be precluded must have been determined by a valid and final judgment; and
- the determination in the prior action must have been essential to the prior judgment.

However, in order for preclusion to apply, the procedures that the TTAB uses in coming to its decision must be similar to the procedures used by the federal courts. For example, in the underlying dispute between B&B Hardware and Hargis, the TTAB considered the marketplace usage of the parties' marks when determining whether there was likelihood of confusion. This is something that federal courts typically do when considering the likelihood of confusion issue, but is not the kind of in-depth analysis that the TTAB typically performs. Because the TTAB did perform a confusion analysis comparable to a federal court in the underlying action, the Supreme Court held that preclusion was proper if the other traditional elements of preclusion were met. The Court was clear to state that "if the TTAB does not consider the marketplace usage of the parties' marks, the TTAB's decision should 'have no later preclusive effect in a suit where actual usage in the marketplace is the paramount issue.'"⁹⁰

Following the Supreme Court's confirmation of a prevailing party's ability to take advantage of their TTAB victories in later litigation, potential or actual litigants before the TTAB may wish to consider some additional factors. First, the Courts' holding favors senior users when the issue is likelihood of confusion. Because the TTAB embraces a more forgiving standard for accepting likelihood-of-confusion surveys, it is often easier to prove likelihood of confusion before the TTAB than before a federal district court. Even with this in mind, a determination of the likelihood of confusion issue is the issue least likely to be given preclusive effect in later litigation. Issues such as priority of rights, distinctiveness, functionality, and abandonment may be far easier to receive preclusion for because the TTAB applies the same test and reviews the same types of evidence as federal courts do when addressing these inquiries. Therefore, any party considering proceeding before the TTAB on issues other than likelihood of confusion should be cautious entering into and remaining in the TTAB proceedings if it seems that the likelihood of success on the issues is low.

C. ICANN Dispute Resolution Services

The Internet Corporation for Assigned Names and Numbers ("ICANN") is a non-profit, private-sector corporation created in 1998 by the U.S. Department of Commerce to preserve the operational stability of the Internet. It specifically coordinates the assignment of domain names, IP address numbers, protocol parameters, and port numbers.

To address cybersquatting, ICANN promulgated a Uniform Domain Name Dispute Resolution Policy ("UDRP")⁹¹ and the Rules for Uniform Domain Name Dispute Resolution Policy ("Rules").⁹² ICANN approves dispute-resolution service providers who conduct the administrative proceedings involving domain name disputes. These service providers are

bound to conduct the administrative proceedings in accordance with the UDRP and the Rules.

The UDRP operates between the registrars and the holder of the domain name registration. All holders of domain name registrations take these names subject to the terms of the UDRP.⁹³ The UDRP requires all holders to submit to a mandatory administrative proceeding if a third party complainant asserts that the domain name was wrongfully obtained. To prevail in the action, the complainant must establish:

- identical or confusing similarity;
- the respondent has no legitimate interests in the domain name at issue; and
- the respondent registered and is using the domain name in bad faith.

I. Identical or Confusing Similarity

To have a domain name transferred pursuant to ICANN's UDRP, a complainant first must show the respondent's domain name is "identical or confusingly similar" to the complainant's trademark or service mark.⁹⁴ The UDRP does not require the complainant to have a registered mark. Moreover, although the UDRP specifically mentions trademarks and service marks, and not other intangible rights, some panel decisions have effectively allowed publicity rights to be asserted.⁹⁵

Because most published opinions have involved very similar names, the "identical or confusingly similar" element has not generated much controversy. In *Gateway v. James Cadieux*, for example, the respondent registered <pcgateway.com> and <pcgateway.net>, which were found confusingly similar to complainant's registered marks.⁹⁶ In determining confusing similarity, the UDRP panel typically does not analyze the traditional likelihood of confusion factors such as the similarity of goods and services or channels of trade.⁹⁷ Rather, the marks are assessed alone without market context.

On occasion, however, complainants fail to establish confusing similarity, especially when the complainant's mark is weak or when the third-party uses of the mark are prevalent. For example, in *Reed Publishing v. Select Gourmet Foods*, the panel found the respondent's domain registration for <whoiswhoinlaw.com> and <whoiswhoinpolitics.com> not confusingly similar to complainant's WHO'S WHO IN AMERICAN LAW and WHO'S WHO IN AMERICAN POLITICS trademarks.⁹⁸ Among other reasons, respondent successfully demonstrated numerous third-party uses of the "who's who" motif without geographical limitations.

Complainants also fail to establish confusing similarity when respondent makes "significant" visual and phonetic changes to the complainant's mark when creating the contested domain name. In *Google v. 207 Media*, the respondent registered <groovle.com>, a website service that allowed users to customize the Google homepage within their personal computer's internet browser. The DRSP panel found that the contested domain name

contained the “significant letters ‘r’ and ‘v’ which serve[d] to distinguish the sound, appearance, meaning, and connotation of “groovle” from Complainant’s GOOGLE mark.”⁹⁹ If a complainant is unable to prove confusing similarity, then the DRSP panel will typically not address the additional prongs of “no legitimate interest” and “bad faith.”

2. Respondent Has No Legitimate Interest in the Domain Name

In addition to confusing similarity, the UDRP requires a complainant to establish that the respondent has “no rights or legitimate interests in the name.”¹⁰⁰ A complainant may discharge this burden by stating the reason “why [the respondent] should be considered as having no rights or legitimate interest” in the domain name.¹⁰¹ If the complainant has a federally registered trademark, nationwide constructive notice can be asserted to demonstrate the respondent’s lack of legitimate rights or interests in the domain name.¹⁰²

If the complainant provides a credible reason why the respondent has no legitimate interests, the burden generally shifts to the respondent to demonstrate some legitimate interest. For example, in *Nandos International Limited v. M Fareed Farukhi*,¹⁰³ the complainant stated that it filed a U.S. trademark application for the mark NANDO’S at least five years before the respondent registered the domain names <nando.com> and <nandoschicken.com>, but the respondent failed to submit evidence of interest in the name. Accordingly, the panel concluded the respondent lacked a legitimate interest in the domain name.¹⁰⁴

In view of this shifting burden, the UDRP provides guidance to respondents seeking to demonstrate legitimacy by setting forth three indicia of legitimate interests.¹⁰⁵ Establishing one of these indicia effectively will prevent a complainant from establishing the second prong – “lack of legitimate interests” – and, allows a respondent to maintain it lacked bad faith (the third prong), discussed *infra*. The three indicia of legitimate interest in the domain name are:

- (i) before any notice to [the holder] of the dispute, [the holder’s] use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or
- (ii) [the holder] (as an individual, business, or other organization) [has] been commonly known by the domain name, even if [the holder has] acquired no trademark or service mark rights; or
- (iii) [the holder is] making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.¹⁰⁶

First, if the respondent can show it was selling goods bearing the mark before it knew of the dispute, then a legitimate right generally is established. Similarly, if the respondent has adopted a generic term describing the goods he sells, then a panel is more apt to find legitimate rights. For instance, in *Eauto v. Triple S. Auto Parts*, the respondent had been

selling auto lamps and decided to market them on the web.¹⁰⁷ The panel decided that “eautolamps” was an example of an Internet-based description of a generic product because “the letter ‘e’ preceding [a product] has come to be understood as an electronic, Internet-based form of the same.”¹⁰⁸ Thus, the panel held for the respondent. However, merely using the domain name to link to other sites does not constitute a bona fide offering of goods or services.¹⁰⁹

The second indicator of a “legitimate interest” provides protection to respondents who register domains for their commonly known name, even if they have not acquired trademark rights in the name.¹¹⁰ This clause protects companies that do not use their name in conjunction with goods or services, but nevertheless register the company name as part of a domain name. An effort to register a common name in such circumstances negates the intent to pirate the rights of others, which is the narrow target of the ICANN system.¹¹¹

Third, the UDRP protects legitimate non-commercial or fair use of the domain name so long as customers are not diverted or trademark rights are not tarnished for commercial gain.¹¹² This defense is commonly invoked, but is rarely successful, especially if the respondent sells goods in addition to criticizing the trademark owner. In *Monty and Pat Roberts v. Bill Keith*,¹¹³ for example, the panel rejected respondent’s free-speech assertion, stating “the fact that respondent’s primary motive for establishing its site may be to criticize complainant does not insulate respondent from the fact that it is directly and indirectly offering products for sale.”¹¹⁴

3. Bad Faith

Even if a complainant shows that the respondent holds a domain name that is confusingly similar to the complainant’s trademark and that the respondent has no legitimate rights or interests in the mark, the complainant still must establish that the respondent has registered *and is using* the domain name in “bad faith.”¹¹⁵

The “use” requirement has caused concern for complainants because the UDRP does not clearly define this term and many cybersquatters do not actively use the domain names they have registered. In general, if the domain name registered by respondent has any display, or if the domain name owner makes any attempt to sell the name at a profit, then the use requirement probably will be met.¹¹⁶ Absent such activity, a panel may find the use requirement lacking.¹¹⁷ However, if the trademark at issue is particularly strong and well-known, a distinct possibility exists that a panelist will overlook the use requirement and order the transfer of the name.¹¹⁸

Assuming the use requirement is met, a complainant still must demonstrate respondent’s bad faith.¹¹⁹ The UDRP provides four specific circumstances that satisfy this element:

- (i) circumstances indicating that [the holder has] registered or [has] acquired the domain name primarily for the purpose of selling, renting or otherwise transferring the domain name registration to the complainant who is the

owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of [the holder's] out-of-pocket costs directly related to the domain name; or

(ii) [the holder has] registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that [the holder has] engaged in a pattern of such conduct; or

(iii) [the holder has] registered the domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the domain name, [the holder has] intentionally attempted to attract, for commercial gain, Internet users to [its] website or other online location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of [the holder's] web site or location or of a product or service on [the holder's] website or location.¹²⁰

Numerous panel decisions explain and apply each of these bad faith indicia. They are briefly addressed here.

a. Primary Purpose to Sell the Name

Panels generally have adopted a rather low threshold for establishing a primary intent to sell the name to a trademark owner or a competitor. This is likely due in part to the reality that if the complainant has shown that the domain name is confusingly similar to its trademark and that the respondent has no legitimate interests in the name, then "bad faith" can be inferred. For example, in *Home Interiors & Gifts v. Home Interiors*, the panel found that the posting of a counter displaying web page hits at the websites <homeinteriors.net> and <homeinteriorsandgifts.com> was enough to show an intent to sell because the counter illustrated the number of diverted web users, and thus supported the cybersquatter's price.¹²¹ Likewise, *Educational Testing Service v. TOEFL* concluded that proof of a general intent to sell the website <toefl.com> to any buyer, as contrasted with an intent to sell the domain name to the trademark owner or its competitor, was sufficient to show bad faith.¹²² Statements on the contested website that indicate the domain name is for sale also serve as strong evidence of bad faith. In *Omaha Steaks International v. Cyber Domain Services PVT*, the UDRP panel highlighted that the respondent registered the website <omahasteake.com> and displayed the message: "The Owner of the domain you are researching has listed it for sale."¹²³ The UDRP Panel determined that such a general offer of the domain name for public sale was sufficient evidence of bad faith.

b. Pattern of Bad Faith Registration

A pattern of infringing registrations also supports a finding of bad faith.¹²⁴ This indicator is aimed at the stereotypical cybersquatter who has registered numerous domain names incorporating well-known trademarks. While a clear cybersquatter may have hundreds of

registrations, the more difficult question arises when a respondent has registered only a few suspect domain names. Panels have been somewhat inconsistent concerning how many suspicious registrations are sufficient to constitute bad faith: one case found two or three insufficient;¹²⁵ two other cases found three to be enough.¹²⁶ While no magic number exists, if a respondent has substantially more than three dubious registrations, a pattern is likely to be found, especially if the registrations contain well-known trademarks.

c. Registration Primarily to Disrupt a Competitor's Business

Panels have had little difficulty finding bad faith when a respondent has registered a mark primarily to deny a competitor use of a mark on the Internet.¹²⁷ In *Georgia Gulf Corporation v. The Ross Group*, for instance, respondent had registered domain names nearly identical to its competitors' trade names.¹²⁸ The respondent's Web site simply displayed a notice that the registered site had been reserved and gave contact information.¹²⁹ After being served with a complaint, the respondent e-mailed the complainant offering to sell the site for \$36,000.¹³⁰ The panel concluded that respondent "registered the domain name to prevent complainant from reflecting the mark in a corresponding domain name and . . . primarily for the purpose of disrupting the business of a competitor."¹³¹

d. Creating Confusion for Commercial Gain

Finally, bad faith generally will be found when a respondent creates confusion between the domain name and another's trademark to attract users to its website. For example, in *British Broadcasting Corp. v. Renteria*, the respondent, an individual in Caracas, Venezuela, registered the domain names <bbcdelondres.com>, <bbcenespanol.com>, <bbcenespanol.net>, and <bbcenespanol.org>.¹³² At one of these sites, the respondent used the BBC's logo, framed the content of its website, and described itself as being a "world leader in news" offering "up to date, accurate and independent information 24 hours a day."¹³³ The panel concluded such conduct constituted an intentional attempt to lure web users for commercial gain by creating confusion as to source, sponsorship, or affiliation.¹³⁴

4. Summary

In sum, under the ICANN UDRP, domain names are transferred when the domain name is identical or confusingly similar to another's trademark or service mark, the domain-name registrant has no legitimate interests in the domain, and the registrant acted in bad faith. Good faith domain name registrations that result in likelihood of confusion or trademark dilution should not be transferred in an ICANN proceeding. In these circumstances, the ICANN dispute resolution system is not an alternative vehicle for vindicating trademark rights. In practice, much turns on what kind of proof is available to establish "bad faith." Because no effective discovery mechanism exists, a complainant often will have to demonstrate bad faith with publicly available information or proof of extortionary communications made by the respondent.

