

The logo for Astrachan Gunst Thomas features a stylized, swirling blue graphic to the left of the firm's name. The name "astrachan gunst thomas" is written in a lowercase, sans-serif font, with "astrachan" and "gunst" in a lighter blue and "thomas" in a darker blue.

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EL GATO'S FRUTA LOCO

By: Jim Astrachan

One of my friends is not much of a business person. Over the years we have had lots of fun times, and while I have watched him make many costly business blunders, he has always landed on his feet. His friends call him El Gato, or The Cat. This time he was not so lucky.

My friend opened a smoothie shop in Baltimore, naming it FRUTA LOCO. Not the best trademark, but protectable and appropriate for a man named El Gato. He found success with store number one so he opened two more in the Baltimore region and he was on to something. Each made money for my friend with little effort on his part. He would make the rounds, empty the cash registers and use the money to play golf and fish. When the money ran out, he'd return to town and re-empty the cash registers. One day I mentioned the power of a federally registered trademark and I suggested he apply for registration of his FRUTA LOCO mark because I knew he was thinking about expansion. El Gato had better use for his money than spending it on lawyers and trademark filing fees so he said no to my suggestion and put his money into golf lessons and new clubs. I sort of understood. Golf was fun, legal stuff was not instantly gratifying. But being good friends I was not above telling him bluntly he was making a big mistake by not registering his mark with the United States Patent and Trademark Office. And he was not above telling me to buzz off.

Soon he opened his fourth FRUTA LOCO, this one in Detroit. Seems that the colder and grittier the city the better for a smoothie store. Go figure. He got the first Detroit unit opened and then came three more in quick succession and each had a cash register full of jingle for him to spend. He told me he was thinking of Gary, Indiana for the next location. By this point he had seven locations in Baltimore and Detroit and some of his golfing buddies with deep pockets were talking about investing in his concept.

It was about this time that a couple of guys in Irvine, California were planning to open smoothie and fruit burger stores in a couple of California cities and they had decided to call their shops FRUIT CRAZY. They asked their lawyer if the name was available and following a search of similar names and uses he said it was having missed my friend's use. His lawyers then filed an Intent To Use application with the USPTO in essence reserving this name for his client until the client could establish to the USPTO that it had used the reserved mark in commerce. El Gato was unaware of what was transpiring and he continued to make and spend money.

The effect of this ITU, once registration occurred, was to give FRUIT CRAZY a national priority in any market in which the name was not in use as of the date of the application. My bud did have rights to use the mark in Baltimore and Detroit to the exclusion of FRUIT CRAZY due to his first use in those markets, but FRUIT CRAZY had rights everywhere else. When mistakes start to occur that often arrive in sequence like local trains pulling into the station on a time table and that's when El Gato's luck began to run out.

FRUIT CRAZY got its stores open in Irvine and San Diego and its trademark was registered following the filing of a certificate of use with the USPTO. The effective date was the date of the application. Between the date FRUIT CRAZY filed and the date registration issued my friend, who was oblivious to the registration, decided to open in Gary, Indiana. That was mistake number one. Mistake number two was made by FRUIT CRAZY and its attorney who sent FRUTA LOCO a cease and desist letter when they learned it had opened in Gary. Angry that they had missed the FRUTA LOCO name in their search, they demanded that El Gato change the name of his Gary operation to something not confusingly similar to FRUIT CRAZY. El Gato refused to back down. That was mistake number three.

Mistake number four occurred when the FRUIT CRAZY folks hired a lawyer and sued FRUTA LOCO in Gary for trademark infringement. True, FRUIT CRAZY had priority in Gary as a result of its filing before El Gato opened in Gary, but since its closest store was in Irvine, no way would they be able to prove the required likelihood of confusion in order to prevail. Lots of money was spent by both sides and my amigo won, as he should have. His mistake in opening in Gary then bit him real hard on the butt. Angry at losing the Gary law suit, FRUIT CRAZY opened a FRUIT CRAZY store in Gary close to FRUTA LOCO. My bud was beside himself with anger but he was boxed in. Because of the federal registration resulting from the ITU application, and because FRUTA LOCO was not in the Gary market when it was filed, Gary, and every market other than Baltimore and Detroit, belonged to FRUIT CRAZY. My friend made his Gary lawyer explain this to him several different ways, but eventually he got the impact. He could not win the new suit that FRUIT CRAZY had threatened.

El Gato's lawyer explained his two choices. He could change his mark if he wanted to expand beyond Baltimore and Detroit or he could use the FRUTA LOCO mark

in only those two markets. My bud was really, really angry, but he had only himself to blame. I patiently explained to him that tension caused by anger was real bad for the golf swing, and worse for putting.

James B. Astrachan is the author of The Law of Advertising, published by Matthew Bender-Lexis/Nexis.