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Somebody registered my trademark! Now what?

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It is not an uncommon occurrence for a company or organization that has adopted and used a trademark, perhaps for a long period of time, to later learn that another entity has taken the step of filing and/or registering a federal trademark for the same name or insignia. This is particularly common among companies and organizations that have a mainly local presence. In some foreign jurisdictions, failure to file could mean that the original, non-fling local user now faces liability for trademark infringement. Luckily for Ohio businesses, federal and state law protects unregistered trademark owners.

Under federal law, the legal presumption of coast-to-coast exclusive rights afforded by the federal trademark registration can be rebutted with evidence that another user had prior use of a mark in providing goods or services. This so-called “common law” user has the superior claim within the geographic scope of its earlier use and can even sue for infringement under the federal Lanham Act and analogous state unfair competition statutes. Moreover, the common law user can also use its superior claim to challenge the federal registration in an adversarial proceeding with the U.S. Patent & Trademark Office.

While such adversarial options remain available if necessary, parties in trademark disputes often find that they can resolve their differences out of court.

Before setting out on an adversarial path, Ohio common law trademark owners should first consider whether a federal registration creates and actual conflict. Trademark infringement is judged from the standpoint of an ordinary consumer of the relevant goods or services. The test is whether there would be a “likelihood of confusion” in the minds of such a consumer. Courts apply a multi-factored test in making this determination. In the Sixth Circuit, which controls federal proceedings in Ohio, the following non-exclusive list of factors is applied:

1. Strength of the plaintiff's mark;
2. Relatedness of the goods;
3. Similarity of the marks;
4. Evidence of actual confusion;
5. Marketing channels used;
6. Likely degree of purchaser care;
7. The defendant's intent in selecting the mark; and
8. Likelihood of expansion of the product lines.

After investigating the other party’s adoption, use and registration of a mark and applying the above factors, a common law trademark user may come to the conclusion that the two parties can co-exist without confusion. For example, if one party is a nonprofit organization that donates baseball bats to needy children in Columbus, Ohio, as part of a program called “Alumimania,” and another company is operating an aluminum recycling business in California under this same name, the Ohio charity might, after considering all of the factors, determine that confusion is unlikely. Among the factors that suggest confusion is unlikely are the relative weakness of the term given its descriptive reference to aluminum and the lack of relatedness of the services.

If a determination of no likelihood of confusion is reached, then it may still be advisable for the parties to enter into a co-existence agreement. Under the terms of such an agreement, the parties can journalize their mutual belief that confusion is unlikely and set forth restrictions on their respective uses to prevent confusion in the future. In the “Alumimania” example, the parties might agree that the recycler will not branch out into making charitable donations of baseball bats and the charity will agree not to co-market its program with aluminum recyclers. Both parties could also agree not to offer services within the geographic areas covered by the other. Both parties benefit from the agreement by reducing the possibility of a challenge from the other party. Each party also strengthens its claim against later infringing third parties by creating a record that demonstrates that each has a distinct exclusive claim and either has abandoned its rights for failure to police them.

If the opposite determination is reached — that is, confusion is likely — then the parties may still be able to reach an agreement that resolves the issue without the need for litigation. A wide range of options, all highly fact specific, are available. A few options on the less extreme end of the spectrum permitting both parties to continue to use the marks may include one or both parties agreeing to change or limit the form of the mark (logo, colors, font, etc.), the goods/services with which it is used, or the locations or customers with which it is used. Parties will also commonly develop communication protocols for preventing or responding to actual consumer confusion.

If no agreement can be reached on co-existence and one side will need to totally abandon its use of the mark, many options remain to resolve the issue short of full-blown trademark litigation. For example, the party that will have continuing use could permit the other party a reasonable transition period. In some cases, the continuing party may even pay the abandoning party an agreed-upon amount to offset its rebranding costs. As part of any transition plan, the parties should agree to a comprehensive list of actions and due dates, failure of which constitutes a breach of the agreement if not cured within a prescribed period of time. With such a plan in place, the non-breaching party will have the option of a relatively straight forward breach of contract claim and will not be forced to rely solely on a relatively more intensive — and expensive — infringement claim.