Finally, participants in ICANN proceedings should know that an ICANN decision is not the "final word." Participants dissatisfied with an ICANN result can suspend the transfer

of a contested domain name by filing a federal district court action and providing notice to the domain name registrar within ten days of the adverse ICANN ruling.¹³⁵ Thus, the only real effect of an ICANN proceeding is to transfer possession of a domain name, as participants' legal rights are not affected by the outcome. Few bad faith cybersquatters, however, will likely file a lawsuit to recapture registrations due to the scrutiny they are likely to be subjected to and the prohibitive costs of litigation. Overall, ICANN proceedings can be used as a complementary and effective tool to protect brand owner's trademark rights on the Internet in a cost-effective way.

IV. About the Author

A. About Kilpatrick Townsend & Stockton LLP

Kilpatrick Townsend has approximately 650 attorneys in 18 offices throughout the United States; Asia; and Europe, including: Atlanta, GA; Augusta, GA; Charlotte, NC; Dallas, TX; Denver, CO; Los Angeles, CA; Menlo Park, CA; New York, NY; Raleigh, NC; San Diego, CA; San Francisco, CA; Seattle, WA; Shanghai; Stockholm; Tokyo; Walnut Creek, CA; Washington, DC; and Winston-Salem, NC. Offering the full range of services, Kilpatrick Townsend is one of the few general practice firms with a core commitment to intellectual property law. With more than 300 attorneys devoted to IP law, Kilpatrick Townsend offers clients specialization that exceeds even the most well-known boutique firms. For more information, please visit: <http://www.kilpatricktownsend.com>

B. Charles H. Hooker III, Partner

Charles Hooker is a partner at Kilpatrick Townsend & Stockton LLP, where his practices focuses on intellectual property litigation, including cases involving trademarks, unfair competition, copyrights, and Internet disputes.

Read Mr. Hooker's full biography:

http://www.kilpatricktownsend.com/en/Who_We_Are/Professionals/H/HookerIIICharlesH13008.aspx.

V. Sample Forms

A. Notice of Opposition

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the Matter of Serial No. _____
Mark:

[Image of Mark]

Filing Date: _____
Publication Date: _____
Our Reference No.: _____

<p>_____,</p> <p>Opposer,</p> <p style="text-align: center;">v.</p> <p>_____,</p> <p>Applicant.</p>	<p>Opposition No. _____</p>
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NOTICE OF OPPOSITION

Opposer is _____, a _____ corporation with an address at _____ (“Opposer”). Opposer believes that it will be damaged by the registration of the trademark shown in Application Serial No. _____ (the “Application”) and therefore opposes it pursuant to 15 U.S.C. § 1063.

As grounds for its opposition, Opposer alleges as follows:

1. Opposer, owns the brand _____. Since it was founded in ____, Opposer has built _____ [description of brand] in the United States.

2. [Include paragraphs describing the Opposer's brand and its use of mark at issue.]

3. Based on Opposer's extensive use and promotion of the _____ mark, the _____ mark has come to embody substantial goodwill associated exclusively with Opposer, and consumers immediately identify the _____ mark with Opposer.

4. In addition to the common law rights it has developed through extensive use of the _____ mark, Opposer owns the following U.S. trademark and service mark registrations for the _____ mark:

Mark	Reg. No.	Goods/Services	Filing Date	Reg. Date

The foregoing registrations are valid and in full force and effect, and constitute *prima facie* evidence of Opposer's exclusive right to use the _____ mark in commerce in connection with the goods and services specified in the registrations.

5. Notwithstanding Opposer's prior rights in the _____ mark, on _____, _____ ("Applicant"), with an address of _____, _____ filed its Application to register the mark shown below ("Applicant's Mark") for goods in International Class ____, namely "_____."

Application Ser. No. _____

6. The Application was published in the *Trademark Official Gazette* on

_____.

7. Applicant's Mark incorporates Opposer's _____ mark. The goods listed by Applicant in the Application are identical or highly similar to goods Opposer has offered under the _____ mark, and are closely related to the goods offered at Opposer's stores.

8. There is no issue as to priority. Opposer began using in commerce its _____ mark as early as _____, well prior to the _____ filing date of Applicant's Application.

9. If Applicant is granted the registrations herein opposed, it would thereby obtain a *prima facie* exclusive right to the use of Applicant's Mark. Such registration would be a source of damage and injury to Opposer.

WHEREFORE, Opposer requests that registration of Application Serial No.

_____ be denied pursuant to 15 U.S.C. §§ 1052(d) and 1063(a).

The opposition fee in the amount of \$_____ for a notice of opposition in one class is filed with this Notice of Opposition.

Please recognize _____, and the law firm of _____, as attorneys for Opposer in connection with this opposition proceeding. Please address all correspondence regarding this proceeding to _____ at _____,

_____.

Dated: _____
Respectfully submitted,

Attorneys for Opposer

B. License Agreement

LICENSE AGREEMENT

BRIEF DESCRIPTION

This form is for use in licensing of trademarks that the licensor owns in connection with specified goods. It provides for both exclusivity with regard to certain goods and non-exclusivity with respect to others.

BODY OF DOCUMENT

This License Agreement (the “Agreement”), is made and entered into this ____ day of _____, _____ (the “Effective Date”), by and between _____ (“Licensor”), and _____ (“Licensee”).

RECITALS

WHEREAS, Licensor owns and, since at least as early as _____, continuously has used _____ trademark (the “Mark”) in connection with _____ products, which is the subject of U.S. trademark registrations, including those identified in **Exhibit 1**;

WHEREAS, Licensee seeks to use the Mark in connection with advertising, marketing, offering for sale, and selling the products (the “Authorized Products”) listed in **Exhibit 2**;

NOW, THEREFORE, for and in consideration of the recitals and the mutual promises, covenants and conditions contained in this Agreement, the parties agree as follows:

AGREEMENT

1. **Definitions.** In addition to the terms defined above and those terms defined in the text of this Agreement, the following capitalized terms shall have the following respective meanings for purposes of this Agreement:

“**Term**” The term of the license under this Agreement shall commence on the Effective Date and shall have a duration of three (3) years from the Effective Date.

“**Packaging**” means any and all packaging, labeling or other items incorporating the Mark which are used in connection with the packaging, shipment and retail display of the Authorized Products, as approved by Licensor as provided herein.

Disclaimer: As with all forms, this document may not be suited for all situations and its provisions should be tailored to the specifics of your transaction.

“Promotional Materials” means any and all marketing, advertising and promotional materials created by Licensee incorporating the Mark, as approved by Licensor as provided herein, in all forms of media, including (without limitation) the Internet, billboards, street signs, point-of-sale, print advertisements, television and radio.

“Territory” means (i) the United States, its territories and possessions, (ii) Canada, and (iii) other specific international territories mutually agreed upon by Licensee and Licensor.

“Channels of Distribution” means the sales of Authorized Products to (i) jobbers, wholesalers, and distributors for sales and distribution to retail stores and merchants; and (ii) retail stores and merchants directly for sale and distribution to the public.

“Royalty” or “Royalties” means a mutually agreed upon percentage of Net Sales (as defined below) to be paid to Licensor for Authorized Products sold during the Term. Royalties shall accrue when Authorized Products are sold, shipped, distributed, billed and/or paid for, whichever occurs first.

“Net Sales” means Licensee’s gross sales (the gross invoice amount billed to Licensee’s customers in the Channels of Distribution, but not the retail price paid by the public) of Authorized Product sold or otherwise distributed during the Term pursuant to the Agreement, less deductions for the trade and quantity discounts actually taken (provided, however, that such trade and quantity discounts shall not exceed ten percent (10%) of gross sales), returns for damaged goods actually credited (and supported by the credit memoranda actually issued to the customers), and sales taxes (if included in gross sales collected from customers and remitted to the proper government authority). It is understood that credit against sales will be allowed only for actual returns of damaged goods, and that no credit against sales will be allowed on the basis of an accrual or reverse system. No other deductions shall be taken from Net Sales including, without limitation, deductions for cash or other discounts or uncollectible accounts. No costs incurred in the manufacture, sale, distribution, or promotion of Authorized Products shall be deducted from any Royalties payable to Licensor. Licensee shall pay, and hold Licensor forever harmless from all taxes, customs, duties, levies, import or any other charges now hereafter imposed or based upon the manufacture, delivery, license, sale, possession or use hereunder to or by Licensee of the Authorized Products which charges shall not be deducted from Licensor’s Royalties, with the exception of permitted sales tax deductions as set forth above.

“Guarantee” means a mutually agreed upon guaranteed amount to be paid by Licensee from time-to-time during the Term, as set forth herein, that is fully recoupable against the Royalties from the sale of the Authorized Products in the Territory during the Term. There is no Guarantee provided in this Agreement.

“Advance” means an agreed-upon portion of the Guarantee to be paid to Licensor upon execution of this Agreement. There is no Advance provided in this Agreement.

2. Grant of License; Limitations.

(a) License Grant. Subject to the terms and conditions of this Agreement, Licensors grants to Licensee, during the Term, and Licensee hereby accepts, the revocable right and license throughout the Territory, to make use of and to otherwise exploit the Mark in order to (1) manufacture, produce, distribute, promote, label, package, and sell the Authorized Products, and (2) manufacture, produce and distribute the Promotional Materials and Packaging in connection with the foregoing rights. This grant of license is exclusive with respect those Authorized Products listed Paragraph 1 of **Exhibit 2**, and shall be non-exclusive with respect to those Authorized Products listed in Paragraph 2 of **Exhibit 2**.

(b) Sublicensing. Licensee may not sublicense the rights granted hereunder, provided that Licensee may have the Authorized Products manufactured, packaged, promoted, and/or distributed by a third party on the condition that Licensee: (i) obtains Licensors prior approval, not to be unreasonably withheld, of the identity of such third party manufacturer, packager, promoter, or distributor; (ii) provides Licensors with a list of the names and addresses of any third party manufacturer, packager, promoter, or distributor; and (iii) as to manufacturers, enters into a written agreement with such manufacturer, a copy of which shall be provided to Licensors, in substantially the form attached as **Exhibit 3**. Licensee agrees further to have any other third party whom it engages to sign any paperwork reasonably requested by Licensors to protect Licensors rights in the Mark. Licensee acknowledges and agrees that Licensees use of any such third party in no way derogates from or relieves Licensee of any of its obligations under this Agreement.

(c) Limitations and Restrictions.

