

Trademarks 2022

Contributing editors

Theodore H Davis Jr and Olivia Maria Baratta



Publisher

Tom Barnes

tom.barnes@lbresearch.com

Subscriptions

Claire Bagnall

claire.bagnall@lbresearch.com

Head of business development

Adam Sargent

adam.sargent@gettingthedealthrough.com

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Trademarks

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Kilpatrick Townsend & Stockton LLP

Lexology Getting The Deal Through is delighted to publish the eighteenth edition of *Trademarks*, which is available in print and online at www.lexology.com/gtdt.

Lexology Getting The Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique Lexology Getting The Deal Through format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes a new chapter on the United Kingdom.

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Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Lexology Getting The Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editors, Theodore H Davis Jr and Olivia Maria Baratta of Kilpatrick Townsend & Stockton LLP for their continued assistance with this volume.



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For further information please contact editorial@gettingthedealthrough.com

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United States

Theodore H Davis Jr and Olivia Maria Baratta

Kilpatrick Townsend & Stockton LLP

LEGAL FRAMEWORK

Domestic law

- 1 | What is the primary legislation governing trademarks in your jurisdiction?

Both federal and state laws govern the protection and registration of trademarks in the United States. On the federal level, the Lanham Act (15 USC section 1051 et seq) is the primary legislation. Each state has its own trademark laws.

International law

- 2 | Which international trademark agreements has your jurisdiction signed?

The United States is a member of the following international agreements:

- the Madrid Protocol;
- the Paris Convention for the Protection of Industrial Property;
- the North American Free Trade Agreement;
- the Agreement on Trade-Related Aspects of Intellectual Property Rights; and
- the Singapore Treaty on the Law of Trademarks.

Regulators

- 3 | Which government bodies regulate trademark law?

The US Patent and Trademark Office (USPTO) examines and registers marks at the federal level. An unsuccessful applicant may appeal to the Trademark Trial and Appeal Board (TTAB), which is a part of the USPTO. TTAB decisions may be appealed to a federal court. State offices – usually those of the secretaries of state – examine and register marks at the state level.

REGISTRATION AND USE

Ownership of marks

- 4 | Who may apply for registration?

Any natural person or entity using a mark or with a bona fide intent to use it may apply to register it.

Scope of trademark

- 5 | What may and may not be protected and registered as a trademark?

Subject to certain exceptions, any distinctive and non-functional word, symbol, drawing or combination thereof may be registered at the US Patent and Trademark Office (USPTO) as a trademark, service mark, certification mark or collective membership mark; they also can be protected

under common law without a registration. In addition to word marks, certain product shapes, packaging, slogans, colours, sounds, fragrances, flavours and other non-visual matter can be registered or protected.

Unregistered trademarks

- 6 | Can trademark rights be established without registration?

Yes. An unregistered but otherwise valid trademark (also known as a common-law trademark) is protectable under section 43(a) of the Lanham Act (15 USC section 1125(a)). However, unregistered rights are ordinarily geographically limited to the region in which the trademark is used or is known to consumers. Unlike a registered trademark, an unregistered trademark is not presumptively valid. To protect an unregistered trademark, the rights holder must prove that it owns a valid trademark.

Famous foreign trademarks

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

A famous mark enjoys broader protection than one that is not, but US law generally does not protect either famous or well-known marks (as defined in the World Intellectual Property Organization (WIPO) Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks) or marks not used within the United States.

The benefits of registration

- 8 | What are the benefits of registration?

Registration is evidence of the registered mark's validity and nationwide priority of rights dating to the filing date. It also serves as constructive notice of the registrant's claim of ownership. Federal registrants may:

- use the ® symbol;
- protect their marks in federal court;
- obtain certain remedies (especially those against counterfeiting) that are not otherwise available; and
- use the US registration as a basis for applications abroad.

Filing procedure and documentation

- 9 | What documentation is needed to file a trademark application? What rules govern the representation of the mark in the application? Is electronic filing available? Are trademark searches available or required before filing? If so, what procedures and fees apply?

All applications must be filed electronically; the USPTO no longer accepts paper applications. Applicants need not undertake searches prior to filing.

