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A 'TIP' for Responding to Trademark Infringement

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If tsunamis, hurricanes and terrorist strikes have taught us anything, it is that emergency preparedness is vital to minimizing damage and facilitating recovery. Trademark infringement is no different. Trademark infringement preparedness can help lay the groundwork for an effective response by facilitating communication, reducing delay, ensuring comprehensive gathering of key response items, allowing for productive use of human resources, and providing for efficient allocation of monetary resources.

When trademark infringement is discovered, the key objective is to stop the infringement. If a cease and desist letter proves insufficient, the way to stop infringement immediately is to file a lawsuit and seek a preliminary injunction. Although a preliminary injunction does not determine in final each party's trademark rights, by foreshadowing later results and forcing the infringer to change its business activities, it often leads to a resolution.

Most courts require the party seeking a preliminary injunction to show: 1) it is likely to prevail on the merits, 2) it will suffer irreparable harm if the no injunction issues, 3) that the balance of hardships from imposing the injunction tips in its favor, and 4) that the public interest favors granting the injunction. *Microstrategy Inc. v. Motorola, Inc.*, 245 F.3d 335 (4th Cir. 2001). In the Ninth



Circuit, an alternative standard provides that the moving party may meet its burden by demonstrating either: 1) a combination of probable success on the merits and the possibility of irreparable injury; or 2) that serious questions exist and the balance of hardships tips sharply in its favor. *Stuhlberg Int'l Sales*

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Co., Inc. v. John D. Brush & Co., Inc., 240 F.3d 832, 839-840 (9th Cir. 2001). In all jurisdictions, delay in seeking a preliminary injunction is a factor that favors the infringer because it undercuts the claim of irreparable injury. *Citibank, N.A. v. Citytrust*, 756 F.2d 273, 276 (2d Cir. 1985). And some courts measure delay from the time the party first becomes aware or should have become aware of the infringement to the date

the preliminary injunction motion is filed. *Gasser Chair Co. v. Infanti Chair Mfg. Corp.*, 60 F.3d 770, 777 (Fed. Cir. 1995). Thus, it is imperative that delay be minimized and quick action be taken to marshal the key evidence supporting a preliminary injunction.

To demonstrate a likelihood of prevailing in a trademark infringement case, the trademark owner must be prepared to demonstrate: 1) ownership of a valid protectable trademark, 2) priority and continuity of use, 3) the infringer's use of the mark or similar in commerce, and 4) a likelihood of consumer confusion. *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999). The party claiming infringement must present certain proof concerning its own mark, and also must present certain proof concerning the infringing mark. Typically, materials relating to the infringer's use, the infringer's intent, and actual confusion can only be gathered when a particular infringement is discovered. But trademark owners can gather key materials concerning their own marks in advance, thereby assuring completeness and leaving key internal resources available for investigating the infringing use. If the trademark owner has a trademark infringement preparedness kit ("TIP kit") containing the key evidence needed concerning its own mark, it can better focus the available resources when it discovers infringement, and save weeks from passing before a preliminary injunction motion can be filed. This secures the dual benefit of reducing the infringer's ability to claim delay and advancing the time frame for obtaining relief. And having a

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TIP kit prepared by in-house personnel in advance provides a head start for outside legal counsel, which also saves money in legal fees.

The TIP kit should contain a list of key people and their contact information. This usually includes the in-house counsel, trademark registration counsel, product development personnel and marketing personnel, but can include others whose input may be needed, such as outside advertising agency contacts. There also should be a basic description of the products sold under the mark, written so that persons unfamiliar with the products can easily understand them, especially if the products involve specialized technology or terminology.

If the mark is registered, the TIP kit should contain the file materials relating to registration, including the registration certificate, the application and supporting materials, office actions, office action responses, any assignment-related documentation, disclaimers pertaining to the mark, subsequent filings for maintaining the registration, and documentation of secondary meaning if required for registration. Whether the mark is registered or not, the TIP kit should contain the date and samples of first use, other evidence of use as a trademark, and all letters, pleadings, motions, declarations, and case numbers relating to any prior or pending enforcement actions against others.