(i) No Registration. Licensee agrees that it will not, during the Term or thereafter, use or seek to register any trademark, service mark, trade name, or other indicia consisting of or incorporating any element of the Mark, or variations thereof, or commit any act that (A) falsely represents or which has the effect of falsely representing that Licensors manufactures, distributes, sponsors, approves, licenses or is in any manner associated and/or affiliated with Licensees goods and/or services (aside from the Authorized Products), or (B) otherwise infringes or causes to be infringed Licensors rights with respect to the Mark.

(ii) Non-Assignment. The License granted in this Agreement is personal to Licensee and may not be assigned by Licensee without the express written consent of Licensors.

(ii) No Other Rights. Licensee agrees that: (A) nothing contained in this Agreement grants to Licensee any right, title or interest in or to the Mark, except for the limited and revocable rights expressly granted pursuant to this Agreement; (B) each and every element of the Mark is and will remain the sole and exclusive property of Licensors; and (C) any and all use by Licensee of any part of the Mark and the goodwill associated therewith will inure to the exclusive benefit of Licensors. Licensee agrees never to raise or to cause to be raised any questions concerning, or objections to the validity of, the rights to the use of the Mark or the rights of Licensors therein and thereto, on any grounds whatsoever. All rights not expressly granted herein are reserved to Licensors.

(d) Right of First Negotiation - EU. If Licensors desires to license the Mark in the European Union ("EU") for use in connection with the products identified in Paragraph 1 of **Exhibit 2** hereto, Licensors shall, prior to negotiating such rights with any third party, negotiate in good faith exclusively with Licensee for a period of thirty (30) days after Licensors notifies Licensee in writing of its desire to negotiate mutually agreeable terms upon which to license the Mark in the EU for the products set forth at Paragraph 1 of **Exhibit 2**. If an agreement to distribute these products in the EU is not concluded within this thirty (30) day period, Licensors may negotiate with third parties for such rights.

3. Royalties; Payment; Accounting.

(a) Royalty. Licensee shall pay to Licensors a quarterly Royalty equal to Ten Percent (10%) of Licensee's Net Sales of the Authorized Products during such calendar quarter.

(b) Accounting and Payment. Licensee shall compute the Royalty due to Licensors and shall furnish to Licensors complete and accurate royalty statements, within sixty (60) days following the end of each calendar quarter during the Term (the "Royalty Statements"). Simultaneously with the mailing of such statement, Licensee shall pay all Royalties due to Licensors with respect to such statements. Payment of Royalties shall be made in funds via wire transfer to:

Bank
Account No. XXXXXXXXXXXX
Account Name: Licensors
Reference: License E-Payment

No royalties shall be payable with respect to Authorized Products distributed for promotional purposes (i.e., given away or sold at a price substantially below Licensee's standard selling price as part of a promotional effort.) Licensee shall supply quarterly Royalty Statements to Licensors whether or not any Royalties are due thereunder. These Royalty Statements must report Net Sales on a country-by-country basis. Royalties may be computed in the currency of the country where earned and shall be paid to Licensors in US Dollars at the exchange rate received by Licensee at the time the Royalty Statement is provided. Licensee shall be solely responsible for all costs of any currency conversion to US Dollars.

(c) Late Payment. Interest at a rate of one percent (1%) per month, compounded annually on the unpaid balance, or the maximum legal rate of interest, whichever is lower, shall accrue on any amount due to Licensor hereunder, calculated from the date on which such payment was initially due.

(d) Objections. The receipt or acceptance by Licensor of any statement or payment shall not preclude Licensor from questioning the correctness thereof within two (2) years of receipt of such payment or statement.

(e) Books and Records/Audit. Licensee shall keep appropriate books of account and records in respect of its manufacture, production, distribution, promotion and sale of the Authorized Products. Throughout the Term and for a period of three (3) years thereafter, Licensee shall maintain such records. Licensee shall make available to Licensor's certified public accountants for inspection, and/or audit at Licensor's expense, upon written notice, all records and supporting documentation relating to the terms of this Agreement, at the place such books and records are maintained. If it is determined that Licensee has made a Royalty underpayment which is greater than five percent (5%) for any calendar quarter hereunder, Licensee shall reimburse Licensor for the reasonable costs and expenses of the audit.

(f) Suggested Pricing. Licensee shall have the authority to set the price for Authorized Products upon consultation with Licensor.

4. Termination.

(a) Early Termination. Notwithstanding anything in this Agreement to the contrary, in addition to all other remedies available at law or in equity, either party may earlier terminate the Term and this Agreement (i) if the other party materially breaches this Agreement, upon fifteen (15) days written notice thereof and a chance to cure therein, or (ii) effective immediately upon written notice to the other party in the event of (A) the filing by the other party of a petition in bankruptcy or insolvency, (B) the appointment of a receiver for the other party for all or substantially all of its property relevant to the business activities under this Agreement, (C) the making by the other party of any assignment or attempted assignment for the benefit of creditors for all or substantially all of its properties relevant to its business activities under this Agreement, or (D) the institution of any proceedings for the liquidation or winding up of the other party's business or for the termination of its corporate charter, if any such proceeding is not dismissed within one hundred and twenty (120) days of institution.

(b) Effect of Termination. Upon the expiration or earlier termination of the Term or this Agreement for any reason and except as provided herein, Licensee's rights to use the Mark will thereupon immediately terminate, and Licensee will not thereafter use the Mark in any manner whatsoever.

(c) Sell-Off Period. Upon termination or expiration of this Agreement for any reason, Licensee shall have the right to conduct a sell-off of existing inventory for a period of up to one hundred twenty (120) days following the termination or expiration of this Agreement (the "Sell-Off Period"), subject to the terms of this Agreement, including but not limited to Licensee's Royalty obligations hereunder. Following the expiration of the Sell-Off Period, Licensor shall have the right, but not the obligation, to purchase all existing Authorized Products remaining in inventory at

Licensee's actual manufacturing cost. If Licensor elects not to so purchase the Authorized Products, Licensee shall destroy the same and furnish Licensor with a certificate of destruction.

(d) On expiration or termination of this Agreement, all Royalties shall be immediately due and payable without set off of any kind. Upon expiration of the Term, and in the event of its sooner termination, ten (10) business days after Licensee's receipt of notice of termination, a statement showing the number and description of Authorized Products on hand or in process shall be furnished by Licensee to Licensor. Licensor shall have the right to take a physical inventory to ascertain or verify such inventory and statement.

5. **Artwork.**

(a) **Developed Artwork.** Licensee shall submit to Licensor all artwork prepared by Licensee or any third party ("Developed Artwork") incorporated into the Authorized Products, Promotional Materials, or Packaging for Licensor's approval pursuant to the terms of Paragraph 6 below. Licensee is solely responsible for securing the right to use, and all liability resulting from any use, of Developed Artwork. All costs, fees and expenses associated with the right to use or reproduce any Developed Artwork, including any fees payable to any third parties, shall be borne exclusively by Licensee.

(b) **Ownership.** Licensee acknowledges that all rights, including copyright, in and to the Developed Artwork, and all derivatives and variations thereof, shall be and remain, as between the parties hereto, the sole and exclusive property of Licensor. Licensee hereby assigns, transfers, and conveys – and agrees further to assign, transfer and convey – to Licensor all rights, including but not limited to all copyrights, in and to the Developed Artwork, and Licensee shall further execute any and all documentation reasonably requested by Licensor to evidence Licensor's ownership of all rights in the Developed Artwork. Licensee shall cause any third parties contributing to the Developed Artwork to execute any and all documents reasonably requested by Licensor to reflect Licensor's ownership of all rights in and to the Developed Artwork.

6. **Approval and Quality Control.**

(a) **Approval.** Licensee acknowledges and agrees that Licensor has a paramount interest in maintaining and protecting the image and reputation of the Mark, and Licensee further acknowledges and agrees that the Authorized Products will be of superior quality. In order to accomplish such purpose, Licensor must be assured that the Mark is used only in a manner consistent with the standards established by Licensor and consistent with its tax-exempt purposes. Licensee agrees that Licensor must, therefore, have the right to examine and to approve or disapprove, in Licensor's sole discretion, in advance of use and in writing, the contents, appearance and presentation of any and all Authorized Products, Promotional Materials and Packaging proposed to be used by Licensee that incorporate the Mark or that make reference in any way to Licensor. Licensee shall not produce, publish, or in any manner use, display, disseminate or distribute any such Authorized Products, Promotional Materials or Packaging that have not, in each instance, been submitted to Licensor and approved in writing in advance by

Licensor.

(b) Use of the Mark in Combination with Licensee Name. Subject to Licensor's prior approval, Licensee may use the Mark in conjunction with the name "Licensee" on the Authorized Products and/or Promotional Materials and Packaging therefor.

(c) Approval Procedure.

(i) Authorized Products. Prior to the manufacture of each item of Authorized Product, Licensee shall submit to Licensor, at no cost to Licensor, for approval as to quality, a set of designs and technical drawings for such Authorized Product. With respect to each item of Authorized Product, Licensee shall also submit to Licensor, at no cost to Licensor, for approval as to quality, a prototype or high quality image of a prototype, prior to the manufacture of such Authorized Product. Within ten (10) days of Licensee's submission of materials for approval, Licensor shall approve or disapprove such materials in writing. Any item not approved by Licensor within this ten (10) day period shall be deemed disapproved.

(ii) Promotional Material and Packaging. Prior to the use of Promotional Material or Packaging, Licensee shall submit to Licensor, at no cost to Licensor, for approval as to quality, two (2) samples (each such submission, a "Sample") of each item of Promotional Material or Packaging. Licensor shall approve or disapprove each such Sample in writing, not later than ten (10) days after receipt from Licensee. Any Sample not approved in writing by Licensor within said ten (10) day period shall be deemed disapproved.

(iii) No Alteration of Quality. Once any type of Authorized Product, Promotional Material or Packaging has been approved by Licensor, Licensee shall not alter the quality thereof without Licensor's prior express written consent. Notwithstanding Licensor's approval of an Authorized Product, item of Promotional Material or Packaging, such approval shall not limit Licensee's responsibility to procure consent from the third-party copyright owners of any Developed Artwork utilized in conjunction with the manufacture and distribution thereof.

(d) Inspection. Licensee agrees to permit Licensor or its representatives to inspect the facilities where the Authorized Products are being manufactured; provided, however, that Licensor shall have given Licensee at least five (5) days prior written notice of its intention to do so.

(e) Right to Request Samples. Licensor may periodically during the Term require that Licensee submit to Licensor, at Licensee's cost, a reasonable number of Samples of Authorized Products, Promotional Material, or Packaging to enable Licensor to review continued compliance by Licensee with the requirements of this Agreement.

(f) Failure to Satisfy Quality Standards. In the event that the quality standards referred to herein are not met, or in the event said quality standards are not maintained throughout the Term hereof, then upon written notice to Licensee stating with reasonable specificity the particular non-conforming items and the basis for such nonconformity (a "Deficiency Notice"), Licensee shall discontinue manufacture and distribution of such Authorized Products, items of Promotional Material or Packaging until such time as such items are brought into conformity. Should Licensee

fail to bring such items into conformity within sixty (60) days of the receipt of a Deficiency Notice, Licensor shall have the right to terminate this Agreement, in addition to those termination rights delineated in Paragraph 4 above.

(g) Child Labor/Sweat Shop Prohibition. In connection with the manufacture and distribution of the Authorized Products, Licensee shall not engage in, and shall not contract with any party (domestic or foreign) which engages in, forced labor, harassment or abusive activities or which requires it employees to work excessive hours (which shall constitute, except in extraordinary business circumstances, (i) requiring employees to work more than the lesser of (A) forty eight (48) hours per week and twelve hours of overtime or (B) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country do not limit hours of work, the regular work week in such country plus twelve hours of overtime, and (ii) failing to provide at least one day off in every seven day period), does not compensate its employees for overtime work or employs children under fifteen (15) years of age.