Each application requires the following:

- the applicant's name, address, entity type and email address;
- the applicant's signature or verification;
- an identification of the goods or services;
- the filing basis;
- a drawing of the mark;
- a description of the mark; and
- payment of the filing fee.

If the applicant files based on use in commerce, the application also must include:

- a verified statement of the mark's use in commerce;
- the date of first use;
- the date of first use in commerce; and
- specimens showing use of the mark in US commerce for at least one good or service in each class. Specimens showing a mark's use on a website must include the URL and the access or print date.

If the applicant files based on a bona fide intent to use the mark in US commerce, the application must include a verified statement to this effect. Applications claiming foreign filing priority under the Paris Convention must identify the home country application or registration and verify the applicant's bona fide intent to use the mark in US commerce. Registration sought through the Madrid Protocol must meet the requirements set out by the WIPO, including submission of Form MM 18 (Declaration of Intent to Use the Mark: United States of America) and a verified statement confirming the applicant's bona fide intention to use the mark in US commerce.

Applicants domiciled outside the United States must retain US counsel to prosecute their applications. An applicant lacking US counsel must retain one. Although the application will retain its filing date, the USPTO will not process it until the applicant has identified a licensed US attorney.

Registration time frame and cost

- 10** | How long does it typically take, and how much does it typically cost, to obtain a trademark registration? When does registration formally come into effect? What circumstances would increase the estimated time and cost of filing a trademark application and receiving a registration?

If no substantive issues arise during examination, a registration can issue within nine months of the application's filing date.

A Trademark Electronic Application System (TEAS) Reduced Fee filing costs US\$275 per class and requires the applicant to:

- receive solely email correspondence from the USPTO; and
- file certain required submissions electronically.

A TEAS Plus filing costs US\$225 per class and requires the applicant to:

- file a complete application;
- use approved USPTO Identification Manual language for the description of goods and services;
- pay fees for all classes at the time of submission;
- file electronically; and
- receive email communications only.

These fees are subject to amendment by the USPTO.

A trademark registration takes effect upon issuance; however, upon registration, most of the rights provided by registration will date back to the filing date of the application.

Classification system

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

The USPTO follows the International Classification System. Multi-class applications are available. There is no reduction in USPTO fees for filing a multi-class application.

Examination procedure

- 12** | What procedure does the trademark office follow when determining whether to grant a registration? Are applications examined for potential conflicts with other trademarks? Are letters of consent accepted to overcome an objection based on a third-party mark? May applicants respond to rejections by the trademark office?

A USPTO examining attorney will review the application for completeness and compliance with registrability requirements, as well as for potential conflicts with other marks covered by registrations or pending applications. The USPTO will consider a consent agreement between the parties, but the agreement must explain why confusion is unlikely and the steps the parties will take should confusion occur. A mere letter of consent is insufficient. The examining attorney may issue an office action with a six-month response non-extendable deadline.

The applicant may respond to and resolve any objections. If the objection is relatively minor, the examining attorney may contact the applicant (or its counsel) by telephone or email.

Use of a trademark and registration

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

The United States belongs to the Paris Convention and section 44 of the Lanham Act allows the registration of marks that have been applied for or registered in a convention member's country of origin. Generally, ownership of a foreign trademark registration cannot overcome the refusal of an application or support an enforcement action against an instance of infringing use in the United States.

Markings

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

All mark owners may use the TM symbol to reflect a claim of trademark rights, regardless of whether their marks are registered or covered by pending applications.

The ® symbol should be used only with marks covered by registrations (and not applications).

Marking is not mandatory but is strongly recommended to provide notice of rights and to ensure proper trademark use to avoid jeopardising rights in the mark. A federal registrant's failure to use the ® symbol may reduce the monetary relief available in an action to protect the registered mark.

Appealing a denied application

15 | Is there an appeal process if the application is denied?

Yes. Unsuccessful applicants may appeal to the Trademark Trial and Appeal Board (TTAB) by filing a notice of appeal and paying the requisite fee within six months of the final rejection. Notices of appeal must be filed through the Electronic System for Trademark Trials and Appeals. The applicant must file an appeal brief within 60 days of the date of the appeal. The examining attorney will then have an opportunity to respond and the applicant can then file a reply brief. An applicant dissatisfied with the TTAB's decision can appeal to the US Court of Appeals for the Federal Circuit on the existing record or to the US District Court for the Eastern District of Virginia if it wishes to supplement the record.

