

On Your Marks

Protecting trademarks globally requires a marathoner's approach, not a sprinter's

Cindy Walden, a principal at **Fish & Richardson** in Boston, talks about some of the challenges her clients face in keeping up with the demands of maintaining global portfolios of trademarks and copyrights. She also reviews recent U.S. Supreme Court decisions and looks ahead at the big cases she's following. The interview has been edited for length and style.

Tell us about your trademark and copyright practice and the work you do for your high profile clients?

Cindy Walden: On the trademark side, I work with clients on every aspect of developing, protecting, enforcing and licensing their trademarks. This includes clearance and protection of trademarks for new products as well as major company rebranding and licensing initiatives. I regularly work with clients on the strategic development and management of their trademark portfolios and ensuring that their important marks are available for use and protected in the countries that are important to their business.

Since trademark rights are granted on a country-by-country basis, and each country has its own registration system, coordinating the efforts to register and enforce trademarks worldwide can be hard. Companies hire us because of our deep expertise in navigating these challenging trademark issues.

On the copyright side, I work with clients on the evaluation of copyright ownership issues, the registration of copyrights and the licensing and enforcement of copyrights in the U.S. and abroad.

In June, the U.S. Supreme Court struck down the Lanham Act's ban on disparaging trademark registrations as unconstitutional. What are the real world implications of this decision moving forward?

Walden: The *Matal v. Tam* case was headline-grabbing because of the subject matter involved – the registration of marks that are considered to be disparaging – and because of the strong stance the Supreme Court took in striking down a law that had been on the books for decades on the basis of free speech considerations. Aside from the Washington Redskins franchise, which has long battled for the registrability of its Redskins mark, there are not a lot of real world implications stemming from this decision, since most companies are not looking to adopt and register marks that may be viewed as disparaging to potential customers.

However, the decision could set the stage for striking down other laws related to the protection of intellectual property rights, irrespective of how long they have been in force, if they may be considered viewpoint discriminatory. The Supreme Court's unanimous decision also signals the court's alignment and appetite to take a strong stance on this issue.

Two years ago, trademark lawyers were worried when the Supreme Court ruled in B&B Hardware that Trademark Trial and Appeal Board (TTAB) decisions can sometimes be binding on federal courts in later litigation. How has this impacted your litigation strategies?

Walden: The *B&B Hardware* decision means that parties must now more carefully evaluate the issues involved in a TTAB proceeding and make sure to fully develop the record if there is the possibility that the same issue will also be raised in federal court. The primary area where this is likely to come into play is with respect to evidence of use in the marketplace and the extent to which marketplace realities related to the likelihood of confusion analysis are introduced into the record. Since the TTAB decision is based on the four corners of the application/registrations at issue (that is, how the mark appears in the application or registration and how the goods or services are described), historically the marketplace context is usually not as well developed on the record in a TTAB action.

Since the *B&B Hardware* decision, parties must give thoughtful strategic consideration of whether to purposefully introduce more evidence on marketplace

context or whether to rely on common law rights, and the uncertainty about whether issue preclusion may even lead some parties to decide to avoid a TTAB action altogether and proceed straight to federal court.

You spend a lot of time helping clients develop, protect and enforce their global trademark portfolios. What are the most important issues that companies need to pay attention to?

Walden: Companies must pay attention to the registration of their trademarks in the countries that are important to their business, both where the company currently does business and where the company plans to expand the business within the next few years. Since rights flow from registration in most countries outside the U.S. and registrations are granted on a country-by-country basis, it is essential to have a trademark registration in the countries where the mark is being used to be able to claim ownership of the mark and to enforce rights against infringers and counterfeiters.

It is also important to periodically audit trademark portfolios to ensure registrations cover the current line of business and that registrations are secured in countries where the company may have expanded since the last filings were made.

Another big issue is making sure there are written agreements with distributors that outline the permitted uses of the mark and that confirm the distributor will not register or claim an ownership right in the trademark or that any domain names incorporated the trademark. Developing and circulating trademark usage guidelines to ensure the uniform use of the mark, both by the company as well as by distributors and other licensees, is another way that companies can ensure their trademarks are properly and consistently used.

