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PERSPECTIVE

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Don't wait to address common trademark issues for startups

By Jennifer Lee Taylor and Maggie Mayo

Choosing the right name for your company from a branding perspective is important. Equally important, however, is avoiding a name that is not protectable, or that causes unexpected issues down the road.

First step: Always run a clearance search.

Once you have come up with a name for your company, the next step should always be to run a clearance search. The same is true when naming your products or service offerings. It may feel like an unnecessary step and cost when you have other pressing matters to address, but running a clearance search early in the process can help avoid headaches and costs down the road.

While obvious problems can sometimes be identified through internet searches or searches on the United States Patent and Trademark Office's website (USPTO.gov), the best practice is to engage counsel who can run the appropriate comprehensive clearance search, analyze the results, and advise you on the best next steps. Something to keep in mind is that trademark rights are acquired specifically in connection with the goods and services the mark is being used to promote. Thus, different companies can own the same or similar trademarks in connection with different goods and services (for example, DOVE for soaps and DOVE for chocolate). The relevant test is whether the consuming public is likely to be confused as to the source of the respective products or services.

What if your name is clear, but the domain name is taken? You always want to consider both trademarks and domain names when you are selecting your new name or brand. It would be a waste of funds to acquire a domain name only to discover that you cannot register the name as a trademark. The converse is also true, as one of the more frustrating problems startups encounter is where the desired name is available from a trademark perspective, but the domain name is already taken. Sometimes the domain name is being used in connection with unrelated goods or services. But more often, the domain name has been purchased and is not being used. Companies often wonder if they have any recourse against a domain name owner who is "squatting" on the domain name. Unfortunately,

no. To obtain a domain name through the Internet Corporation for Assigned Names and Numbers' Uniform Domain-Name Dispute-Resolution Policy, you need to show that the domain name was registered or used in bad faith. If the domain name was registered before you started using your name or mark, you are unlikely to be able to show bad faith.

Ideally, you would discover this problem early on (a clearance report will identify registered domain names that are similar to your name or mark). Upon identifying the problem (and assuming the mark is otherwise clear), you might consider variations on your mark for the domain name. You could also consider using a gTLD (generic top-level domain) other than .com (e.g., .net, .info, .energy, etc.).

But if your heart is set on a particular domain name, you will need to be prepared to purchase the domain name from the current owner. If you are going this route, it is best to approach the owner (either through a broker or on your own) before you go public with your new mark. If you don't, the price will almost certainly be higher. This is true even if you execute the sale anonymously through a broker because a prudent domain name owner will always perform searches to see who might have an interest in the name before agreeing to a price. You might also consider the timing of filing for trademark protection. Trademark applications filed with the USPTO are public records and easily searchable through the USPTO's website. Thus, a domain name owner would easily be able to discover that you had filed for a mark that is identical or similar to the domain name at issue, which may cause the price of the domain name to go up.

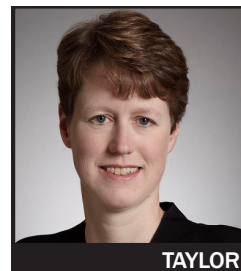
Second step: File an application with the USPTO. Once you have cleared your new name, the next step is to file an application with the USPTO. While you will begin to acquire common law trademark rights in your mark as soon as you start using it in connection with the offering of goods or services, there are a number of benefits that come with a U.S. registration. These benefits include: (i) nationwide priority based on the filing date, (ii) a statutory presumption that the mark is valid, (iii) a statutory presumption that you are the owner of the mark, and (iv) the right to use the registered trademark symbol (®).

When drafting your goods and services descriptions for the application, it is best to use broad descriptions, as the goods and services your company plans to offer may evolve as your business gets going. If the goods and services descriptions are too specific, you may ultimately not be able to show use of the mark for those goods or services. If you cannot show use of the mark in connection with the goods and services listed in an intent-to-use application, the application will not proceed to registration, and you will need to file a new application. Using broad descriptions in the initial application helps to prevent this outcome.

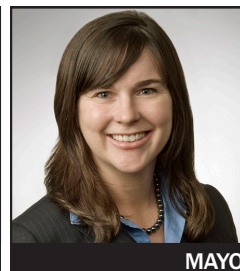
Next steps: foreign protection. Once you have filed a U.S. trademark application for your mark, it is prudent to consider which other countries will be important to your company's business model. Most likely, countries where you'll want to file are members of the Paris Convention, which means that you will have six months from the U.S. filing date to file in those countries and still have those applications be treated as if they were filed on the same date as the U.S. application. While these six months gives your company some time to assess where your important markets will be, that time can pass quickly when you're getting your business started.

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