Third-party opposition

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

Yes. Section 13(a) of the Lanham Act (15 USC section 1063(a)) allows any party that believes it will be damaged by a mark's registration to oppose an application to register the mark. The only requirement is the allegation of facts showing a real interest in the proceeding's outcome.

Opposition grounds include:

- non-compliance with registrability requirements; and
- likely dilution of the distinctiveness of the plaintiff's famous mark.

On publication, would-be opposers have 30 days to oppose or request an extension of time to do so. Subject to the payment of filing fees, the deadline can be extended for up to 90 days without the applicant's consent and an additional 60 days with consent. Oppositions are governed by the Lanham Act, the Trademark Rules (Parts 2 and 7 Title 37 of the Code of Federal Regulations) and the TTAB Manual of Procedure.

The Trademark Rules define the discovery period, testimony periods and briefing schedules. The standard schedule sets a final briefing deadline 550 days after the notice of opposition. The TTAB usually issues a decision within eight months of submission of the briefs. The parties can agree to an accelerated case resolution schedule. The losing party in an opposition can appeal to the US Court of Appeals for the Federal Circuit or a federal district court with jurisdiction over the parties. Appeals to the Federal Circuit are governed by the Federal Circuit Rules, while appeals to a federal district court are governed by the Federal Rules of Civil Procedure. The TTAB Manual of Procedure sets out the notice requirements and deadlines for filing an appeal. Parties generally have 60 days from a decision in which to appeal. If a party appeals to the Federal Circuit, the non-filing party has 20 days to elect to have the decision reviewed by civil action.

A registration can be cancelled for abandonment at any time. The challenger must show that use of the registered mark has been discontinued with an intent not to resume use. Non-use for three consecutive years constitutes prima facie evidence of abandonment. The procedure for cancellation for abandonment is identical to the procedure for cancellation on other grounds.

If the registration has not passed its fifth anniversary, it can be cancelled:

- for any reason that would have prevented its issuance in the first place; or

- because the continued registration of the mark likely dilutes the distinctiveness of a prior user's famous mark.

If the registration has passed its fifth anniversary, the grounds for cancellation are narrowed to the following:

- the registration was procured or maintained through fraud;
- the registered mark:
 - has become generic;
 - is functional; or
 - has been abandoned (non-use);
- as at the registration date, the registered mark:
 - was deceptive;
 - falsely suggested a connection with a person, institution, belief or national symbol;
- comprised the flag, coat of arms or other insignia of the United States, any state or municipality or any foreign nation; or
- comprised a name, portrait or signature identifying a particular living individual (unless with consent) or the name, signature or portrait of a deceased US President during the life of his or her surviving spouse (unless with written consent);
- the registered mark has been used to misrepresent the source of the goods or services with which it is used; or
- if a certification mark, the registered mark has been used as a trademark or service mark.

Any party that believes it will be damaged by a mark's registration may file a cancellation action. A cancellation action is commenced by filing a petition for cancellation and the required fee with the TTAB. The petition must be filed electronically and signed (but not verified) by the petitioner or the petitioner's attorney. It must include:

- a short and plain statement of the reasons why the petitioner believes it is or will be damaged by the registration; and
- the grounds for cancellation.

The petition need only give fair notice of the basis for each claim and should not be accompanied by evidence. However, fraud as a ground for cancellation must be pleaded with particularity. The TTAB will serve the registrant with the petition and set deadlines for the registrant's answer, discovery, initial and expert disclosures, and trial.

In addition to cancellation actions, US law authorises two ex parte procedures for challenging registrations based on the non-use of the registered marks. The first – ex parte re-examination – permits challenges to use-based registrations whose owners averred during the application process that their marks were used in commerce. This mechanism allows the USPTO to re-examine the accuracy of the registrant's averment of use as at the filing date of that averment. It is unavailable once a targeted registration has passed its fifth anniversary.

The second – ex parte expungement – allows challenges to the registration of marks that have never been used in commerce. It primarily targets registrations based on non-US registrations. It generally is available to challengers only between the third and the 10th anniversaries of a registration's issuance. However, for a limited period of time until 27 December 2024, petitions to initiate expungements may be brought against registrations at any time after the registrations' third anniversaries.

