Anatomy of a Trademark Clearance Opinion

Proper trademark clearance is an important step in the introduction of a new product or service into the marketplace. The results of clearance searching that is conducted, and the analysis of those search results, must be conveyed from outside counsel to the client. The nature of the communication (oral or written) and its content will vary depending on the circumstances.

In some instances, particularly where the search has been a preliminary (or "knock-out") search, an oral report and analysis of the search results will suffice. The client’s legal budget (particularly in light of the relative importance of the candidate mark to the client) might simply not justify the expense of a full-blown comprehensive (or "full") search and analysis. Likewise, in instances where the searching has uncovered a clear show-stopping mark (for example, an existing registration for an identical mark for identical goods or services), an oral report of that fact to the client may make sense.

In instances in which a comprehensive (or full) search is generated, the deliverable to the client is generally a written opinion of counsel. Any written opinion of counsel should be written for several potential audiences. The obvious audience for the clearance opinion letter is the recipient. In many cases, the recipient is an intellectual property or trademark manager within the client having frequent interactions with outside counsel. The opinion letter, however, should not rely upon the immediate recipient’s familiarity with trademark terminology or procedures. One of the advantages of a written opinion of counsel is that it may be circulated within the client’s management control group as decisions are made regarding the candidate mark. Persons within that management control group (other than the intellectual property or trademark manager) may, however, lack familiarity with the “shorthand” that sometimes exists in communications regarding trademarks. Similarly, the second potential audience of the written opinion letter is a court (whether judge or jury). Although an attorney-client privileged communication, the written opinion letter can bear on issues that can come into play in litigation. Proper trademark clearance (including a trademark search and written opinion of counsel) can show good faith which is, in many jurisdictions, a factor which can tilt the court’s ultimate finding against a likelihood of confusion (i.e., infringement) in appropriate circumstances. Likewise, evidence of good faith can limit the likelihood of an award of monetary damages (as opposed to simply injunctive relief). Thus, in some circumstances, a litigant involved in trademark litigation will want to consider the strategic option of relying upon its written opinion of counsel.

The decision to rely upon a written opinion of counsel in trademark litigation can be a complex decision involving potential subject matter waiver of the attorney-client privilege (i.e., waiver of the privilege with respect to other communications regarding the same subject matter), as well as issues of potential waiver of attorney work product protections. In order to preserve the strategic option of the client in future litigation to rely on the written opinion of counsel, it is important that the client have a letter and, further, that the letter be one likely to pass muster upon future review by the court. Courts often assess written opinion letters by focusing on issues such as (1) the thoroughness of the search and the other background material reviewed by the attorney in crafting the opinion letter, (2) the written nature of the letter (as opposed to a mere oral report), (3) whether the letter appears to be an objective analysis (as opposed to mere “cheerleading” for the client’s position), (4) whether the lawyer providing the opinion letter is, in fact, a trademark practitioner, (5) the detailed nature of the letter (as opposed to a mere cursory analysis), and (6) whether there was relevant information withheld by the client from the attorney. Thus, the written opinion of counsel is typically lengthy and extremely detailed, avoiding trademark “lingo” that might be incomprehensible to a judge or juror.
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Because the written opinion letter may ultimately be relied upon in court, it is generally advisable to avoid unnecessary references to other, unrelated matters. In other words, the letter should not mention in passing other business transactions involving the client or, heaven forbid, other instances in which the client adopted marks confusingly similar to those of others without being held accountable. Similarly, if additional searching or investigation is recommended but the client is not going to undertake that effort, it may be better to render no written opinion (if the opinion cannot be rendered absent the additional investigation) than rendering a letter recommending a step which will go unperformed by the client.

The “guts” of a written opinion letter will be very similar from case to case. In some instances in which the client obtains numerous clearance letters for numerous marks, there may be a tendency on the part of those clients to view some of the language as “boilerplate.” Thus, it is often helpful for outside counsel to remind the intellectual property or trademark manager that the language that repeats from letter to letter (i.e., the “boilerplate”) is intended for a potential judge or jury which may well only see one of the numerous letters. Thus, each letter must stand alone. It is also often helpful for outside counsel to remind the intellectual property or trademark manager that the client is not charged for the re-creation of such duplicative language.