(h) Style Guide. Licensee shall follow the style guide provided by Licensor as such style guide may be modified from time to time, and shall place the appropriate approved legal line and legend, as set forth in the Licensor Style Guide, on each and every item of Authorized Product, Promotional Material and Packaging to inform the consuming public of Licensor's right, title, and interest therein and thereto. The parties agree that Licensee's inadvertent, nonrecurring failure to comply with the Licensor Style Guide shall not constitute a material breach of this Agreement.

(i) Overstock and Discount Sales. Licensee shall not sell Authorized Products as overstock or "seconds," and shall not sell Authorized Products to discount retailers or for resale to discount retailers.

(j) Material Breach. For purposes of clarity, Licensee's failure to abide by the approval and quality procedures set forth herein shall constitute a material breach of this Agreement.

7. **Samples.** Immediately upon the manufacture of each style of Authorized Product, Licensee shall deliver to Licensor at least eight (8) final samples of each such style, free of charge to Licensor. Additionally, Licensor shall have the right to purchase a reasonable number of additional Authorized Products at the lowest wholesale price offered by Licensee (prior to Licensor's purchase request) to any party concerning the Authorized Products subject to this Agreement.

8. **Representations and Warranties.**

(a) By Licensor.

(i) Licensor represents and warrants to Licensee: (A) Licensor has the full right, power and authority to enter into this Agreement, grant all rights to Licensee as provided herein and to perform the acts required of it hereunder; and (B) the execution of this Agreement

by Licensor, and the performance by Licensor of its obligations and duties hereunder, do not and will not violate any agreement to which Licensor is a party or by which it is otherwise bound.

(ii) Licensor represents and warrants that it is the exclusive owner of the Mark and/or is authorized to use the Mark under license and that the use of the Mark and the exercise of all other rights by Licensee in strict accordance with the terms of this Agreement shall not infringe upon any intellectual property rights and/or privacy rights of any third party or entity.

(b) By Licensee.

(i) Licensee represents and warrants to Licensor: (A) Licensee has the full right, power and authority to enter into this Agreement and to perform the acts required of it hereunder; and (B) the execution of this Agreement by Licensee, and the performance by Licensee of its obligations and duties hereunder, do not and will not violate any agreement to which Licensee is a party or by which it is otherwise bound.

(ii) Licensee represents and warrants to Licensor that (A) it will comply with all laws, including but not limited to any and all product liability laws, governing the manufacture, production, distribution and sale of the Authorized Products, and any and all advertising, promotional and marketing activities related to the foregoing, (B) it will conduct the manufacture, production, distribution, promotion and sale of the Authorized Products in a manner commensurate with the promotion and sale of superior quality merchandise, and (C) it will manufacture, sell and distribute the Authorized Products in a lawful and ethical manner and in accordance with the terms and intent of this Agreement and all applicable laws, rules and regulations.

9. Indemnification.

(a) By Licensor: Licensor agrees to indemnify and hold harmless Licensee during and after the Term hereof against all third party claims, (including settlements entered into in good faith with Licensor's consent), liabilities, and expenses (including reasonable attorneys' fees) arising out of Licensee's use of the Mark as authorized hereunder including the copyrights and trademarks contained therein. Licensee must give Licensor prompt notice of all claims or suits relating to such use of which it is aware. Licensor will control absolutely all infringement litigation brought by or against third parties involving or affecting the Mark, and Licensee may join Licensor as a party thereto at Licensee's expense. Licensee will not be entitled to recover against Licensor for Licensee's lost profits arising from any claim brought against Licensee based upon Licensee's use of the Mark. If Licensee is precluded from selling any stock of Authorized Product or utilizing materials in its possession created from the Mark, Licensor shall be obligated to purchase such Authorized Product and material from Licensee at Licensee's direct cost, excluding overhead, and shall have no other responsibility or liability with respect to such Authorized Products or materials.

(b) By Licensee: Licensee agrees to indemnify and hold harmless Licensor and its successors, assigns, parent, subsidiaries, affiliates, and co-ventures, and all other parties associated with the Mark, and its respective directors, officers, employees, and agents from and

against all third party claims, (including settlements entered into in good faith with Licensee's consent), liabilities and expenses (including reasonable attorneys' fees) arising out of or in connection with Licensee's activities hereunder including but not limited to: (i) any defect in the Authorized Products (whether obvious or hidden and whether or not present in any sample approved by Licensor) whether or not licensed by this Agreement; (ii) personal injury to any third party by the use of the Authorized Products; (iii) infringement of any rights of any person or entity by the manufacture, sale, possession or use of the Authorized Products (except for claims that the Mark infringes any copyright, patent or trademark); (iv) Licensee's failure to comply with applicable laws, regulations and standards, including but not limited to product liability laws; or (v) any and all claims that may be brought by any seller, distributor and/or other entity in possession of merchandise devoid of the required trademark and copyright notice; and sale of "seconds" or inferior product in violation of the provisions set forth in the Agreement and Licensor shall not be liable to Licensee should Licensor, or its agent, seize the devoid and/or inferior product in legal action.

10. **Remedies/Waiver.** All specific remedies provided for in this Agreement shall be cumulative and shall not be exclusive of one another or of any other remedies available in law or equity. Failure of either party to insist upon strict performance of any of the covenants or terms hereof to be performed by the other party shall not be construed to be a waiver of any such other covenants or terms. Additionally, Licensee understands and agrees that any unauthorized use of any element of the Mark in violation of this Agreement will result in irreparable harm to Licensor, the amount of which may be difficult to ascertain. Accordingly, it is understood and agreed by Licensee that Licensor's remedy at law for any breach of this Agreement will be inadequate and that Licensor shall be entitled to specific performance and injunctive relief as remedies for any such breach, without the necessity of posting a bond or other security.

11. **Infringements.** Licensee shall reasonably assist Licensor, at Licensor's expense, in the enforcement of any rights of Licensor in the Mark. Licensor may commence or prosecute any claims or suits in its own name or in the name of the Licensee or join Licensee as a party thereto at Licensor's sole cost and expense; provided, however, all proceeds or settlements of any claims shall be one hundred percent (100%) payable to Licensor. Licensee shall notify Licensor in writing of any infringements or imitations by third parties of the Mark, or any Packaging or Promotional Material therefor, which may come to Licensee's attention. Licensor has the sole right to determine whether or not any action shall be taken on account of any such infringement or imitation. Licensee shall not contact the third party, nor make any demands or claims, nor institute any suit nor take any other action on account of such infringements or imitations without first obtaining the prior written permission of Licensor.

12. **Notices and Submissions.** All notices, submissions, requests, and other communications required in this Agreement must be in writing and deposited in the United States mail, certified mail, or an equivalently reliable overnight mail service, postage prepaid, to the last known address of addressee. Notices must be provided to the following individuals:

To Licensor: Licensor Corporation
1234 Business Street
New York, New York 10019

With a copy to: Licensor Law Firm
1234 Legal Avenue
New York, New York 10019

To Licensee: Licensee Corporation
1234 Products Drive
New York, New York 10019

With a copy to: Licensee Law Firm
1234 Legal Avenue
New York, New York 10019

13. **Mutual Confidentiality.**

(a) Licensee recognizes and acknowledges that Licensee may receive certain confidential information and trade secrets concerning the business and affairs of Licensor and/or its officers, executives, and affiliates which may be of great value to Licensor. Licensee agrees not to disclose, for the Term and a period of four (4) years thereafter, unless required by law or legal order, any such information relating to Licensor, Licensor's personnel or operations, or any idea, project or other property being considered for use by Licensor or being used by Licensor and/or produced by Licensor, or any of the terms or conditions of this Agreement (including this Agreement in its entirety or any documents delivered in accordance herewith), to any third party other than Licensee's legal and financial advisors who need to know such information in order to render services on behalf of Licensee, or in any way use such information in any manner which could adversely affect Licensor's business. If disclosing such information in response to a law or legal order, Licensee shall give prompt prior written notice to Licensor and make a reasonable effort to protect and/or limit such information from unnecessary disclosure or use. Notwithstanding the foregoing, Licensee agrees to hold confidential any information of Licensor constituting a trade secret for so long as such information constitutes a trade secret.

(b) Licensor recognizes and acknowledges that Licensor may receive certain confidential information and trade secrets concerning the business and affairs of Licensee and/or its officers, executives, and affiliates which may be of great value to Licensee. Therefore, Licensor agrees not to disclose, for the Term and a period of four (4) years thereafter, unless required by law or legal order, any such information relating to Licensee, Licensee's personnel or operations, or any idea, project or other property being considered for use by Licensee or being used by Licensee and/or produced by Licensee, or any of the terms or conditions of this Agreement (including this Agreement in its entirety or any documents delivered in accordance herewith), to any third party other than Licensor's legal and financial advisors who need to know such information in order to render services on behalf of Licensor, or in any way use such information in any manner which could adversely affect Licensee's business. If disclosing such information in response to a law or legal order, Licensor shall give prompt prior written notice to

Licensee and make a reasonable effort to protect and/or limit such information from unnecessary disclosure or use.

14. **Miscellaneous.**

(a) **Waiver.** The failure of either party at any time or times to demand strict performance by the other of any of the terms, covenants or conditions set forth herein will not be construed a continuing waiver or relinquishment thereof and each may at any time demand strict and complete performance by the other of said terms, covenants and conditions.

(b) **Assignment.** Except as otherwise provided herein, this Agreement and the rights granted to Licensee hereunder will be exclusive to Licensee and will not, without the prior written consent of Licensor, which consent may be withheld in Licensor's sole discretion, be transferred or assigned to any other person or entity. In the event of the merger or consolidation of Licensee with any other entity which is neither a subsidiary nor a company related to or affiliated with Licensee ("Other Entity"), Licensee will notify Licensor of such fact in writing as soon as possible, but in all events within ten (10) days after such event, and, without waiving any of its rights or remedies under this Agreement or otherwise, Licensor will have the right to terminate the Term hereof immediately by notifying Licensee within thirty (30) days after receiving notice of such merger or consolidation. Any assignment not in compliance with this paragraph will be void and of no legal effect.

(c) **Force Majeure.** Except as otherwise provided in this Agreement, if the performance by any party of any obligation set forth in this Agreement is prevented by an act of God, act of war, act of terrorism, force majeure, or similar contingency or unexpected event, or for any other cause or causes beyond the control of any party, any such occurrence will be considered a valid excuse for non performance or delay in the performance of the obligations hereunder.

(d) **Significance of Headings.** Section and Paragraph headings in this Agreement are solely to assist in locating subject matter and are not to be given weight in the construction of this Agreement. In case of any question with respect to the construction of this Agreement, it is to be construed as though such section headings had been omitted.

(e) **Entire Agreement.** This writing constitutes the entire agreement between the parties and supersedes all prior or contemporaneous negotiations and agreements, written, oral, or implied, and may not be changed or modified except by a writing signed by both parties.

(f) **No Joint Venture/Tenancy.** This Agreement does not constitute and will not be construed as constituting a partnership, joint venture or landlord/tenant relationship between Licensor and Licensee, and neither Licensor nor Licensee shall hold itself out to third parties to the contrary.

(g) **Governing Law; Jurisdiction.** THIS AGREEMENT HAS BEEN ENTERED INTO IN THE STATE OF _____, AND THE VALIDITY, INTERPRETATION

AND LEGAL EFFECT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF _____ APPLICABLE TO CONTRACTS ENTERED INTO AND PERFORMED ENTIRELY WITHIN THE STATE OF _____ (WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES UNDER _____ LAW). THE STATE AND FEDERAL COURTS OF _____, SHALL HAVE SOLE JURISDICTION OF ANY CONTROVERSIES REGARDING THIS AGREEMENT; ANY ACTION OR OTHER PROCEEDING WHICH INVOLVES SUCH A CONTROVERSY SHALL BE BROUGHT IN THOSE COURTS IN _____ COUNTY, _____ AND NOT ELSEWHERE. THE PARTIES WAIVE ANY AND ALL OBJECTIONS TO VENUE IN THOSE COURTS AND HEREBY SUBMIT TO THE JURISDICTION OF THOSE COURTS. ANY PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY, AMONG OTHER METHODS, BE SERVED UPON A PARTY BY DELIVERING IT OR MAILING IT, BY REGISTERED OR CERTIFIED MAIL OR BY OVERNIGHT COURIER OBTAINING PROOF OF DELIVERY, DIRECTED TO THE ADDRESS SET FORTH IN SECTION 12 OR SUCH OTHER ADDRESS AS A PARTY MAY DESIGNATE PURSUANT TO SECTION 12. ANY SUCH DELIVERY OR MAIL SERVICE SHALL BE DEEMED TO HAVE THE SAME FORCE AND EFFECT AS PERSONAL SERVICE WITHIN THE STATE OF _____. THE NON-PREVAILING PARTY IN ANY LEGAL ACTION BETWEEN THE PARTIES ARISING FROM OR RELATED TO THIS AGREEMENT, WHETHER INSTITUTED BY LICENSOR OR BY LICENSEE, SHALL PROMPTLY REIMBURSE THE PREVAILING PARTY FOR ALL COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) INCURRED IN CONNECTION THEREWITH.