Since trademark rights are based on prior use and must not be abandoned for any appreciable period, the TIP kit should include samples of trademark use such as invoices, shipping documents, labels, tags, packaging, product advertisements, brochures or other materials showing trademark use spanning the entire time from the first use through its current use.

The following likelihood of confusion factors further guide what should be in the TIP kit: 1) strength of the mark; 2) proximity or relatedness of the goods; 3) similarity of the marks; 4) evidence of actual confusion; 5) marketing channels used; 6) type of goods and the degree of care likely to be exercised by the purchaser; 7) defendant's intent in selecting the mark; and 8) likelihood of expansion of the product lines. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979); *Polaroid Corp. v. Polarad Elecs.*

Corp., 287 F.2d 492, 495 (2d Cir. 1961), *cert. denied*, 368 U.S. 820 (1961).

Trademark strength refers to tendency of the mark to identify the goods sold under the mark as emanating from a particular source. *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1131 (2d Cir. 1979). As such, the TIP kit should contain advertising expenditures for the mark, as well as samples of and information concerning the nature, geographical scope and types of promotion and advertising in newspapers, magazines, journals, trade shows or other forums in which the mark has been advertised. Because courts consider not only the amount of advertising, but also its effectiveness, the TIP kit should also include sales figures of products sold under the mark over time, and other tangible evidence showing the effectiveness of advertising and promotional efforts. *Source Services Corp. v. Chicagoland JobSource, Inc.*, 643 F. Supp. 1523, 1532 (N.D.Ill. 1986). Web site addresses featuring the mark and web site statistics showing visits and exposure to the mark are also helpful. Further, the TIP kit should contain any customer testimonials, customer correspondence, and instances of consumers using the mark such as inquiries showing familiarity with the mark and association of the mark solely with the owner. Also included should be any press releases, news stories, or journal articles, and especially, all unsolicited media coverage of the mark. Likewise, any consumer surveys or consumer studies concerning the mark should be included.

The TIP kit also should contain materials or information supporting the other confusion factors. Since the proximity factor compares goods sold under the competing marks, the TIP kit should include detailed descriptions of the products sold under the mark, as well as information concerning the territories and types of industries in which the trademarked products are sold. The marketing channels factor assesses whether products are likely to be sold in the same channels or advertised in similar media. *Exxon Corp. v. Texas Motor Exchange, Inc.*, 628 F.2d 500, 504 (5th Cir. 1980). Consequently, the TIP kit should include information concerning the manner and distribution channels through which the trademarked products are sold from wholesalers to distributors to retail

outlets, or other arrangements. As to the purchaser care factor, there is a general assumption that sophisticated buyers and buyers of costly goods are more careful and less likely to be confused. To help assess this factor, the TIP kit should include information relating to market circumstances under which sales are solicited and made, as well as product pricing information and background concerning the customer base. As to the expansion factor, any documents showing expansion of products sold under the mark or business plans discussing future expansion under the mark also should be included. See *Schoenfeld Indus., Inc. v. Britannia Sales, Ltd.*, 512 F. Supp. 979, 983 (S.D.N.Y. 1981); *E.I. Du Pont de Nemours & Co. v. Yoshida Int'l, Inc.*, 393 F. Supp. 502 (E.D.N.Y. 1975).

Finally, although some courts recognize that the resultant loss of control over the trademark and the risk to the mark's goodwill and reputation association constitutes irreparable injury (*Vision Sports, Inc. v. Melville Corp.*, 888 F.2d 609, 612, n.3 (9th Cir. 1989)), some advance thought should be given to injury and hardship that will result if infringement occurs. To the extent there are any materials existing in advance on this issue, they should be included in the TIP Kit.

Halting trademark infringement need not be a disaster. Advanced planning in the form of a TIP Kit increases the chance for an efficient and speedy response by helping to organize the response team, ensuring comprehensive gathering of materials needed to combat infringement, allowing personnel to focus on investigating the infringer's use, saving legal fees associated with gathering the necessary materials, and above all, reducing delay in obtaining relief.

