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Timeless Trademarks?

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Beneath the large umbrella of the law known as Intellectual Property (or simply, IP), one of the badges of superiority that trademark lawyers are able to brag up to their patent and copyright colleagues is that trademark rights are capable of lasting forever -- there are no term limits -- so, the underlying legal rights can be truly timeless, provided, of course, they continue to be supported by use in commerce (that is, bona fide use in the ordinary course of trade), and they are cared for properly (e.g., they avoid legal abandonment and the graveyard of genericness).

Racebrook Marketing Concepts, LLC is promoting an upcoming Brand Name Auction on Wednesday December 8th at the Waldorf Astoria in New York, where there will be "150 Timeless Trademarks and Domains" offered for sale. Hat tips to Mark Prus of Nameflash and Marty Schwimmer of the Trademark Blog.

The Brand Name Auction touts: "Buy a priceless Trademark, including its Domain Name, and reinvent its commercial success. Never in the history of marketing and advertising has there been this unique investment opportunity." This seems to suggest that there is no underlying goodwill to transfer with the alleged trademark right. If so, there is no actual trademark right to transfer, unless of course, there is an existing trademark registration, or perhaps, a valid pending intent-to-use trademark application. Timeless, I guess, well see?

As most trademark types appreciate, Section 10 of the Lanham Act, can be a trap for the unwary when intent-to-use trademark applications are bought and sold. Not done right and not only is the assignment void, but the underlying intent-to-use trademark application is voided as well. These pitfalls are statutory and they are quite intentional. The provision of Section 10 relating to the constraints on the transfer of intent-to-use trademark applications was added in 1989 to address Congress' concern about the intent-to-use system spawning the trafficking of trademarks and creating a secondary market for trademarks not tethered to any underlying goodwill.

The Brand Name Auction is clearly aware of the Section 10 pitfalls, by structuring the purchase in a way to (hopefully) avoid the pitfalls of Section 10:

The initial purchase is a royalty free, fully paid, exclusive license, including the right to sub license, that you can turn into full ownership when you file the Statement of Use and it is accepted by the Patent and Trademark Office.

The question remains, however, will the purchased "trademark," using this structure, hold up under legal scrutiny? If tested, will courts and the Trademark Trial and Appeal Board view the Brand Name Auction as just what Congress intended to prohibit through the intent-to-use constraints set forth in Section 10? Or will the above temporary licensing strategy -- apparently designed to avoid the Section 10 prohibition -- be blessed? If so, brace yourself for more and more trademark auctions. If not, good luck.

In the end, at least for now, the words "buyer beware" couldn't be more apt than they are here.

Word to the wise, talk to your favorite trademark type about the appropriate due diligence before investing in any alleged brand names, trademarks or domains.