Standing is not required to initiate ex parte proceedings. Instead, another party can anonymously petition the director of the USPTO to initiate either type of proceeding by submitting evidence or testimony establishing a prima facie case of non-use of a mark in commerce as at the relevant date, namely:

- the date on which an averment of use is filed in support of a use-based application; and
- the third anniversary of a registration based on a non-US registration.

Alternatively, the director of the USPTO may determine on his or her own initiative that a prima facie case of non-use exists.

Once a prima facie case of non-use is established, the registrant may rebut that case by submitting evidence and testimony to the contrary. Owners of registrations based on non-US registrations can demonstrate excusable non-use. If the director of the USPTO deems the registrant's responsive showing inadequate, the goods or services in connection with which use in commerce did not exist as at the relevant date will be stricken from the registration, subject to the applicant's right to appeal to the TTAB. If the director of the USPTO finds the responsive showing adequate, however, that determination will have a preclusive effect barring all further ex parte challenges to the registration with respect to the goods or services targeted in the first challenge.

A final TTAB decision may be appealed to the US Court of Appeals for the Federal Circuit or a federal district court with jurisdiction over the parties. Appeals to the Federal Circuit are governed by the Federal Circuit Rules, while appeals to a federal district court are governed by the Federal Rules of Civil Procedure. The notice requirements and deadlines for filing an appeal are contained in the TTAB Manual of Procedure.

Parties generally have 60 days from the decision in which to appeal. If a party appeals to the Federal Circuit, the non-filing party has 20 days to elect to have the decision reviewed by civil action.

Duration and maintenance of registration

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

A trademark registration can be maintained indefinitely if the owner submits proper maintenance and renewal documents. The owner must file both a statement of use and a specimen showing current use of the mark in US commerce between the fifth and sixth anniversaries of the registration date. It may renew the registration before the 10th anniversary of the registration date and every 10 years thereafter, provided that it files a statement of use and specimen showing the mark's current use in commerce.

Surrender

18 | What is the procedure for surrendering a trademark registration?

A registration may be surrendered for cancellation electronically and without a filing fee. Unless the registration is the subject of a cancellation proceeding before the TTAB, a request for surrender is handled by the Post-Registration Division of the USPTO. If the surrendered registration is the subject of a cancellation proceeding, the TTAB will process the surrender.

Related IP rights

19 | Can trademarks be protected under other IP rights?

Yes. Under certain circumstances, copyright law may protect designs, words and sounds used as trademarks. Trademark law protects marks used with goods or services; copyright law protects original works of authorship fixed in a tangible medium. While a single word can be a protectable trademark, it is unlikely to be protectable under copyright law.

A slogan or sentence may be protected under both copyright and trademark law. A musical composition also may be protected under both copyright and trademark law if used in connection with goods or

services, although trademark law does not apply if the product associated with the composition is the composition itself.

A mark owner can secure trade dress protection for the appearance of a product, its packaging or its overall appearance. A product feature claimed as trade dress may be protected only if it is non-functional. A mark qualifying for trade dress protection also may receive protection under a design patent if it is a novel and ornamental design. Design patents protect the non-functional, non-obvious and ornamental features of a product or container. Under some circumstances, a design patent may protect a design against imitation even if confusion is unlikely because of the parties' labelling.

Publicity rights also may be available in specific instances. An individual whose likeness is used in association with goods and services, and has acquired distinctiveness, may be protected under persona-based causes of action.

Trademarks online and domain names

20 | What regime governs the protection of trademarks online and domain names?

The Anti-Cybersquatting Consumer Protection Act (15 USC section 1125(d)) protects against the misappropriation of marks in domain names. It provides a federal cause of action against a party who:

- has a bad-faith intent to profit from another party's trademark; and
- registers, traffics or uses a domain name identical or confusingly similar to that trademark (or, in the case of a famous trademark, likely to dilute the distinctiveness of that mark).

The statute precludes liability if the domain name registrant had reasonable grounds for believing the use was a fair use or otherwise lawful. Remedies include the forfeiture or cancellation of the domain name, or the transfer of the domain name to the mark's owner.

