

# What Every Growth Startup Should Know About Trademarks.



## Intellectual Property Package Case Study

### Executive Summary

Trademarks are an essential part of your company at every stage of its life cycle. A trademark helps people to remember the difference between the products and services that your company offers versus what other companies offer. Assuming you have a distinct and fantastic trademark, you want to make sure that your trademark is federally registrable and legally protectable. If it's not, you could be wasting valuable time and money creating a brand with no legal rights to enforce against third parties. Even worse, you may unknowingly be infringing on another's trademark. Both these scenarios are sub optimal ways of spending the valuable resources of your company.

### Challenges

The key challenges surrounding trademarks is ensuring protection of your own trademark and that you are not infringing on others' trademarks. The federal registration offers the greatest protection for your trademark while registration at the State level grants limited protection. To guarantee complete protection, the process of filing the trademark must be done correctly.

The other challenge deals with infringement. Trademark infringement is the unauthorized use of a trademark or service - knowingly or unknowingly.

Damages could include statutory damages, loss of profits and compensatory damages.

## Illustrative Cases

**Case 1.** The gaming company CocoNut started during the online casual games boom. Unlike many start-ups CocoNut was careful to protect its intellectual property at the outset. One of its popular online game titles “**ScaryCats**” was granted trademark registration and the game had steady positive growth year over year in sales. After several years of being on the market, Hollywood Studio contacted CocoNut regarding the popular title and its associated trademarks. The Hollywood Studio wanted permission to use the mark in its upcoming summer blockbuster. Because CocoNut was first to file and use the trademark on it, any third party was legally prevented from using the same trademark.

CocoNut had something of value that someone else wanted to use, which put the company in a very good position when negotiating payment terms and the parameters of use. Fortunately, CocoNut learned in its early growth stages that its trademark and associated IP was valuable and its in-house legal team took the necessary steps on time to protect it. The key here is registering on time. Had CocoNut waited a while to register its mark they would have been too late and Hollywood Studio would have asserted it first.

**Case 2.** On another matter involving the same gaming company CocoNut, the company developed a Donkey Kong styled game, but with a twist. The heroine in that movie was an old lady, “**Super Granny**” whose mission was to save her cats. CocoNut’s in-house legal team that conducted the trademark research found that a gaming company called DoNut developed and had registration rights to the name “**Granny 3D**”. Granny 3D is a powerful toolkit for building interactive animation 3D applications used by artists to export, process and animate with efficiency and flexibility. CocoNut’s in-house legal team contacted DoNut about its intent to file a trademark application for Super Granny, and DoNut agreed to provide CocoNut with a letter stating that the products the two companies offered were not similar and unlikely to cause confusion in the minds of the consumers. CocoNut’s legal

team immediately filed a trademark application for Super Granny. However, the examining attorney at USPTO denied the trademark application of CocoNut because of the likelihood of confusion that consumers would have in distinguishing between CocoNut’s Super Granny and DoNut’s Granny 3D application, irrespective of the two parties’ agreement. CocoNut’s legal team continued its pursuit to register its mark Super Granny by filing an appeal to the USPTO examining attorney’s decision with the Trademark Trial and Appeal Board (TTAB).

The Appeal prepared by the CocoNut’s legal team outlined the stark differences between the consumer shopping behavior for casual online videogame entertainment and the professional developer or artist shopping behavior for a specific tool that would aid the user in developing a videogame. CocoNut’s legal team won the Appeal and was subsequently granted registration of its trademark Supper Granny. Here, CocoNut’s legal team was successful because the company was able to establish that the two products identified by the respective marks were not similar and they targeted two very different consumer groups.

Even if the USPTO denied the trademark application, because CocoNut had a sharp IP savvy in-house legal team that was able to move forward at the speed of light, they were able to file a timely Appeal before the TTAB in securing its valuable IP rights. If CocoNut had to go through a bureaucratic law firm wading through several layers of lawyers in making a decision on an appeal, they probably would not have been able to secure a win at the Appeal. So time and the speed of the actions taken are quite important in your startup ups ability to secure its valuable IP.

## Results, Strategies and Future Plans on Dealing with Clients

There are a few key lessons to be drawn from the illustrative cases discussed above to provide guidance when dealing with trademarks:

- 1) Thoroughly research other trademarks to avoid infringement issues.
- 2) Examine all possible intellectual property you have and in the pipeline to determine whether or not they

can be protected. Your in-house legal team is the best resource you have for performing this audit.

- 3) In order to avoid major problems down the road, use an IP attorney with specific experience in trademarks to file your trademark application to avoid any confusion related issues.
- 4) Federally register your trademark with USPTO to ensure the best protection from infringement.
- 5) Have an organized procedure to follow up on trademarks filed, in process, while researching any possible infringement issues ahead of time.
- 6) Engage with your in-house legal team (if you have access to one) in strategizing your IP protection and schedule the appropriate actions on time.
- 7) Do not waste time when filing trademarks, to ensure best protection act fast by filing first.

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