

Flying under the radar

– secrecy in US trademark filings

The US Patent and Trademark Office's publicly available trademark database can make it extremely challenging to maintain secrecy over new products or name changes. However, rights holders can take certain steps to keep future plans confidential

Are you concerned about giving away information to a competitor about that new product you are bringing to market? Or are you the target of journalistic snooping or public curiosity about your company's plans? If any of these apply, then the US Patent and Trademark Office's (USPTO) user-friendly trademark database could be your worst enemy. US law requires that the actual trademark owner apply to register and that it use – or have a *bona fide* intent to use – the mark in commerce on the specified goods. How then can you be stealthy about your plans without imperilling your eventual registration or alerting the media or competitors?

Several scenarios come to mind in which applicants have tried to be stealthy, with varying degrees of success:

- the newsworthy name change;
- the newsworthy product name;
- the newsworthy brand extension (new product); and
- competitive intelligence, not necessarily newsworthy.

News-worthy name change – fumbled?

The US football team currently known as the Washington Redskins took a crushing hit in June 2014 when six of its trademark registrations were cancelled by the USPTO's Trademark Trial and Appeal Board (TTAB). Consistent with recent public criticism, the TTAB found that the

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'Redskins' name was disparaging to Native Americans.

The TTAB decision is currently on appeal. However, months before its ruling, a trademark application was filed for the mark WASHINGTON BRAVEHEARTS. The applicant was a company called Washington Brave Hearts, LLC, which was formed in the State of Maryland on October 17 2013. That same day, the company filed the US trademark application as an intent-to-use mark. The application recited "entertainment in the nature of football games" as its services.

A few days later, the sporting world and mainstream media erupted with news of the filing. The principal of the Brave Hearts company was quickly discovered to be a wealthy friend and neighbour of the controversial team's owner. Having been pressured to change the name, the press speculated that this new company was owned or by otherwise related to the professional team, and was an attempt to shield plans to adopt a new name – 'Washington Bravehearts'.

In the wake of the ensuing public relations fiasco, the team's owner has adamantly denied that the companies are related. To date, the WASHINGTON BRAVEHEARTS name has not been adopted by the team. Nevertheless, several other applications for the same mark have been filed by others in merchandise classes, perhaps in anticipation of the name change

and certainly making that change more complex than it would have been (assuming that the change actually goes through).

While this frenzied sleuthing may seem new or particularly American, it is not. In 2003 there was significant murmuring in the United Kingdom over the titles of the sixth and seventh Harry Potter novels. *The Telegraph* reported on September 4 2003 on “Harry Potter and the mysterious book titles”. New applications files were searched at the patent office, revealing applications “filed by Seabottom Productions, a company with two employees and no known line of business, to obtain the trademark of two possible book titles, *Harry Potter and the Mudblood Revolt* and *Harry Potter and the Quest of the Centaur*”. This company was reported to have been incorporated three days before the applications were made and its address was that of UK counsel for Warner Bros. Was this sleight of hand? Those were not, in fact, the names of the next books in the series.

Even if the denials of the accused are taken at face value, these are cautionary tales for others seeking to adopt a new name or launch a new product with some degree of secrecy. So how can it be done?

Need for secrecy

If you are in a competitive business environment or in the fishbowl of media scrutiny, secrecy can be a critical driver of success in the marketplace. Having the space to develop, tweak and refine ideas before they are launched and before the competition learns of your plans is a core business need. Related to this is the need to protect the investment of time and money that a business makes in its product by protecting and securing its intended brand as soon as possible. No one wants to launch a new offering only to have to rebrand because others have prior rights.

However, acquiring trademark rights typically involves public filings. Trademark databases are routinely mined for journalistic insights or competitive intelligence. In a 24/7 connected world, how can a business maintain the secrecy of its new product or new branding pipeline while securing rights to the new brand and reducing associated trademark risks?

Certain strategies have emerged to deal with this issue, including filing under the names of shell companies, filing in foreign jurisdictions, taking advantage of the Paris Convention priority date for later filings and, where appropriate, filing for ancillary goods rather than core services.

While there may not be one single straightforward solution for achieving absolute secrecy, there are methods and combinations of methods that can help to mask business plans and identity when applying to register US trademarks. There are, of course, risks involved with adopting any one strategy.

Use of a shell vehicle

Although it was denied in the case of the Washington Bravehearts (and even if were true, it is hardly a successful example), use of a shell company might be an effective mechanism for maintaining secrecy in a trademark filing. However, there are some important things to keep in mind when employing this strategy.

Bona fide intent to use

The first issue to plan for is that in the United States, the trademark applicant must have a *bona fide* intent to use the trademark in the ordinary course of business when it files the application. When preparing for the launch of a new product, a trademark application for its intended brand will, by definition, be unused, meaning that the only way to apply for a trademark in the United States is through the intent-to-use application mechanism.