LICENSING AND ASSIGNMENT

Licences

21 | May a licence be recorded against a mark in the jurisdiction? How? Are there any benefits to doing so or detriments to not doing so? What provisions are typically included in a licensing agreement?

No mechanism exists for recording a licence in the United States.

A trademark owner must exercise quality control over the licensed goods or services. Failure to exercise quality control may result in an abandonment of rights.

Licence terms can vary but typically include the following:

- the parties;
- the effective date;
- the licensed marks;
- the goods covered by the licence;
- the term of the licence;
- the territory;
- royalties;
- mechanisms that allow the licensor to control the quality of the goods or services provided; and
- a termination provision.

Assignment

22 | What can be assigned?

An assignment must assign the goodwill of the business associated with the mark. An assignment without goodwill is invalid. With respect to intent-to-use trademark applications, the requirements depend

on whether the applicant has filed an allegation of use of the mark or whether the transfer of the intent-to-use application is in connection with the sale of the portion of the ongoing business associated with the mark.

A mark can be assigned with respect to all or some of the goods and services; it is unnecessary to assign other business assets.

Assignment documentation

23 | What documents are required for assignment and what form must they take? What procedures apply?

An assignment must be written and identify the assignor, the assignee and the marks with specificity. It must be signed by the assignor. Notarisation is not required.

Validity of assignment

24 | Must the assignment be recorded for purposes of its validity?

Recordation with the US Patent and Trademark Office (USPTO) is recommended and provides certain advantages, including 'constructive notice' to the public as to trademark ownership and priority between conflicting and subsequent assignments.

Security interests

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

Yes. A lender may perfect a security interest by recording it under article 9 of the Uniform Commercial Code, as adopted by the states. Although not legally required, a lender also should record its trademark security interests with the USPTO to protect its interests against later bona fide purchasers. The security agreement should define the trademarks to include the goodwill of the business with which the trademarks are associated. Taking a security interest without the associated goodwill could result in the invalidation of the assignment or trademark on foreclosure.

ENFORCEMENT

Trademark enforcement proceedings

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

The primary action against trademark violations is a civil suit in federal or state court. To bring suit, a plaintiff must have standing and must file a complaint alleging liability accompanied by the required filing fee. The complaint should allege the following:

- the plaintiff owns valid and protectable rights;
- the defendant's mark is used in commerce;
- the defendant has violated the plaintiff's rights; and
- that likely confusion harms or is likely to harm the plaintiff.

To prevail, a plaintiff asserting infringement must establish that confusion is likely between the parties' marks. Different courts have different – but substantially similar – multi-factor tests for evaluating whether confusion is likely. For example, the Second Circuit refers to factors first articulated in *Polaroid v Polarad Elecs Corp* (287 F2d 492 (2d Cir 1961)). These include:

- the strength of the plaintiff's mark;
- the degree of similarity between the parties' marks;
- the competitive proximity of the goods or services sold under the marks;
- the likelihood of either party bridging the gap between the parties' goods or services;
- actual confusion;
- the defendant's intent when adopting its mark;
- the quality of the defendant's goods or services; and
- the sophistication of the parties' customers.

Not all factors must be met and some may receive more weight than others.

A plaintiff asserting a dilution-based claim must demonstrate that its mark is famous and that the defendant's mark will likely blur or tarnish the distinctiveness of the plaintiff's mark.

Remedies for infringement can include injunctive and monetary relief, with injunctive relief being the most common. Monetary relief can take many forms, including (but not limited to) the plaintiff's actual losses, the defendant's profits, corrective advertising and statutory damages determined by the court. In some circumstances, the court may treble monetary relief. Damages and profits are available in dilution-based actions only if the defendant acted wilfully. Punitive damages may be available under state law. Attorneys' fees are available in exceptional cases.

Federal and state criminal statutes protect only against counterfeiting and are enforceable only by criminal prosecutors. For some forms of online trademark infringement, administrative action is available through the Uniform Domain Name Dispute Resolution Policy.

Procedural format and timing

27 | What is the format of the infringement proceeding?

The time required to resolve lawsuits varies greatly depending on the facts of particular cases and the litigiousness of the parties. Discovery and live testimony from fact and expert witnesses are permissible. Liability, actual damages and certain defences may be decided by either a jury or a judge. The availability of injunctive relief, the disgorgement of a defendant's profits and certain defences are decided by a judge. The government must initiate criminal prosecutions for counterfeiting.