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You are one of the leading experts on pharmaceutical trademark clearance, which is an extremely complex process. What are the biggest trademark challenges confronting pharmaceutical companies right now, and how do you help clients overcome these hurdles?

Walden: The clearance process for pharmaceutical trademarks is uniquely challenging and cumbersome. Pharmaceutical trademarks must not only be filed for, examined and registered with the U.S. Patent & Trademark Office (USPTO), but there is a separate, parallel process to apply for and secure approval of pharmaceutical trademarks with the U.S. Food & Drug Administration (FDA). Coordinating the timing of these two approval processes is often difficult – which is why many companies identify and secure a backup name in the event the first choice is not approved in both places.

The FDA's intense scrutiny of pharmaceutical names is because of the potentially grave consequences of having confusingly similar names in the marketplace for pharmaceuticals that may be contraindicated or might otherwise be harmful if confused. In evaluating trademark similarity, the FDA looks at the sight, sound and meaning of marks, which adds another approval criterion related to deciphering doctor handwriting and pronouncing words with sometimes unusual spellings.

Even after a trademark is approved by the USPTO, the mark must ultimately be used in commerce before a registration will issue. This can be problematic, since there is often a long pipeline leading up to the approval and clinical testing of pharmaceuticals, which means the time for confirming use of the mark in commerce with the USPTO may run out before the pharmaceutical has actually been commercialized. Most pharmaceutical companies are also looking to commercialize their products worldwide, which requires filing in numerous countries at the same time.

We regularly work with clients to negotiate these complex issues by conducting U.S. and global availability searches and coordinating efforts in filing for approval of the proposed mark at the USPTO and FDA to ensure the best possible outcome.

Your firm recently acted as lead counsel for New Balance in litigation in the U.S. International Trade Commission (ITC) over the design and asserted trade dress in Converse's "Chuck Taylor" sneakers. How usual is it to see trademark cases at the ITC, and do you think we will see more of them in the future?

Walden: While trademark claims are sometimes asserted in ITC cases involving patent and other claims, there have been relatively few cases brought before the ITC solely involving trademark issues over the past decade. The federal courts are still

Continued on page 31



It's important to regularly audit your trademark portfolio to ensure that it's current.

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Covering Your Business

Continued from page 28

or customer. Like ordinary extra expense coverage, contingent extra expense insurance may be issued in one of two basic forms: 1) for extra expense to reduce loss; and 2) for “pure” extra expense. The more common coverage insures only against extraordinary costs incurred to minimize or prevent a contingent business interruption loss. For instance, in the example given above involving the destruction of a chemical manufacturing plant, contingent extra expense to reduce loss insurance would cover expenses incurred while finding alternative ingredients at higher prices than the lost supply. Coverage for pure extra expense includes costs to minimize loss, but also insures against a wider scope of expenses incurred as a result of damage to the third party’s property.

Policy Pitfalls: Sublimits and Concurrent Causes

Many commercial property insurance policies provide different sublimits for losses caused by “flood,” “storm surge” and “named storms.” How the policy defines these key terms can be critical in determining the amount recoverable for the policyholder’s loss. For most businesses in the Houston area, Harvey wrought its worst damage under the aegis of “tropical storm” rather than “hurricane” – and that could affect coverage terms in some policies. Check your policy’s definition of “named storm,” and hold your insurance company to the terms of the contract.

In the aftermath of a major storm, damage caused by wind or wind-driven rain, storm surges or flooding can be difficult or impossible to distinguish. For policyholders lacking flood coverage, insurance companies often

invoke “anti-concurrent causation clauses” to deny any coverage at all if flooding occurred. Many state courts, however, have held that if the “efficient proximate cause” of damage is covered – that is, the dominant cause – then the claim is covered. Denials based on anti-concurrent causation provisions should in many cases be contested – or at the very least, carefully scrutinized and analyzed in light of case law in the state in question.

Disaster Management Requires Vigilant Claims Management

Calculating the full range of business income loss from property damage, disruption of the surrounding area and closures by order of civil authorities is a complex task. The more thorough the documentation, the more likely the policyholder is to receive full or near-full acceptance of the claim from the insurance company – or, if necessary, to push back against the insurance company’s lower loss estimates or even denial of the claim. To that purpose, the services of a public adjuster, skilled in the ways insurance companies calculate losses, can be invaluable. It’s also vital to keep the pressure on your insurance company and demand partial payments if the claim resolution is delayed by disputes over the valuation of the loss or just by slow claims processing.