(h) Press Releases. Licensor and Licensee agree to use commercially reasonable efforts in order to issue a mutually agreed upon unified press release highlighting the Authorized Products. Notwithstanding anything contained herein to the contrary, no public statements by the parties (or their designees) concerning the existence or terms of this Agreement shall be made or released to any medium, except with the prior approval of Licensee and Licensor or as required by law.

(i) Execution and Delivery Required. This instrument is not a binding agreement until signed by both parties and delivered to each party.

(j) Survival. The obligations of Paragraphs 3, 4(d), 8 and 9-15 shall survive the expiration or earlier termination of this Agreement.

(k) Counterparts. This Agreement shall become binding when any one or more counterparts hereof, individually or taken together, bears the signature of each of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be an original as against the party whose signature appears thereon, but all of which taken together shall constitute but one and the same instrument. Signatures transmitted by facsimile shall be deemed an original.

15. Insurance. Licensee shall, throughout the Term, and for a period of one (1) year following the expiration or termination of the Agreement, obtain and maintain, at its sole cost

and expense comprehensive general liability insurance, advertising liability, and contractual liability coverage, including product liability insurance, from an insurance company reasonably acceptable to Licensor, providing adequate protection for Licensor and Licensee against any claims or suits arising out of or in connection with the rights granted under this Agreement in an amount no less than _____ per each single incident or occurrence, or Licensee's standard insurance policy limits, whichever is greater. Upon written request by Licensor, Licensee will submit to Licensor a fully paid policy or a certificate of insurance naming Licensor as an insured party and requiring that the insurer shall not terminate or materially modify such policy or certificate of insurance without written notice to Licensor at least thirty (30) days in advance thereof.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by its duly authorized representatives as of the Effective Date.

LICENSOR

By:

Name:

Title:

LICENSEE

By:

Name:

Title:

EXHIBIT 1

List of Trademark Registrations

Disclaimer: As with all forms, this document may not be suited for all situations and its provisions should be tailored to the specifics of your transaction.

EXHIBIT 2

1. List of products for which the license is an exclusive license.
2. List of products for which the license is an non-exclusive license.

Disclaimer: As with all forms, this document may not be suited for all situations and its provisions should be tailored to the specifics of your transaction.

EXHIBIT 3**Manufacturer's Agreement**

This Manufacturer's Agreement (the "Manufacturer's Agreement") is made and entered into this ____ day of _____, _____ (the "Effective Date"), by and between _____ ("Licensee"), and _____ ("Manufacturer").

Manufacturer acknowledges that _____ ("Licensor") owns valid and subsisting rights in the _____ trademark (the "Mark") in connection with _____ products, which is the subject of U.S. trademark registrations nos. _____, _____, and _____. Pursuant to the attached License Agreement (the "License Agreement"), Licensor has granted certain limited rights to Licensee in connection with the Authorized Products described and identified in the License Agreement. Manufacturer further acknowledges that it acquires no proprietary rights whatsoever in the Mark, the Authorized Products, or any trademarks or copyrights associated therewith and that all materials it produces or creates, including all copies, artwork, any molds, engraving or other devices used to reproduce the Authorized Products shall be the exclusive property of Licensor.

1. Licensee hereby engages Manufacturer to manufacture such quantities of the Authorized Products as Licensee may specify from time to time.

2. Upon the failure of Manufacturer to comply with any of this Manufacturer's Agreement, Licensee may elect to terminate this Agreement forthwith and require that portion of all copies, artwork, molds or other devices used to manufacture the Authorized Products in possession of Manufacturer to be immediately delivered to Licensee or be destroyed.

3. Except as provided in Paragraph 2 above, this Manufacturer's Agreement shall expire on _____, _____.

4. Manufacturer agrees that:

- a) it will not manufacture the Authorized Products for or supply the Authorized Products to anyone but Licensee;
- b) it will not deliver the Authorized Products in any territory other than the Territory listed above;
- c) it will not manufacture any merchandise utilizing the Mark other than the Authorized Products, nor will it produce any items in excess of the quantity stipulated by Licensee;
- d) the Authorized Products manufactured by Manufacturer shall invariably and without exception bear a copyright or trademark notice as stipulated by Licensee, accompanied by such other information or notice as may be prescribed by the laws set forth in Paragraph 14(g) of the License Agreement, or as Licensee may instruct in writing; and

- e) upon notice from Licensee, it will immediately cease manufacturing the Authorized Products and at Licensee's election either turn over to Licensee all copies, artwork, molds or any other devices used to reproduce the Mark and Authorized Products or will give satisfactory evidence of their destruction so that they can no longer be used to reproduce said Mark.

5. Manufacturer further acknowledges that Licensor is the intended third-party beneficiary of this Agreement and Licensor shall be entitled to initiate enforcement proceedings as may be appropriate against Manufacturer in the event of any breach hereof, including but not limited to seeking injunctive relief. The Manufacturer agrees that its failure to comply with its obligations hereunder would cause irreparable injury to Licensor not wholly compensable with monetary damages. In addition, Manufacturer shall be responsible to Licensee and Licensor for damages, including costs and attorney's fees, caused by an unauthorized use of such molds, engravings or other devices used to reproduce the Mark.

LICENSEE:

By: _____

Title: _____

MANUFACTURER:

By: _____

Title: _____

C. Trademark Assignment

Trademark Assignment

BRIEF DESCRIPTION

Assignment means a transfer by a party of all or part of its right, title and interest in a trademark. At a minimum, any assignment should include the following information: (i) the assignor; (ii) the assignee; (iii) the trademark(s) assigned; (iv) any applications for, or registrations of, the trademark(s); (v) consideration; and (vi) the signature of the assignor. This information is particularly important for recording the assignment of an application for, or registration of, a trademark with the US Patent and Trademark Office.

The following is a sample trademark assignment for the US. It is important to note that an intent-to-use application may only be assigned under certain circumstances. Foreign jurisdictions have additional requirements that must be considered.

BODY OF DOCUMENT

ASSIGNMENT

This Assignment is made and entered into this ___ day of _ 201_, between , a
[state]___ [type of entity]___ with offices at ___[address]___, (“Assignor”), and , a ___[state]
[type of entity]___ with offices at ___[address]___ (“Assignee”):

WHEREAS, Assignor has adopted and used in the United States the following
trademarks listed on the schedule attached hereto (the “Marks”) in connection with its business,
and is the owner of the Marks, and owns federal registrations or applications for the Marks;

WHEREAS, Assignee is desirous of confirming as a matter of record its
acquisition of the Marks, including pending applications and registrations, together with the good
will of the business connected with the Marks;

Disclaimer: As with all forms, this document may not be suited for all situations and its provisions should be tailored to the specifics of your transaction.

NOW, THEREFORE, for _____ dollars (\$____) and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Assignor assigns to Assignee all rights, title and interest in and to the Marks, including pending applications and registrations, together with the good will of the business symbolized by the Marks, and all causes of action and claims based on past actions or infringement related to the Marks.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be executed and effective the ____ day of _____, 201__.

[Assignor Name]

Name:

Title:

[Assignee Name]

Name:

Title:

SCHEDULE OF MARKS

Trademark	Serial/Registration No.

Disclaimer: As with all forms, this document may not be suited for all situations and its provisions should be tailored to the specifics of your transaction.

D. Sample Co-Existence Agreement

Sample Form for Co-Existence Agreement (Trademark Related)

BRIEF DESCRIPTION

Co-existence agreements are often utilized in situations wherein two companies have become aware that they are using similar or identical trademarks, and they choose formalize a mutually-agreeable pact (as opposed to entering into or continuing with litigation or other, more contentious actions) in order to set forth: (a) each party's rights in its own mark and (b) language guarding against the future use of the two marks in a way that might overlap undesirably, leading either to infringement claims or possible confusion in the marketplace. Thus a co-existence agreement allows each side to stake out the use of its claimed mark in connection with its own business, rather than that of the other party, ensuring that its mark is properly used to distinguish the goods or services for which it is used from those of its competitors. The following sample form of a co-existence agreement assumes like-situated parties of equal power and leverage desiring to enter into a worldwide agreement.

BODY OF DOCUMENT

CO-EXISTENCE AGREEMENT

This Co-existence Agreement is made and entered into by and between _____ [PARTY A] _____, a _____ corporation, whose business address is _____, and _____ [PARTY B] _____, a _____ corporation whose business address is _____.

WHEREAS, __[PARTY A]__ has adopted and used the __[PARTY A MARK]__ mark in connection with goods/services including _____, and owns one or more applications and registrations for the __[PARTY A MARK]__ mark throughout the world as listed below:

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[RECITAL OF [PARTY A MARK]
TRADEMARK REGISTRATIONS AND
APPLICATIONS in applicable jurisdictions,
together with listing of goods/services and classes];
and

WHEREAS, __[PARTY B]__ has adopted and used the
__[PARTY B MARK]__ mark in connection with goods/services
including _____, and owns one or more applications
and registrations for the __[PARTY B MARK]__ mark throughout the
world as listed below:

[RECITAL OF [PARTY B MARK]
TRADEMARK REGISTRATIONS AND
APPLICATIONS in applicable jurisdictions,
together with listing of goods/services and
classes]; and

WHEREAS, certain trademark issues have arisen between
the parties and the parties mutually desire to settle all matters in
controversy between them with their respective use and registration of the
_____ mark worldwide and to prevent any confusion or dilution
in the marketplace; and

WHEREAS, the parties have had the opportunity to
exchange information about their respective businesses and the nature of
each party's use of the _____ mark worldwide; and

WHEREAS, based on the parties' exchanges of
information, __[PARTY A]__ is satisfied that __[PARTY B]__ is not in
the business of __[PARTY A's CORE BUSINESS]__ and that
__[PARTY B]__ does not target its goods and services specifically to
__[PARTY A's CORE CUSTOMERS]__, but instead markets its goods
and services primarily to potential consumers of goods and services
associated with __[PARTY B's CORE BUSINESS]__; and

WHEREAS, based on the parties' exchanges of
information, __[PARTY B]__ is satisfied that __[PARTY A]__ is not in

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should be tailored to the specifics of your transaction.*

the business of ___[PARTY B's CORE BUSINESS]___ and that ___[PARTY A]___ does not target its goods and services specifically to ___[PARTY B's CORE CUSTOMERS]___, but instead markets its goods and services primarily to potential consumers of goods and services associated with ___[PARTY A's CORE BUSINESS]___; and

WHEREAS, the parties are satisfied that their primary businesses do not overlap and are satisfied that their respective uses of the mark _____ are not directly or indirectly competitive; and

WHEREAS, the parties have not encountered any significant actual confusion as to the origin of their respective goods and services, notwithstanding _____ years of the widespread and concurrent use of their respective marks; and

WHEREAS, the parties acknowledge and agree that any confusion or dilution between the parties' respective marks can continue to be avoided if their respective marks are used as described in this Agreement.

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. ___[PARTY A]___'S WORLDWIDE USE AND REGISTRATION OF THE ___[PARTY A MARK]___ MARK.

(a) ___[PARTY A]___ agrees that it shall use and register the mark ___[PARTY A MARK]___, whether alone or in combination with other words or designs, only in connection with _____ [DESIGNATED PARTY A GOODS/SERVICES]_____.