Burden of proof

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

The plaintiff must prove liability by a preponderance of the evidence and testimony. If it does so, the defendant must prove affirmative defences under the same standard.

Standing

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

Statutory bases for claims under the Lanham Act include sections 32, 43(a), 43(c) and 43(d).

Only mark owners have standing to bring actions under sections 32, 43(c) and 43(d), and section 32 additionally requires mark owners claiming its protection to have registrations. The term 'registrant' includes legal representatives, predecessors, successors and assignees, but generally not licensees. Other parties, such as licensees, may have standing to bring actions under section 43(a) if:

- they are within the 'zone of interest' protected by the Lanham Act; and
- they can show the alleged misconduct proximately injured them.

This same two-factor test determines whether a plaintiff is entitled to bring a statutory cause of action in an action before the Trademark Trial and Appeal Board.

Border enforcement and foreign activities

- 30 | What border enforcement measures are available to halt the import and export of infringing goods? Can activities that take place outside the country of registration support a charge of infringement or dilution?**

Customs enforcement is available to owners of registered marks. Generally, the customs authorities will seize or detain goods copying or simulating a registered trademark only if the registration has been recorded with US Customs and Border Protection.

If the customs authorities decline to act, a mark owner can bring a private action against the importer or bring a proceeding before the International Trade Commission. If liability is found, the remedial action is submitted to the President of the United States, who has 60 days to disapprove of the action. If there is no veto, the defendant importer may appeal to the Federal Circuit Court of Appeals.

Although customs authorities generally focus on the importation of goods bearing infringing or counterfeit marks, they have similar authority to prevent the export of those goods.

Discovery

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

US law provides for certain mandatory disclosures and permits the parties to engage in discovery to frame the issues for trial. Discovery can include interrogatories, document requests, requests for admissions and depositions of witnesses. These mechanisms can be effective, but they also can require considerable investments of time and money. A party failing to disclose information or documents during discovery may be precluded from relying upon them at trial.

Timing

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

The time frame can vary greatly depending on the complexity of the case and the deadlines set by the court. Motions for preliminary injunctive relief can be resolved as early as two months after filing, while litigation of a dispute through a full trial and the appeal process can take years.

Limitation period

- 33 | What is the limitation period for filing an infringement action?**

Infringement actions under state law are subject to the relevant state statute of limitations. Federal law does not provide a statute of limitations, but courts typically refer to state statutes of limitations when determining whether a plaintiff has unreasonably delayed proceedings for the purposes of the equitable defences of laches and acquiescence.

Litigation costs

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

Litigation costs and attorneys' fees can vary widely depending on the length of the proceeding and its complexity; some cases can require investments in the millions of dollars. Unless counterfeiting is involved (in which case, an award of the prevailing plaintiff's attorneys' fees is virtually automatic), the prevailing party can recover its attorneys' fees under section 35 of the Lanham Act and 15 USC section 1117(a), only if the case is an 'exceptional' one. That standard is high, but it can be met based on either the weakness of the losing party's case or its conduct during the litigation, or both.

Appeals

- 35 | What avenues of appeal are available?**

The losing party in a case brought in federal district court can appeal to an intermediate US court of appeals. It then can seek discretionary review by the US Supreme Court, but that is rarely granted.

Defences

- 36 | What defences are available to a charge of infringement or dilution, or any related action?**

Laches is an equitable affirmative defence. A defendant claiming laches must prove an unreasonable delay by the plaintiff in bringing suit and prejudice arising from that delay.

Similarly, acquiescence occurs if a plaintiff affirmatively consented to the defendant's conduct and then unreasonably delayed in challenging that conduct. As with laches, acquiescence requires proof of prejudice.

Unclean hands is an equitable affirmative defence that potentially bars relief to the plaintiff and may bar other equitable defences. To prove unclean hands, a defendant must demonstrate the plaintiff intentionally acted inequitably or illegally. The claim underlying an unclean hands defence must directly relate to the trademark at issue. A plaintiff's general misconduct will not suffice. Unclean hands succeeds only in the most egregious circumstances.