However, when signing an intent-to-use application, the applicant must affirm that it has a *bona fide* intent to offer all of the listed goods/services in commerce. If the applicant does not have a true intention to use the listed goods/services, the application and any resulting registration can be invalidated. This issue has become more prominent in US practice in recent years after several cases before the USPTO made clear that an applicant must have objective evidence of an intent to use the mark on the stated goods or services sufficient to satisfy the *bona fide* intent-to-use requirement – a claim of subjective intent is not enough. In other words, there must be documentary proof of intent.

In practice, this means that if a company wants to set up a shell company to file an intent-to-use application, that entity itself must have real, verifiable plans to offer the goods or services under the trademark that it seeks to register. Documentation such as a written business plan should be generated. There should also be a documented association between the shell vehicle and a business with the capabilities to execute on that business plan. Since this issue is rarely litigated outside the context of unsophisticated applicants which either default or admit that they have no real business plan, administrative guidance on the threshold needed to satisfy this burden is relatively slim. However, what is clear is that there must be some objective, external evidence that the shell vehicle has real plans to use or an association with an entity that has real, concrete plans to use the mark.



If the foreign shell scenario does not work, consider hiding in plain sight

Structure of shell

In addition to considering what evidence is needed to support an intent-to-use application, thought should be given to how to structure the relationship between the shell vehicle and the ultimate user.

Ideally, the ultimate user should be the main or only equity holder in the shell. This would support the position that the shell has a *bona fide* intent to use the mark in commerce, as its association with the parent would exhibit an ability to execute on the business plans. If the trademark user is a parent company, care should be taken regarding which individuals sign the formation paperwork. In the United States, articles of incorporation and certificates of formation are typically public documents filed with a state agency. They are signed by an initial incorporator of the company, and an address

for service of process is also required. If the signatory of those papers or the address is associated with, or has some connection to, the parent company or a well-known individual, a little online sleuthing will usually unravel the relationship. Using a lesser-known individual and a mailbox drop – or a corporate services company which makes many filings and uses its own address – will advance secrecy. The shareholders, parent company or other owners of the entity should not be disclosed. It is fairly easy to create a Delaware entity which meets these requirements for opacity.

If the shell is not a subsidiary of the trademark user, there should be some contract between the entities. This non-public agreement should recite the relationship between the parties and explain how they will work together to register and ultimately use the mark. This will better support the US *bona fide* intent-to-use requirements.

Further, even if the shell is a subsidiary, a contractual relationship may be appropriate, depending on the intended use of the shell. For tax reasons, a company may wish to retain the trademark in the shell vehicle, which can be converted into a licensing entity. In that circumstance, it would be appropriate to have a formal licence running from the shell to the parent, with typical and appropriate trademark licensing provisions concerning usage and quality control.

Disposing of the shell

If the shell is not to be used as a licensing arm, the time may come when the product is launched and secrecy is no longer an objective. At this point, the shell can be discarded. The manner of doing so will depend on the stage of the trademark application process.

In US practice, certain restrictions apply to the assignment of an intent-to-use trademark application. Due to policy considerations intended to prevent trafficking in unused trademark applications, an intent-to-use application may be assigned only along with the business functions of the assignor that are associated with the mark. In the case of a shell, there will be few business activities associated with the mark and such an assignment may carry risk. Under such circumstances, merging the shell vehicle into the parent may be a more appropriate choice.

Use of Paris Convention

An additional model for secrecy in a US filing is the possible use of the Paris Convention to take advantage of a foreign filing date for US priority purposes.

Under the Paris Convention, an application in a participating country may be used as the basis for further applications in other participating countries for a period of six months after the initial application's filing date. In this way, an applicant might gain six months of secrecy from those scanning the public US trademark database.

In order to take advantage of this system, the name of the applicant in the United States must be the same as that of the applicant abroad. The description of the goods and services in the US application must also be the same as, or narrower than, those in the corresponding foreign application. In addition, there must be a "real and effective industrial or commercial establishment" in the original filing country.

Combining this method with the shell company method, applicants might gain two levels of privacy – both remoteness of application and secrecy of applicant name.

This method has been used by Apple, but has not gone unchallenged.

On March 27 2006 a company called Ocean Telecom Services LLC filed an application in Trinidad and Tobago to register the mark IPHONE in connection with electronic devices. On September 26 2006, one day before the expiry of the six-month Paris Convention priority deadline, Ocean Telecom filed an application to register the IPHONE trademark with the USPTO. The US application was dual-based, relying on Section 1(b) (intent to use) and Section 44(d) (foreign application) for registration. The Section 44(d) basis relied on the prior application in Trinidad and Tobago.

