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Protect Your Brand, Protect Your Business

Over thirty years ago, Big O Tires, which then supplied some 200 retailers in 14 states, decided to identify two new lines of its tires with the trademarks BIG O BIG FOOT 60 and BIG O BIG FOOT 70. Big O failed to obtain registration of its trademarks with the U.S. Patent and Trademark Office (USPTO).

At the same time, Goodyear launched a line of snowmobile replacement tracks branded BIGFOOT and obtained a federal trademark registration for BIGFOOT. In trademark law, the first user of a mark has priority over latecomers using a confusingly similar mark in the same market.

A year later, Goodyear decided to use the term BIGFOOT in a massive advertising campaign to introduce its new radial tire. Although it had learned of Big O's BIG FOOT tires shortly before it launched its campaign, Goodyear decided to move forward anyway, and requested Big O to consent to its use of BIGFOOT in exchange for a fee. Big O rejected Goodyear's offer and demanded that Goodyear wrap up its advertising campaign as soon as possible. But Goodyear refused, kicking off its ad campaign during ABC's Monday Night Football telecast and spending nearly \$10,000,000 on the campaign.

In the ensuing lawsuit, the court decided that Big O's unregistered BIG FOOT trademark was infringed by Goodyear's later use of its BIGFOOT mark because customers could be confused into believing that Big O's BIG FOOT tires originated with Goodyear. Big O was awarded \$19,000,000 in direct and punitive damages for trademark infringement, which was later reduced by the appellate court to \$4,600,000.

Remarkably, Big O won and Goodyear lost even though Big O's mark was unregistered and Goodyear's mark was registered. But that does not mean that registration is superfluous or that trademark issues can be safely ignored.

First, by failing to register, Big O limited its right to the mark to the geographic area in which it had obtained priority. It could still sue Goodyear for invading its old market area, but lost the ability to expand under its BIG FOOT name into new markets.

Second, the amount of damages that Goodyear was required to pay demonstrates how costly trademark issues can be. Ignore them at your risk.

Two basic rules should be followed to minimize trademark problems. They are:

1. Never use a trademark already in use by another person in your market.
2. Register your trademark with the USPTO.

Before adopting a new trademark, business name or slogan be certain that there are no other users of the proposed mark that may cause confusion. Goodyear performed trademark research on BIGFOOT, but likely overlooked the common law marks used in its market (the tire industry).

Registered marks may be searched at www.uspto.gov/main/trademarks.htm; and some common law marks may be researched by using an internet search engine, such as Google[®]. But searching marks can be tricky. There may be different spellings or unregistered marks that are not visible on the internet. Therefore, proper due diligence requires hiring a trademark attorney to research appropriate industry databases and to analyze whether the proposed mark is “likely to cause confusion” with preexisting marks.

“Likelihood of confusion,” the standard for determining trademark infringement, involves an analysis of several factors including:

1. Similarity of the marks.
2. Similarity of the goods or services.
3. Actual confusion as to the source of the goods or services by consumers.
4. Intentional adoption of existing mark.
5. Similarity of distribution channels.
6. Sophistication of consumer and cost of goods or services.
7. Similarity/overlap in product lines.

The first two factors are usually the most important. But if incidents of actual confusion exist, all other factors may be irrelevant.

Trademark issues increasingly impact small and local businesses. As the internet develops into an effective advertising medium, Mom and Pop brands are finding that their well-established local brand names may infringe upon the names of pre-existing brands located in other markets. If not for the internet, these businesses might never have learned of each other. Now, many companies may find themselves having to rebrand their businesses to avoid confusion with previously unknown competitors.

This development increases the need to register with the USPTO. Upon registration, a mark is entitled to nationwide priority over confusingly similar marks adopted after the date of registration. If a common law mark is already being used in a small corner of the country prior to issuance of a federal registration for the name to another business, the original user can continue to use the mark in its original territory, but must not expand use of its mark into a new territory. If it does, it may be sued for trademark infringement by the registered owner. In order to expand, therefore, the local user of the name may have to rebrand its entire business. The costs involved in choosing a new mark, and ordering the new signage, packaging, stationary and advertising necessary to establish the new identity with an old and new customer base, can be significant.

Certain requirements must be met in order to secure federal registration. They include availability—whether a confusingly similar mark is already registered with the USPTO, and distinctiveness—whether the mark is merely descriptive of a company’s goods or services and thus does not merit registration. APPLE for apples cannot be registered; but APPLE for computers can be registered. A trademark attorney is not required in order to apply for trademark registration, but having one is usually helpful to ensure adequate protection.

The bottom line is that trademark issues can be aggravating and expensive. Taking the time and money to choose a non-infringing mark and to protect it with a federal registration is a worthwhile investment to protect your business.

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