The framework or “skeleton” of the typical written opinion letter is as follows:

- **Introduction.** The letter typically begins with an introduction identifying the mark, the goods or services to which the mark is applied, the client, the geographic area covered by the opinion letter, and other identifying facts. It enhances protectibility for the introduction to state that the opinion letter is being provided to the client at its request. As an aside, it is also helpful that the letter be stamped “Attorney/Client Privileged” and “Confidential.” The letter is frequently also designated as “Attorney Work Product” (although it technically will often not fall within the definition of work product because it is not prepared in anticipation of any specific litigation).

- **Scope.** The letter should identify the scope of searching that was done. It is helpful for the letter to clarify that the search was commissioned from a professional searching firm (rather than conducted internally by the outside counsel firm). The letter should identify the dates covered by the search and the databases that were searched (i.e., Trademark Office databases, etc.). It may be helpful to remind the recipient that no search is necessarily perfect.

- **Brief Conclusion.** An executive summary of the conclusions regarding the mark’s availability for use and potential registration should be included.

- **Legal Standards.** A summary of the law is generally included. This section is the section most likely to be repeated from letter to letter without significant change. It should, of course, be updated from time to time as the law might change.

- **Results.** The most relevant results of the search should be provided. It is sometimes helpful to remind the recipient of the results of any preliminary searching that may have been conducted. It is customary for the results to be reported in chart form, in either the body of the letter or as an appendix to the letter. The content of the chart may vary from client to client. For example, some clients insist that the international class for each application or registration be identified, whereas for many other clients that information is meaningless.

There is some judgment to be used in determining the extent of the results to be reported in the written opinion letter. The search report being analyzed might be several inches thick, containing thousands of references. The closest marks need to be weighed by the client in its decision-making. Often there are multiple marks that that equally “close” for various reasons. For example, one mark might be a nearly identical mark for slightly different goods or services, a second mark might be a somewhat different mark but for identical goods or services, and a third mark might be a somewhat different mark for somewhat different goods or services but
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be owned by a close competitor or a particularly aggressive trademark owner. Each of those will need to be reported and weighed. It is often useful to report more than just the absolute “closest” mark(s) because a trademark owner might perceive its rights to be infringed and therefore raise a challenge even if it is not the “closest” mark in the opinion of the writer of the opinion letter. Moreover, identification of more than just a handful of the “closest” marks can sometimes give the client meaningful context. On the other hand, an overly-inclusive chart runs the risk of confusing the audience and permitting the wheat to become lost in the chaff.

The outside counsel should make sure that a conflicts check is done on marks to be analyzed in the written opinion letter to avoid the potential for opining on the scope and enforceability of one clients’ rights vis a vis another client.

■ Analysis. The analysis underpinning the conclusions regarding the availability of the mark should be set forth. The written opinion letter should be open-ended enough to permit additional reasons for availability to be later articulated if additional facts are developed. The extent of the analysis section will vary from case to case. In some circumstances, it will be helpful to make sure that all of the factors a court might consider in the legal analysis are discussed. The important point is that the analysis be thorough rather than cursory and give sufficient information for the client to make an informed decision and, moreover, for the analysis to be easily followed by a judge or jury.

It may also be useful to explain the effect of disclaimers, abandonment and cancellation. Likewise, in appropriate circumstance, it may be useful to explain the difference between internet domain registrations and trademarks or trade names and trademarks. If the search reveals that a trademark owner having a relevant mark is particularly aggressive or litigious, it may be useful to draw that information to the attention of the client.

■ Other Legal Theories. In addition to an analysis of potential trademark infringement (i.e., likelihood of confusion), an analysis of potential dilution is usually useful. Depending upon the mark, other legal theories such as the right of publicity may be discussed.

■ Registrability. The search report typically includes a discussion of registrability, including an identification of likely refusals that may be raised by the Examining Attorney and how those might be overcome. For potentially descriptive marks, a discussion of the differences between the Principal and Supplemental Registers may be appropriate.

■ Conclusion. The opinion letter typically ends with a conclusion corresponding to the brief conclusion. The conclusion typically makes it clear that the outside counsel firm will undertake no additional searching or registration steps until instructed to do so by the client.

The money spent on the design, development, engineering, testing, advertising, marketing and promotion costs associated with the introduction of any product or service typically dwarfs the costs of trademark clearance. Thus, the money invested by the client through its outside counsel in crafting a thorough written clearance letter is usually money well spent.