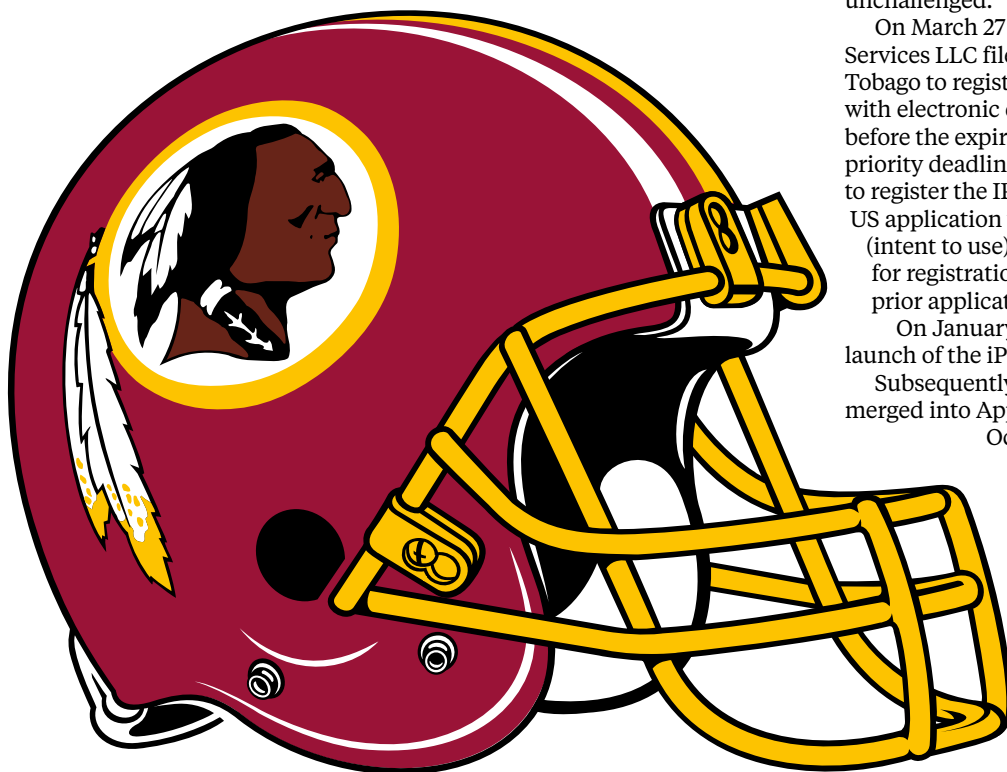
On January 9 2007 Apple officially announced the launch of the iPhone.

Subsequently, in October 2007 Ocean Telecom was merged into Apple, thereby transferring the original Ocean Telecom IPHONE US trademark application to Apple, along with several US applications for the IPHONE mark which had been filed by Apple. Numerous applications outside the United States were also filed by Ocean Telecom, which were similarly moved into Apple as a result of the merger.

Ultimately, Apple was sued by Cisco over the IPHONE name. As a part of that lawsuit, Cisco accused Apple of trying to surreptitiously

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PICTURE: NFL media





acquire rights in the name in the United States while negotiating with Cisco.

Apple appears to have repeated at least a part of the pattern with its recently launched APPLE WATCH. According to the *Wall Street Journal*, Apple filed an application in Trinidad and Tobago for APPLE WATCH on March 11 2014. On September 9 2014, nearly six months later, Apple filed US trademark applications in its own name for the APPLE WATCH mark, claiming the prior Trinidadian application for priority under the Paris Convention. Also on September 9 2014, it publicly announced the product launch and the new product name.

What is a company to do?

When trademark secrecy is a concern, some suggestions for discussion with counsel include the following:

- You may be able to form a shell company which can be registered outside the United States in a country which has no online database, and then use the Paris Convention to claim priority – see the considerations above.
- Filing outside the United States in the company's own name may also work if the product launch is imminent.
- The Paris Convention remote filing method will work only if a real and effective industrial or commercial establishment exists in the foreign location. This is evidently not a problem for Apple, but it will not work for all others.
- If the foreign shell scenario does not work, consider hiding in plain sight.
- If business operations are conducted solely in the United States or other jurisdictions with online databases, you may be able to create noise around your mark which will confuse people about your real intentions. This may be what happened with the Harry Potter titles.
- If you own the only professional football team in town or have some other one-of-a-kind offering, consider registering the distinctive part of the mark (eg,

'Bravehearts' rather than 'Washington Bravehearts') under a Delaware shell. Apply for athletic camp services, clothing and caps, drinking cups and sports paraphernalia. Try not to use the word 'football' (or whatever the game in question is), but be all around it. A Boolean database search of 'football' and 'Washington' should not result in any hits. However, when the day comes to announce the name change or product launch, you will own the brand for the merchandise, which is what everyone else can sell. Only you can own the name for the core goods or services, because you have the only one of its kind. Do not apply to cover that item until the day that it all goes public.

- Closely related to that strategy, consider filing for goods and services using terms which are too general to be meaningful and which will attract USPTO office actions. For example, if an innovative company such as Apple were to file for 'mobile electronic devices' in Class 9, it would be a valid application which would draw an office action. The mark would be known, but the real nature of the goods would be pure speculation – unless, of course, the mark were as descriptive as APPLE WATCH.
- Finally, if the mark is something like APPLE WATCH, with a well-known brand name in front of a descriptive term, you already have significant protection for the term APPLE as used for mobile electronic devices and you already know the boundaries of the core mark. Weigh the cost of early public disclosure against the benefit of early registration. You may already have what you really need in terms of ammunition – even if not what you want to have registered on the first day of sales. **WTR**

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PICTURE: APPLE



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