(b) Without limiting the foregoing, ___[PARTY A]___ agrees that it will not in the future expand the use of its ___[PARTY A MARK]___ mark to include _____ [DESIGNATED PARTY B GOODS/SERVICES]_____.

(c) Subject to ___[PARTY A]___'s agreement to subsections 1(a) and (b) hereof, ___[PARTY B]___ consents to ___[PARTY

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A]__'s use and registration of the __[PARTY A MARK]__ mark for the goods/services described in subsection 1(a) and as set forth in the listing of trademark registrations and applications above.

(d) __[PARTY A]__ acknowledges that __[PARTY B]__ has the right to use and register the __[PARTY B MARK]__ mark, whether alone or in combination with other words or designs, in connection with _____ [DESIGNATED PARTY B GOODS/SERVICES]_____ including, without limitation, those goods/services set forth in the listing of trademark registrations and applications above. __[PARTY A]__ will not contest __[PARTY B]__'s right to use and register the __[PARTY B MARK]__ mark in such manner and will not take any action inconsistent with __[PARTY B]__'s rights in the __[PARTY B MARK]__ mark.

2. __[PARTY B]__'S WORLDWIDE USE AND REGISTRATION OF THE __[PARTY B MARK]__ MARK.

(a) __[PARTY B]__ agrees that it shall use and register the mark __[PARTY B MARK]__, whether alone or in combination with other words or designs, only in connection with _____ [DESIGNATED PARTY B GOODS/SERVICES]_____.

(b) Without limiting the foregoing, __[PARTY B]__ agrees it will not in the future expand the use of its __[PARTY B MARK]__ mark to include _____ [DESIGNATED PARTY A GOODS/SERVICES]_____.

(c) Subject to __[PARTY B]__'s agreement to subsections 2(a) and (b) hereof, __[PARTY A]__ consents to __[PARTY B]__'s use and registration of the __[PARTY B MARK]__ mark for the goods described in subsection 2(a) and as set forth in the listing of trademark registrations and applications above.

(d) __[PARTY B]__ acknowledges that __[PARTY A]__ has the right to use and register the __[PARTY A MARK]__ mark, whether alone or in combination with other words or designs, in connection with _____ [DESIGNATED PARTY A GOODS/SERVICES]_____ including, without limitation, those goods/services set forth in the listing of trademark registrations and applications above. __[PARTY B]__ will not contest __[PARTY A]__'s right to use and register the __[PARTY A MARK]__ mark.

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MARK]__ mark in such manner and will not take any action inconsistent with __[PARTY A]__'s rights in the __[PARTY A MARK]__ mark.

3. CO-EXISTENCE AGREEMENT AND NECESSARY ACTIONS. The parties agree that neither will advertise or promote its respective mark in such a way as to suggest that it is in any way affiliated with the other. Each party shall make good faith efforts and take reasonable steps to avoid trading upon the reputation or goodwill of the other party, to avoid inadvertent customer confusion, and to avoid future confusion if any confusion occurs. The parties agree that in the event they become aware of or are informed of confusion arising from the simultaneous use of their respective marks on their respective goods/services as set forth above, they will promptly inform one another of such confusion and will promptly and in good faith confer and cooperate with one another to work out appropriate steps to eliminate or minimize such confusion.

The parties agree to undertake all actions reasonably necessary to carry out the spirit and intent of this Agreement, including (1) the execution and filing of all documents reasonably necessary to amend any applications to conform with the terms of this Agreement and (2) actions reasonably necessary to dispose of any pending opposition and cancellation proceedings (or other similar proceedings), without prejudice if possible, with respect to any of the marks that are the subject of this Agreement. The parties further agree to submit any consents as may reasonably be requested in specific instances under this section promptly in response to written requests from the other party.

4. PARTIES' INTENT. This Agreement is intended by the parties to be, and to be construed as, a worldwide co-existence agreement. Nothing in this Agreement shall be deemed to constitute or create any license, franchise, partnership, joint venture, distribution, affiliation or other business relationship between __[PARTY A]__ and __[PARTY B]__, and nothing in this Agreement shall be deemed to grant to either party any right to act or take any action on behalf of the other party.

5. ASSIGNMENT. The parties may freely assign their rights, in whole or in part, under this Agreement without obtaining the prior approval of the other party, provided that the assignee agrees to comply fully with all obligations under this Agreement. In the event of

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any such assignment, the assigning party shall promptly notify the other party of the occurrence of such assignment and shall provide the full legal name and address of all such assignees.

6. **BINDING EFFECT.** The provisions of this Agreement and the acknowledgements contained herein shall be binding upon, and inure to the benefit of, each of the parties hereto and their related companies, affiliates, successors, and assigns.

7. **MUTUAL RELEASE.** Except with respect to obligations created or arising out of this Agreement, each party, for themselves and their affiliated, related, and associated companies and each of their present and former owners, partners, officers, directors, agents, employees, successors, and assigns, does hereby irrevocably and unconditionally release, quit, and forever discharge the other party and its affiliated, related, and associated companies and each of their present and former owners, partners, officers, directors, agents, employees, successors, and assigns, and all persons acting by, through, under, or in concert with any of them from any claims, liabilities, causes of action, and suits arising out of (1) the adoption or use of the marks that are the subject of this Agreement and (2) any proceedings relating to any application to register or to prevent the registration of the marks that are the subject of this Agreement occurring prior to the execution of this Agreement.

8. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

9. **NOTICES.** Every notice and communication provided for under this Agreement shall be in writing and shall be deemed sufficiently given as of the date that it is mailed by certified mail, return receipt requested, to the other party at the following address:

If to __[PARTY A]__:

__[PARTY A CONTACT, WITH
ADDRESS]__

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With a copy to:

__[PARTY A COUNSEL, WITH
ADDRESS]__

If to __[PARTY B]__:

__[PARTY B CONTACT, WITH
ADDRESS]__

With a copy to:

__[PARTY B COUNSEL, WITH
ADDRESS]__

Either party may at any time give the other party written notice of any change to a new address, to which new address all notices thereafter shall be sent.

10. REPRESENTATION. The parties acknowledge that they were each represented by counsel during the negotiation of this Agreement, and therefore, the parties agree that no term or provision of this Agreement shall be construed against any party solely because that party drafted that term or provision.

11. SEVERABILITY. In the event that any term or provision of this Agreement be declared void or unenforceable by any court of competent jurisdiction, that term or provision shall be deemed stricken from this Agreement without in any way invalidating or impairing the remaining terms or provisions.

12. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement and understanding between the parties relating to the subject matter of this Agreement, whether oral or written, and it supersedes, cancels, and replaces any and all prior agreements or understandings between the parties or their affiliates, related companies, or representatives pertaining to the subject matter of this Agreement. No

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modification or addition to this Agreement shall be deemed to be effective unless in writing and signed by the party to be charged.

13. WAIVER. No failure to exercise and no delay in exercising any right hereunder will operate as a waiver thereof, nor will any failure to exercise, or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

14. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of ____[DESIGNATED JURISDICTION]____, without regard to its conflicts of laws rules.

15. ARBITRATION.

(a) The parties agree that, in the event of any disputes arising out of or in connection with this Agreement, both parties will use their best efforts to reach an amicable and prompt resolution of such dispute, including mediation if the parties agree. Failing amicable resolution, disputes will be settled by arbitration conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

(b) The cost of arbitration or mediation of disputes hereunder shall be borne as follows: fifty percent (50%) by __[PARTY A]__ and fifty percent (50%) by __[PARTY B]__.

(c) Written notice given by one party to the other requiring a dispute to be submitted to arbitration shall be deemed to constitute a joint submission to arbitration by both parties.

(d) Arbitration hereunder shall be conducted by a single arbitrator in ____[DESIGNATED JURISDICTION]____.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on their behalf by their duly authorized representatives, as of the last date indicated below.

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__[PARTY A]__	__[PARTY B]__
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Disclaimer: As with all forms, this document may not be suited for all situations and its provisions should be tailored to the specifics of your transaction.

VI. Additional Resources

ACC, “Summary Judgment: Strengthen Your Brand,” ACC Docket (Aug. 2014), *available at*

<http://www.accdocket.com/articles/sj-syb.cfm>

Annie Krikorian, “Marked For Significance: The Power Behind the Brand of a Philanthropic Organization,” ACC Docket 31, no. 8 (Oct. 2013): 94, *available at*

<http://www.acc.com/legalresources/resource.cfm?show=1349174>

“Best Practices for Intellectual Property Licensing: Addressing the Rights Granted and Assets Covered in Patent, Copyright, Trade Secret, and Trademark Licenses,” ACC InfoPAK (Aug. 2013), *available at* <http://www.acc.com/legalresources/resource.cfm?show=1348301>

“Branding/Name Storming Agreement,” ACC Sample Form & Policy (July 2012), *available at* <http://www.acc.com/legalresources/resource.cfm?show=1313468>

David Benck & Justin Poplin, “Protecting Your IP Assets in the Digital Age,” ACC Docket 31, no. 7 (Sept. 2013): 26, *available at* <http://www.acc.com/legalresources/resource.cfm?show=1347137>

“Fluid Trademarks: Dynamic Brand Identities for Dynamic Times,” ACC QuickCounsel (Aug. 2013), *available at* <http://www.acc.com/legalresources/quickcounsel/fmdbhdt.cfm>

Hon. Michael Latin, et al., “Achieving Your Goals Through Successful Mediation,” ACC Quick Reference (Feb. 2012), *available at*

<http://www.acc.com/legalresources/resource.cfm?show=1307790>

Jessica Long, “Effective Negotiations Strategies and Preparation,” ACC QuickCounsel (Dec. 2013), *available at* <http://www.acc.com/legalresources/quickcounsel/ensp.cfm>

John Ansbach & Deepali Brahmabhatt, “Tips on Handling the Patent Troll in Court When Multiple Related Cases Are Involved,” ACC Docket 32, no. 2 (March 2014): 58, *available at* <http://www.acc.com/legalresources/resource.cfm?show=1360858>

Peter J. rees QC & Kathleen Bryan, “How to Manage Disputes in a Flat World,” ACC Docket 3, no. 5 (June 2013): 54, *available at* <http://www.acc.com/legalresources/resource.cfm?show=1340169>

Richard Mannella & Julie A. Hopkins, “Patrolling the Patent Trolls: Ongoing Developments in US IP Law,” ACC Docket 32, no. 10 (Dec. 2014): 76, *available at* <http://www.acc.com/legalresources/resource.cfm?show=1383304>

Sandra J. Franklin, “Wake Up and Smell the Options! Top Ten Alternatives to Litigation,” ACC Top Ten (March 2012), *available at* <http://www.acc.com/legalresources/publications/topten/wuastottatl.cfm>

Susan M. Natland, “Soarin’ Over Your Trademarks: Keys to Monetizing Your Brands,” ACC Quick Reference (April 2012), *available at* <http://www.acc.com/legalresources/resource.cfm?show=1314366>

Randal M. Shaheen & Amy Ralph Mudge, "Protecting Your Intellectual Property - Monitoring Licensees' Use of Your Trademarks in Advertising Claims," ACC QuickCounsel (Aug. 2012), *available at* <http://www.acc.com/legalresources/quickcounsel/pripmluoytiac.cfm>

Susan M. Natland, "Soarin' Over Your Trademarks: Keys to Monetizing Your Brands," ACC Quick Reference (April 2012), *available at* <http://www.acc.com/legalresources/resource.cfm?show=1314366>

Thomas J. Stipanowish, "Protocols for Expeditious, Cost-Effective Commercial Arbitration," ACC Quick Reference (Oct. 2012), *available at* <http://www.acc.com/legalresources/resource.cfm?show=1328780>

"Trademark and Copyright Issues Arising from Memetic Marketing on \Social Media," ACC QuickCounsel (July 2014), *available at* <http://www.acc.com/legalresources/quickcounsel/taciafmmosm.cfm>

Uli Holubec, "Keeping Up With Outside Counsel: The Ten IP Terms Every In-House Attorney Should Know," ACC Top Ten (Aug. 2014), *available at* <http://www.acc.com/legalresources/publications/topten/ten-ip-terms-every-in-house-attorney-should-know.cfm>

Victor L. Morales, "Top Ten Steps in Conducting an Effective IP Audit," ACC Top Ten (May 2015), *available at* <http://www.acc.com/legalresources/publications/topten/conducting-an-effective-ip-audit.cfm>

Whitnie Wiley, "Lead the Way - What's on Your Label?," ACC Docket 33, no. 8 (Oct. 2015): 16, *available at* <http://www.acc.com/legalresources/resource.cfm?show=1411068>

Kilpatrick Townsend & Stockton LLP, "Sample Trademark Assignment," Sample Form & Policy (February 2016), *available at* <http://www.acc.com/legalresources/resource.cfm?show=142364>

Kilpatrick Townsend & Stockton LLP, "License Agreement - Trademarks," Sample Form & Policy (February 2016), *available at* <http://www.acc.com/legalresources/resource.cfm?show=1423633>

Kilpatrick Townsend & Stockton LLP, "Notice of Opposition Sample Form," Sample Form & Policy (February 2016), *available at* <http://www.acc.com/legalresources/resource.cfm?show=1423638>

Kilpatrick Townsend & Stockton LLP, "Sample Form for Co-Existence Agreement," Sample Form & Policy (February 2016), *available at* <http://www.acc.com/legalresources/resource.cfm?show=1423644>

VII. Endnotes

¹ See William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 277 (1988).