A defendant may assert two types of fair use: classic fair use and nominative fair use. The classic fair use affirmative defence applies if the defendant's use is non-trademark in nature and merely describes the defendant's goods or services, the source of the defendant's goods or services, or individuals involved with the defendant's business.

The nominative fair use doctrine applies if the defendant uses a trademark to identify the plaintiff's goods or services rather than those of the defendant. To assert this defence, the defendant must demonstrate that:

- the goods or services cannot be identified without using the plaintiff's mark;
- the use of the plaintiff's mark is no more extensive than necessary; and
- the defendant's use does not suggest the plaintiff's sponsorship or endorsement of the defendant's goods or services.

Courts disagree on whether nominative fair use is an affirmative defence provable by the defendant or, alternatively, whether it is something the plaintiff must overcome.

The constitutional guarantee of free speech is not an affirmative defence, but rather serves as an alternative argument against a finding of liability. Free speech protection is available for parody and expressive works.

Remedies

37 | What remedies are available to a successful party in an action for infringement or dilution, etc? What criminal remedies exist?

Remedies typically include injunctive and monetary relief, with injunctive relief being the most common. A prevailing plaintiff seeking permanent injunctive relief must establish that:

- it has suffered an irreparable injury;
- the inadequacy of other remedies, such as monetary relief;
- the balance of the parties' respective hardships favours the plaintiff; and
- a permanent injunction will benefit the public interest.

A plaintiff seeking preliminary injunctive relief while filing the complaint or shortly thereafter must satisfy the same four-factor test provided above for permanent injunctions and also establish a likelihood of success on the merits. The plaintiff additionally must post a bond to make the defendant whole for its damages if the defendant ultimately prevails after trial. Delay in seeking a preliminary injunction usually will weigh against a claim of irreparable injury.

Preliminary injunctive relief usually mandates the discontinuance of the unlawful activity, while more extreme forms – such as recalls – are reserved until after a full trial. Nevertheless, a plaintiff may seek an ex parte temporary restraining order, which can be issued without response by the defendant. Temporary restraining orders are issued only in the most urgent circumstances and expire within 14 days unless they are converted into preliminary injunctions. Depending on the circumstances of the case, injunctive relief can take many forms, including:

- a cessation of the challenged mark's use;
- a recall of goods bearing that mark;
- disclaimers of affiliation by the defendant; or
- such other things as equity may require.

In addition to injunctive relief, prevailing plaintiffs may pursue monetary relief. The court has broad discretion to determine the availability and amount of the relief. If the court grants monetary relief, federal law permits the doubling or trebling of the relief and, in exceptional cases, attorneys' fees.

If the parties do not compete, the court may deny actual damages unless the infringement diverted trade or otherwise injured the plaintiff. However, a court may order disgorgement of the defendant's profits if:

- the defendant was unjustly enriched;
- the trademark owner sustained damage; or
- the accounting is necessary to deter future misconduct.

If the parties compete, the court may award actual damages in the form of the plaintiff's lost revenues. A successful plaintiff also may pursue the disgorgement of the defendant's profits. In such a disgorgement, the plaintiff must demonstrate the defendant's gross revenues. The defendant then must apportion those revenues between infringing and non-infringing sources, and also prove any deductible expenses.

The Lanham Act also authorises the ex parte seizure of goods bearing counterfeit imitations of registered marks. Trebled awards of damages and the disgorgement of profits are ordinarily mandatory in counterfeiting cases.

Punitive damages may be available under state (but not federal) law.

ADR

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

Both mediation and arbitration are widely used. Courts generally defer to arbitrators' decisions, which makes them difficult to challenge.



Theodore H Davis Jr

tdavis@kilpatricktownsend.com

Olivia Maria Baratta

mbaratta@kilpatricktownsend.com

1100 Peachtree Street NE
Suite 2800
Atlanta, GA 30309
United States
Tel: +1 404 815 6500
Fax: +1 404 815 6555
www.kilpatricktownsend.com

UPDATE AND TRENDS

Key developments of the past year

39 | Are there any emerging trends, notable court rulings, or hot topics in the law of trademark infringement or dilution in your jurisdiction?

US courts have been increasingly receptive to free-speech considerations in trademark cases in recent years.

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