Don't Monkey Around:
Conduct A Thorough Trademark Search Before Adopting A New Trademark
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In *International Star Class Yacht Racing Association v. Tommy Hilfiger, Inc.,*[1] the U.S. Court of Appeals for the Second Circuit commented that a party's choice not to perform a thorough trademark search reminded it of "two of the three famous trio of monkeys who, by covering their eyes and ears, neither saw nor heard any evil." The court further remarked that a party cannot avoid its duty under the trademark laws with such willful ignorance of other's trademarks. While some courts since this decision have stopped short of saying there is a duty to search, the lesson of this case and others is that the prudent course of action is to conduct a comprehensive trademark search prior to adopting a new trademark.

Conducting a thorough trademark search reduces risk from a business and litigation standpoint. Companies invest substantial resources preparing for the introduction of a product with a new trademark. Money is spent on market research, packaging, advertising, and promotional material. After investing these resources, a suit brought by a party with a similar trademark that seeks to enjoin the introduction and sale of this new product is an unwelcome surprise. If enjoined, product sales cease and additional money must be spent to redesign the packaging, advertising, and promotional material. By conducting a comprehensive search prior to the expenditure of significant resources, a business can often avoid unwanted litigation.

In litigation, having conducted a search reduces the risk of a finding of infringement. Courts generally agree that a thorough search prior to adopting a mark evidences good faith and weighs against a finding of trademark infringement. Additionally, reliance on the advice of counsel is further evidence of good faith and weighs against infringement. In contrast, failing to undertake a comprehensive search increases the probability of a bad outcome in litigation. Failing to do a search weighs in favor of a finding of bad faith, a factor supporting a finding of trademark infringement. Bad faith also supports a finding of willful infringement, the award of attorneys' fees, and monetary relief in the form of the infringer's profits. That said, it has also been held that a trademark search of federal registrations or applications for registration is not always required to demonstrate good faith in adopting a mark and lack of such a search is not always sufficient proof of bad faith.

Three cases which address the issue of good faith/bad faith adoption are *International Star Class Yacht Racing Association (ISCYRA) v. Tommy Hilfiger (ISYCRA)* and in *Sands, Taylor & Wood Co. v. Quaker Oats Co. (SANDS)*[2] and *Streetwise Maps, Inc. v. Vandam, Inc. (STREETWISE)*[3]. The consequences of not conducting a proper trademark search are illustrated in *ISCYRA* and in *SANDS* while a more tempered approach can be found in *STREETWISE*.

In *ISYCRA*, the district court found trademark infringement and enjoined Tommy Hilfiger from selling a line of nautical related sportswear, but declined to award monetary relief because it did not find bad faith. On appeal, the Second Circuit reversed the district court's finding of no bad faith, vacated the denial of monetary relief, and remanded with instructions to consider Hilfiger's failure to conduct a comprehensive search when redetermining bad faith. Prior to adopting the infringing mark Hilfiger conducted a "knockout" trademark search of federal trademarks for clothing. The Second Circuit, however, believed that Hilfiger should have conducted a full trademark search that included a search of sailing related goods, the source of inspiration for the infringing mark. It was Hilfiger's choice not to perform a thorough search that reminded the court of "two of the famous trio of monkeys."

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[1] *International Star Class Yacht Racing Association v. Tommy Hilfiger U.S.A.,* 80 F.3d 749, 753-54 (2d Cir. 1996).

[2] *Sands, Taylor & Wood Co. v. Quaker Oats Co.,* 18 U.S.P.Q.2d 1457 (N.D. Ill. 1990), aff'd in part, rev'd in part, and remanded, 976 F.2d 947 (7th Cir. 1992).

[3] *Streetwise Maps, Inc. v. Vandam, Inc.,* 48 U.S.P.Q. 2d., 159 F.3d 739(2nd Cir. 1998)

In *Sands, Taylor,* the district court found trademark infringement and awarded over $24 million in infringer's profits and attorneys' fees. The court found that Quaker Oats acted in bad faith when it conducted its first trademark search only days prior to launching a substantial advertising campaign. The district court found that Quaker Oats's failure to conduct an earlier search was inexcusable and was evidence of bad faith. The evidence of bad faith was a consideration that factored into the court's awarding Quaker Oats's profits and attorneys' fees to the plaintiff. The Seventh Circuit affirmed the lower court's finding of trademark infringement, the finding of bad faith and the award of attorney's fees.

In *Streetwise Maps, Inc. v. Vandam, Inc.* decided after *ISCYRA* the second Circuit found that a trademark search is not always required to demonstrate good faith in adopting a mark. The Court in Streetwise emphasized the importance of specific factual circumstances surrounding the parties' use of and intent when adopting the mark in the assessment of whether the mark was adopted in good faith. The multi-factored approach used in the Streetwise case includes factors such as strength of the mark, third party use of the mark , purpose in adopting the mark, defendant's prior use of marks with similar terms, the similarity of the marks and counsel's advice.

In light of these decisions, what guidelines can we suggest for a thorough trademark search? The first step for a comprehensive search is to determine what the proposed mark is, e.g., a word, logo, or both, and the class of goods with which it will be used, e.g., clothing. Next, a preliminary "knockout" search of federal trademarks for the specific mark in the predetermined class of goods should be conducted. The purpose of a "knockout" search is to quickly and inexpensively eliminate from consideration marks that would likely infringe another's registered trademark or prevent your mark from being registered. Numerous electronic resources are available to conduct these searches, including Dialog and the Patent and Trademark Office's Web site. *ISCYRA* teaches, however, that a "knockout" search is not a thorough search.

If the "knockout" search does not reveal any confusingly similar marks, a full trademark search should take place. A full trademark search entails a study of federal trademark registrations, federal supplemental registrations, abandoned federal applications, state trademark registrations, and known common law uses of the predetermined mark. Because of the rapid growth of internet commerce, it is recommended that a full search also include domain names. A full trademark search should be conducted for the predetermined class of goods and also for related goods. Additionally, *ISCYRA* teaches that attorneys' should determine the source of inspiration for the proposed mark and be wary of similar marks in that class of goods.

The last step to complete a thorough trademark search is to evaluate any potentially similar marks in view of the likelihood of confusion factors, the test for infringement. To further reduce the business and litigation risks, a party may seek and rely upon a written opinion from counsel that evaluates the likelihood of confusion factors. The amount of risk a business is willing to take will ultimately determine whether the proposed mark should be adopted. Also, *Sands, Taylor* teaches that a trademark search should occur prior to adopting the mark, not on the eve of a product launch or advertising campaign. Finally, as the Streetwise case demonstrates, review of and complete and thorough knowledge and understanding of all facts surrounding the adoption of a mark by clients and their trademark counsel is crucial as there exists no black and white rule for determining one's obligation to search.

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