² See, e.g., *Am Television & Commc'n Corp. v. Am. Commc'n & Television, Inc.*, 810 F.2d 1546, 1548-50 (11th Cir. 1987).

³ See 15 U.S.C. § 1127.

⁴ *Id.*

⁵ See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768-69 (1992) (“[The categories of arbitrary, fanciful and suggestive] marks, because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection. . . . The general rule regarding distinctiveness is clear: An identifying mark is distinctive and capable of being protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through secondary meaning.”).

⁶ See, e.g., *Am. Historic Racing Motorcycle Ass’n, Ltd. v. Team Obsolete Promotions*, 33 F. Supp. 2d 1000, 1004-05 (M.D. Fla. 1998).

⁷ See, e.g., *Two Pesos*, 505 U.S. at 768.

⁸ See, e.g., *Soweco, Inc. v. Shell Oil, Inc.*, 617 F.2d 1178, 1184 (5th Cir. 1980); *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 260 (5th Cir. 1980); *Exxon Corp. v. Xoil Energy Res. Inc.*, 552 F. Supp. 1008, 1014 (S.D.N.Y. 1981).

⁹ See *Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, No. C80-1689A, 1981 WL 40564, at *4 (N.D. Ga. May 15, 1981) *aff’d*, 716 F.2d 833 (11th Cir. 1983) (JELLIBEANS arbitrary for skating rink).

¹⁰ *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 611 n.2 (7th Cir. 1965).

¹¹ See, e.g., *Star Indus., Inc. v. Bacardi & Co. Ltd.*, 412 F.3d 373, 385 (2d Cir. 2005).

¹² Thomas McCarthy, 2 *McCarthy on Trademarks and Unfair Competition* § 11:62 (4th ed. 2015) [hereinafter *McCarthy*].

¹³ See, e.g., *Zobmondo Entm’t LLC v. Falls Media, LLC*, 602 F.3d 1108, 1116 (9th Cir. 2010) (“The imagination test does not ask what information about the product could be derived from a mark, but rather whether a mental leap is required to understand the mark’s relationship to the product.”); see also *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*,

59 F.3d 902, 911 (9th Cir. 1995); *Anheuser-Busch Inc. v. Stroh Brewery Co.*, 750 F.2d 631, 635–36 (8th Cir. 1984) (LA not descriptive or generic for low-alcohol beer); 2 *McCarthy* § 12:37.

¹⁴ *Southland Corp. v. Schubert*, 297 F. Supp. 477, 160 U.S.P.Q. 375 (C.D. Cal. 1968) (suggestive of opening hours of 7:00 AM to 11:00 PM).

¹⁵ *Triangle Pubs., Inc. v. Rohrlisch*, 167 F.2d 969 (2d Cir. 1948).

¹⁶ *Playboy Enters., Inc. v. Chuckleberry Pub., Inc.*, 486 F. Supp. 414 (S.D.N.Y. 1980) (suggestive in “evoking the aspirations” of the reader).

¹⁷ *Playtex Prods., Inc. v. Georgia-Pacific Corp.*, 390 F.3d 158 (2d Cir. 2004) (the term is too generalized to directly describe this product: it “could plausibly describe a wide variety of products”).

¹⁸ *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 349 (9th Cir. 1979) (“In between lie suggestive marks which subtly connote something about the products. Although less distinctive than an arbitrary or fanciful mark and therefore a comparatively weak mark, a suggestive mark will be protected without proof of secondary meaning.”).

¹⁹ See, e.g., *Freedom Sav. & Loan Ass’n v. Way*, 757 F.2d 1176, 1182–83 (11th Cir. 1985).

²⁰ See, e.g., *Japan Telecom, Inc. v. Japan Telecom Am. Inc.*, 287 F.3d 866, 873 (9th Cir. 2002) (“Japan Telecom” held descriptive); *Investacorp, Inc. v. Arabian Inv. Banking Corp.*, 931 F.2d 1519, 1524 (11th Cir. 1991) (“the two formatives combined in the term ‘Investacorp’ literally convey to the observer that appellant is in the business of investing in corporations”); *Telemed Corp. v. Tel-Med, Inc.*, 588 F.2d 213, 217–19 (7th Cir. 1978) (“Telemed” and “Tel-Med” held descriptive of providing health-care information by telephone).

²¹ *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1195 (11th Cir. 2001).

²² See, e.g., *20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 747 F.2d 81, 88 (2d Cir. 1984).

²³ See 2 *McCarthy* § 11:16.

²⁴ See, e.g., *Coca-Cola Co. v. Koke Co. of Am.*, 254 U.S. 143 (1920).

²⁵ See, e.g., *Cummins Engine Co. v. Cont’l Motors Corp.*, 359 F.2d 892, 894 (C.C.P.A. 1966) (Relying on dictionary “definitions of ‘turbine,’ [and] its combining form ‘turbo,’ and of ‘diesel,’” the court in *Cummins Engine* reasoned that “the definitions alone indicate that ‘turbodiesel’ is a word which by its nature will convey a specific and correct meaning which is such that it cannot become a trademark . . .”).

²⁶ This InfoPAK does not engage in a lengthy treatment of trademark searching and clearance procedures. However, a brief overview will help to highlight critical aspects.

²⁷ See 2 *McCarthy* § 11:83.

²⁸ *Oxford Indus., Inc. v. JBJ Fabrics, Inc.*, 6 U.S.P.Q.2d 1756 (S.D.N.Y. 1988); see also *Seattle Endeavors v. Mastro*, 868 P.2d 120 (1994) (even an inherently distinctive term may be commercially weak because of third party use and therefore be entitled to only a narrow scope of protection; THE WILLOWS APARTMENTS is not entitled to exclusive use of the word WILLOWS in any composite because of extensive third party use); *Frank Brunckhorst Co. v. G. Heileman Brewing Co.*, 875 F. Supp. 966 (E.D.N.Y. 1994) (“A finding that a mark is inherently distinctive does not guarantee a determination that the mark is a strong one, since inherent distinctiveness does not guarantee distinctiveness in the marketplace (else, where would the public relations business be?).”).

²⁹ See 15 U.S.C. § 1072.

³⁰ See 15 U.S.C. § 1065.

³¹ Under Section 14 of the Lanham Act, an incontestable mark can be cancelled only if (a) it becomes generic with respect to any of the goods or services for which it is registered; (b) it is determined to be functional; (c) it is abandoned; (d) it is found to have been registered fraudulently; (e) in the case of collective or certification marks, it was obtained contrary to the requirements of Section 4; or (f) it has been used, with the permission of the owner, to misrepresent the source of goods or services. See 15 U.S.C. §§ 1052(a)-(c) and 1064(3).

³² See 15 U.S.C. § 1117.

³³ See *In re Future Ads LLC*, 103 U.S.P.Q.2d 1571, 1574 (T.T.A.B. 2012).

³⁴ 1 *McCarthy* § 7:24.

³⁵ “Usually, the proponent of exclusive rights in an ornamental design satisfies its burden of proof by pointing out that it has used the design in such a size, placement and manner that both customers and competitors are likely to recognize it as an indication of origin. While this is circumstantial evidence, it is usually persuasive. But in a borderline case where it is not at all obvious that the designation has been used as a mark, other evidence (such as secondary meaning-type circumstantial evidence or a survey) may be necessary to prove trademark perception.” *Id.*

³⁶ 1 *McCarthy* § 7:24. This avoids the absurd result that would follow if incidental ornamentation were a bar to trademark protection. For instance, it would not make sense to say that “[t]he more appealing the design, the less protection it would receive [I]t would be unfortunate were we to discourage use of a spark of originality which could transform an ordinary product into one of grace.” *Id.*

³⁷ *Black Dog Tavern Co., Inc. v. Hall*, 823 F. Supp. 48, 50 (D. Mass 1993).

³⁸ *Id.* at 53.

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Amazing Spaces, Inc. v. Metro Mini Storage*, 608 F.3d 225, 249 (5th Cir. 2010); *see also Saint-Gobain Corp. v. 3M Co.*, 90 U.S.P.Q.2d 1425, 1438 (T.T.A.B. 2007) (“[T]o the extent that applicant is relying on advertising and customer recognition for products with different shades of purple, this evidence does not support the registration for its specific shade in this application.”); *Publ’ns., Inc. v. Burnup & Sims, Inc.*, 582 F. Supp. 309, 313–16 (S.D. Fla. 1983).

⁴² RESTATEMENT (THIRD) OF THE LAW OF UNFAIR COMPETITION § 17, p. 172 (American Law Institute 1995).

⁴³ 532 U.S. 23, 32 (2001).

⁴⁴ *Id.* at 29.

⁴⁵ *Al-Site Corp. v. VSI Int’l, Inc.*, 174 F.3d 1308, 1328 (Fed. Cir. 1999).

⁴⁶ *Id.* at 1329.

⁴⁷ *Water Pik, Inc. v. Med-Sys., Inc.*, 848 F. Supp. 2d 1262, 1282 (D. Colo. 2012), *aff’d*, 726 F.3d 1136 (10th Cir. 2013); *see also Keystone Camera Prods. Corp. v. Ansco Photo-Optical Prods. Corp.*, 667 F. Supp. 1221, 1229 (N.D. Ill. 1987) (“Absent a specifically defined, color-definite, and stable visual appearance, an alleged trade dress cannot receive protection.”).

⁴⁸ *Rock & Roll Hall of Fame & Museum, Inc. v. Gentile Prods.*, 134 F.3d 749, 755 (6th Cir. 1998).

⁴⁹ *Sorensen v. WD-40 Co.*, 792 F.3d 712, 731 (7th Cir. 2015) *cert. denied*, No. 15-473, 2016 WL 100387 (U.S. Jan. 11, 2016).

⁵⁰ *See Straumann Co. v. Lifecore Biomedical Inc.*, 278 F. Supp. 2d 130, 139 (D. Mass. 2003); *see also Yankee Candle Co. v. Bridgewater Candle Co.*, 259 F.3d 25, 44 (1st Cir. 2001) (“Merely ‘featuring’ the relevant aspect of the product in advertising is no more probative of secondary meaning than are strong sales. . . .”; no secondary meaning based on lack of “look for” ads).

⁵¹ *Predator Int’l, Inc. v. Gamo Outdoor USA, Inc.*, 669 F. Supp. 2d 1235, 1248 (D. Colo. 2009) (quoting 3 *McCarthy* § 8:8).

⁵² *McCarthy* § 18:43.

⁵³ *See id.*

⁵⁴ *Topps Co., Inc. v. Cadbury Stani S.A.I.C.*, 526 F.3d 63, 66, 68 (2d Cir. 2008).

⁵⁵ *Id.* at 68.

⁵⁶ 15 U.S.C. § 1114.

⁵⁷ *See* 5 *McCarthy* § 27:21.