Coping with the aftermath of a disaster is trying under the best of circumstances. Insurance can be a vital lifeline – but it’s not one that operates under its own power. Understanding your full range of coverage and thoroughly documenting your sources of loss are essential to maximizing recovery.

For additional information regarding hurricane recovery, property loss and business interruption coverage, visit Anderson Kill’s website.

Arbitration

Continued from page 27

litigations, and tired of seeing his role as arbitrator morph into that of a discovery magistrate, he started to aggressively push back against discovery disputes. He suggested a common-sense test that would keep both parties honest. It consists of two questions. To the demanding party: “Why do you need what you’ve asked for?” And to the producing party: “Why can’t they have it?”

By focusing on these questions and bringing the parties to the table to negotiate and discuss their answers, the retired arbitrator saw his discovery motion practice decrease from nearly 50 percent of his time to about 5 percent of his time. The amount of electronic data exchanged declined as well. Parties were happier. Resolutions were quicker. Control was re-established.

Of course, it did not always work. Sometimes the hard lines that parties took could not be negotiated around. And other times parties were less than forthcoming. Sometimes sanctions were imposed. Sometimes the aims of arbitration were frustrated by the parties intentionally – an effort to game alternative dispute resolution just the same as one would game litigation.

Perhaps this is why despite the best efforts to create alternate dispute resolution systems where the costs should be narrower and more focused, arbitrators still need wide latitude to order discovery and impose sanctions (every established set of arbitration rules provides for both).

Parties need to be prepared for electronic discovery in arbitration the same way that they would with litigation, or else their arbitration will turn into one. There is no cost-effective, straightforward alternate for understanding the rules, preparing for the procedures and having a technologically literate tribunal.

Trademarks

Continued from page 29

the best forum for resolution of most trademark cases, but the ITC’s general exclusion order, which blocks infringing goods at the border and is enforced by the U.S. government through Customs and Border Protection, is a powerful remedy for dealing with infringement and counterfeiting from multiple sources at the same time. For certain types of trademark cases like the New Balance litigation, litigation in the ITC makes sense, and I expect more trademark owners will seek ITC relief in the future.

What are some of the trademark law trends that you are currently watching?

Walden: There are several issues relating to the determination of willfulness and the award of attorney fees in exceptional cases that are playing out in the federal courts. Another interesting question that has been raised in a number of cases lately is the extraterritorial reach of trademarks.

Are there any big cases on the horizon?

Walden: I’m watching several right now. *Google v. Oracle* will determine whether Oracle can claim a copyright on Java APIs. The appeal of a jury verdict that found the blockbuster Pharrell Williams and Robin Thicke song “Blurred Lines” infringed Marvin Gaye’s iconic “Got to Give It Up” is another significant case. The verdict was viewed by many as a

departure by expanding the question of infringement from melody, harmony and lyrics to broader issues of rhythm and overall “feel.”

I’m also very interested to see what happens in *Adidas v. Forever 21*, since Adidas is known to aggressively protect its three stripe mark and is seeking relief from infringement by Forever 21, which has built an empire by creating cheaper versions of trending styles. The *Belmora v. Bayer* case could lead to an uptick in TTAB cases if the TTAB rules similarly to a recent decision in the U.S. Court of Appeals for the Fourth Circuit.

And *Shammas v. Focarino* is important because it will clarify whether parties seeking review before a district court must pay for the USPTO’s attorney fees – even if the appealing party wins the case.

What is your favorite part of your job?

Walden: I love strategizing and working with clients to help them ensure that their valuable brands are well protected, and that they are able to build and capitalize on strong brands in the marketplace. Trademark and copyright issues can be very complicated, and they often involve a nuanced understanding of the interplay of advertising, domain names and unfair competition, among other issues. So it’s extremely satisfying to help clients create and execute the best roadmap possible to protect and enforce their rights both within the U.S. and worldwide.

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