⁵⁸ *See* 15 U.S.C. § 1063 (“Any person who believes that he would be damaged by the registration of a mark” may file an opposition); 15 U.S.C. § 1092 (“Whenever any person believes that he is or will be damaged by the registration of a mark . . .” he may file a petition to cancel the registration.); *see also* § 3 *McCarthy* 20:7.

⁵⁹ *McCarthy* § 18.79.

⁶⁰ *In re E.I. DuPont De Nemours & Company*, 476 F.2d 1357, 1363 (C.C.P.A. 1973).

⁶¹ *Nike, Inc. v. Already, LLC*, 663 F.3d 89, 92 (2d Cir. 2011).

⁶² *Id.* at 98–99.

⁶³ *Already, LLC v. Nike, Inc.*, 133 S. Ct. 721, 732 (2013).

⁶⁴ *See* 2013 InfoPAK “Best Practices for Intellectual Property Licensing: Addressing the Rights Granted and Assets Covered in Patent, Copyright, Trade Secret, and Trademark Licenses.”

⁶⁵ On the other hand, should a business choose to sell franchises, it may find that the disclosure requirements work to protect the franchisor as well as the franchisee because the disclosures can work to weed out prospects who would not be suitable franchisees, as well as put prospects on notice of the current state of the franchise system, so that the prospects cannot later claim that the franchisor withheld material information.

⁶⁶ FUNDAMENTALS OF FRANCHISING, xvii–xviii (Rupert M. Barkoff & Andrew C. Selden, eds., 2008).

⁶⁷ *Id.* at xviii.

⁶⁸ *See generally* 16 C.F.R. § 436.

⁶⁹ Franchise Rule Compliance Guide (2008), at 2.

⁷⁰ *Id.* at 2–3.

⁷¹ *Id.* at 3.

⁷² *Id.* at 4.

⁷³ See, e.g., *Uber Techs., Inc. v. Berwick*, No. CGC-15-546378 (Sup. Ct. Cal. June 16, 2015) (finding that an Uber driver was an employee of the company rather than an independent contractor using the company's application).

⁷⁴ See *Domino's Pizza, LLC v. Reddy*, No. 9-14-00058-CV (Tex. Ct. App. Mar. 19, 2015).

⁷⁵ David J. Kera, *Inter Partes Matters: General Background and Prefiling Considerations*, in A LEGAL STRATEGIST'S GUIDE TO TRADEMARK TRIAL AND APPEAL BOARD PRACTICE, at 5 (Jonathan Hudis ed., 2010) [hereinafter Kera].

⁷⁶ TRADEMARK BOARD MANUAL OF PROCEDURE § 102.02 (2015) [hereinafter TBMP].

⁷⁷ *Id.*

⁷⁸ TBMP § 102.03 (2015).

⁷⁹ *Id.*

⁸⁰ U.S. CONST. art. III, §2.

⁸¹ Kera, *supra* note 67 at 2.

⁸² *Id.* (Federal courts cannot hear cases related to trademark applications filed pursuant to Trademark Act Section 44(d) or 44(e). Federal courts also cannot hear cases stemming from an applicant's request for the extension of protection of a Madrid Protocol international registration to the US under Trademark Act Section 66(a).).

⁸³ See generally TTAB ACR OPTIONS, <http://www.uspto.gov/trademarks-application-process/appealing-trademark-decisions/ttab-acr-options> (last visited July 20, 2015).

⁸⁴ Kera, *supra* note 67, at 3.

⁸⁵ *Id.*

⁸⁶ *Id.* at 3-4.

⁸⁷ TBMP § 102.03 (2015).

⁸⁸ 135 S. Ct. 1293 (2015).

⁸⁹ *Id.* at 1310 (2015).

⁹⁰ *Id.* at 1307.

⁹¹ See ICANN, *Uniform Domain Name Dispute Resolution Policy*, available at <http://www.icann.org/en/udrp/udrp.htm> [hereinafter UDRP] ("All registrars in the .biz,

.com, .info, .name, .net, and .org top-level domains follow the Uniform Domain-Name Dispute-Resolution Policy”) (last visited July 9, 2015).

⁹² ICANN, *Rules for Uniform Domain Name Dispute Resolution Policy* (Oct. 24, 1999), <https://www.icann.org/resources/pages/rules-be-2012-02-25-en> [hereinafter ICANN Rules] (last visited July 9, 2015).

⁹³ The UDRP states that by applying for a domain name registration, the applicant represents that, to the best of the applicant’s knowledge, its domain name does not “infringe upon or otherwise violate the rights of any third party.” The UDRP further states the three circumstances when the registrar will cancel or transfer a domain name registration: (1) if the owner consents; (2) if a court orders such a transfer; or (3) if an administrative panel of an approved DRSP decides such a transfer is warranted.

⁹⁴ *Id.* ¶ 4(a)(i).

⁹⁵ See *Cameron Thomaz p/k/a Wiz Khalifa v. Anthony Lynch*, WIPO Case No. D2015-0166 (Apr. 20, 2015) (granting transfer of wizkhalifa.biz); *Scarlett Johansson v. Tristan Dare*, WIPO Case No. D2008-1650 (Dec. 16, 2008) (granting transfer of scarlettjohansson.com); *Nick Cannon v. Modern Limited – Cayman Web Development*, WIPO Case No. D2005-0575 (Aug. 23, 2005) (granting transfer of nickcannon.com); *Kidman v. Zuccarini*, WIPO Case No. D2000-1415 (Jan. 23, 2001) (granting transfer of nicolekidman.com and nicolekidmannude.com); *Julia Fiona Roberts v. Russell Boyd*, WIPO Case No. D2000-210 (May 29, 2000) (granting transfer of juliaroberts.com). In many of these cases, the panel found that the complainant’s name functioned as a “common law” mark.

⁹⁶ WIPO Case No. D2000-0198 (May 25, 2000).

⁹⁷ See, e.g., *Fed. Cartridge Co. v. Madmouse Commc’ns*, WIPO Case No. D2001-0756 (July 24, 2001).

⁹⁸ CPR File No. CPR004 (Aug. 29, 2000).

⁹⁹ National Arbitration Forum, Claim Number: FA0911001293500 (Dec. 24, 2009).

¹⁰⁰ See ICANN UDRP, *supra* note 84, ¶ 4(a)(ii).

¹⁰¹ See ICANN Rules, *supra* note 84, ¶ 3(b)(ix)(2).

¹⁰² See *The Cyberbingo Corp. v. 207 Media Inc.*, WIPO Case NO. D2005-0714 (Oct. 4, 2005) (“Actual or constructive knowledge of Complainant’s CYBERBINGO trademark registration, prior to registration of the confusingly similar domain name in dispute, undermines any claim to legitimacy.”); *Sunfest v. Elec. Sys. Tech., Inc.*, WIPO Case No. D2000-0631 (Oct. 3, 2000); *J. Crew Int’l v. crew.com*, WIPO Case No. D2000-0054 (Apr. 20, 2000).

¹⁰³ WIPO Case No. D2000-0225 (May 23, 2000). *See also Wal-Mart Stores, Inc. v. Walmarket Canada*, WIPO Case No. D2000-0150 (May 2, 2000).

¹⁰⁴ *Id.*

¹⁰⁵ *See* ICANN UDRP, *supra* note 84, ¶ 4(c).

¹⁰⁶ *See id.*

¹⁰⁷ WIPO Case No. D2000-0047 (Mar. 24, 2000).

¹⁰⁸ *Id.* at 5.

¹⁰⁹ *See Pardes Institute of Jewish Studies v. Hans Schultz LLC*, WIPO Case No. D2008-0648 (July 3, 2008) (citing cases); *Sunfest*, WIPO Case No. D2000-0631; *Easy Jet Airline Co. v. Steggles*, WIPO Case No. D2000-0024 (Mar. 17, 2000).

¹¹⁰ ICANN UDRP, *supra* note 84, ¶ 4(c)(ii); *see Ken's Foods Inc. v. kens.com*, WIPO Case No. D2005-0721 (Sept. 11, 2005) (refusing to transfer kens.com, the domain name at which respondent, whose given name was "Ken," operated a weblog).

¹¹¹ *See* ICANN Home Page, <http://www.icann.org/udrp/> (last visited July. 9, 2015) (describing the purpose of the ICANN system as preventing "abusive" registrations).

¹¹² *See* ICANN UDRP, *supra* note 84, ¶ 4(c)(iii).

¹¹³ WIPO Case No. D2000-0299 (June 9, 2000).

¹¹⁴ *Id.* at 10. *Compare Sermo, Inc. v. CatalystMD, LLC*, WIPO Case No. D2008-0647 (July 2, 2008) (refusing to transfer domain name because respondent had a legitimate interest in using the domain name sermosucks.com in connection with a criticism site which he operated without any intent for commercial gain).

¹¹⁵ ICANN UDRP, *supra* note 84, ¶ 4(a)(iii).

¹¹⁶ *See, e.g., World Wrestling Federation, Inc. v. Bosman*, WIPO Case No. D1999-0001 (Jan. 4, 2000) (holding that the offer to sell the domain name registration to the complainant for a profit was a sufficient "use" of the domain name to satisfy the UDRP).

¹¹⁷ *See, e.g., Cyro Industries v. Contemporary Design*, WIPO Case No. D2000-0336 (June 19, 2000) (holding that because respondent never posted a web site at the domain name <acrylite.com> and never contacted the complainant, it did not use the domain name as the UDRP requires); *Sporoptic Pouilloux S.A. v. William H. Wilson*, WIPO Case No. D2000-0265 (June 16, 2000) (refusing to transfer domain name because no evidence indicated respondent did anything other than register the domain name in bad faith).

¹¹⁸ *Telstra Corporation Limited v. Nuclear Marshmallows*, WIPO Case No. D2000-0003 (Feb. 18, 2000) (because the complainant's trademark was strong and the respondent attempted to conceal its identity, the panel reasoned that respondent's activities were inconsistent with a good faith use of the domain name); *see also Société pour l'Oeuvre et la Mémoire d'Antoine de Saint Exupéry – Succession Saint Exupéry – D'Agay v. Perlegos Properties*, WIPO Case No. D2005-1085 (Jan. 2, 2006) (transferring thelittleprince.com despite the fact that respondent was not making use of the website).

¹¹⁹ ICANN UDRP, *supra* note 84, ¶ 4(a)(iii).

¹²⁰ ICANN UDRP, *supra* note 84, ¶ (4)(b). The UDRP sets forth the elements out in second person, addressing the registrants of domain names more directly in an apparent effort to give clear notice that their registrations are subject to the terms of the UDRP.

¹²¹ WIPO Case No. D2000-0010 (Mar. 7, 2000).

¹²² WIPO Case No. D2000-0044 (Mar. 16, 2000).

¹²³ National Arbitration Forum, Claim Number: FA1401001539558.

¹²⁴ ICANN UDRP, *supra* note 84, ¶ 4(b)(ii).

¹²⁵ *Ingersoll-Rand Co. v. Gully*, WIPO Case No. D2000-0021 (Mar. 9, 2000). *But see Vitro S.A. de C.V., et al v. ICG*, WIPO Case No. D2005-1150 (Dec. 26, 2005) (stating that while generally, two dubious registrations were insufficient to show a pattern for bad faith purposes, such a strict conclusion was not required where respondent was complainant's former employee and the two domain names he registered were the two most obvious domain names for complainant).

¹²⁶ *Lego Juris A/S v. Privacyprotect.org*, WIPO Case No. D2013-0402 (Apr. 28, 2013); *Bellevue Square Managers*, WIPO Case No. D2000-0056 (Mar. 29, 2000).

¹²⁷ ICANN UDRP, *supra* note 84, ¶ 4(b)(iii).

¹²⁸ WIPO Case No. D2000-0218 (June 14, 2000).

¹²⁹ *Id.*

¹³⁰ *Id.*

¹³¹ *Id.* at 3.

¹³² WIPO Case No. D2000-0050 (Mar. 23, 2000).

¹³³ *Id.* at 4.

¹³⁴ *Id.* at 6.

¹³⁵ See ICANN UDRP, *supra*, ¶ 4(k) (“If an Administrative Panel decided that [respondent’s] domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel’s decision before implementing the decision.”).