

The Long Road To Settling a Trademark Case: Proactive Steps for Success

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As any company or individual who has ever found themselves embroiled in an adversarial trademark matter knows, whether before a court or an administrative panel such as the Trademark Trial and Appeal Board (TTAB) of the United States Patent and Trademark Office (USPTO), such matters are usually expensive, time-consuming, and arduous. More often than not, it is beneficial for both parties, particularly from a place of resource management, to put their efforts into reaching a mutually beneficial and acceptable settlement.

In trademark disputes, matters are often settled with a co-existence agreement or some other form of settlement. If, however, one finds itself entangled in a trademark dispute where settlement is not possible, there are certain steps available to maximize the chances of success and to arrive at a preferred resolution as soon as possible—while minimizing the costs.

Oftentimes, a trademark dispute in the United States will start at the USPTO through an *inter partes* opposition or cancellation proceeding. In such proceedings, the petitioning party



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believes it will be damaged by the registration or continued registration of a trademark.

Although such proceedings are administrative and held before the TTAB versus a traditional court, they are still governed by the Federal Rules of Civil Procedure and operate just like federal litigation. As such, these proceedings can be very onerous and complex, and include all facets of a traditional litigation, including written discovery, depositions, motion practice, testimony, final briefs, and oral arguments.

The processes and procedures followed by the TTAB in the United States differ significantly from those that apply in many foreign countries, where such proceedings are more streamlined and administrative in procedure. By operating as a quasi-litigation, the TTAB

affords little room for fast-tracking a trademark dispute or obtaining a final decision expeditiously. Rather, parties can find themselves embattled in extended discovery and motion practice, which can result in significantly higher fees incurred by parties in similar proceedings in other countries. Legal fees in a TTAB proceeding can exceed \$250,000 or more.

One factor that can contribute to the high cost of TTAB proceedings is that a corporate entity is allowed to represent itself in the proceedings. This is not allowed in federal court actions. There are a few reasons why allowing self-represented parties to pursue matters in the TTAB can result in the matter being drawn out and, consequently, more expensive.

First, when one party is unrepresented and the other is paying for counsel, there is an inherent imbalance in the investment needed to continue the matter. The buy-in of the respective parties is not equivalent or comparable.

Second, self-represented parties generally do not possess the expert knowledge of trademark law or of the TTAB processes and procedures that a qualified trademark attorney does. Therefore, it is more likely that a self-represented party would make frivolous motions or refuse to participate in certain mandated processes, such as discovery, in good faith. When this happens, the represented party bears the burden of expending its own resources to counterbalance such actions or inaction, including by responding to such frivolous motions or petitioning the TTAB to compel the unrepresented party to fulfil its obligations.

Finally, unlike in federal court, the TTAB has no authority to grant an award of monetary

damages or monetary sanctions against a party acting in bad faith or needlessly increasing the other party's costs. Therefore, there is little to be done when an unrepresented party is acting in a way that deliberately stalls or complicates the proceedings.

If one party is acting unreasonably in a TTAB proceeding by filing frivolous motion after frivolous motion, for example, it may make sense for the other party to file a federal court action for trademark infringement, declaratory judgment, and/or cancellation of a registered trademark. This could be particularly effective when the difficult party is self-represented, as they would be forced to retain legal counsel in the federal court matter. When faced with having to pay legal fees of its own, the party may become more reasonable.

Federal courts also have the authority to award monetary sanctions against a party acting in bad faith and, in appropriate circumstances, legal fees to the prevailing party under the trademark laws. The potential of sanctions and legal fees in federal courts, an option that does not exist in the TTAB, may be enough to encourage an otherwise-unrepresented party to change their tune when it comes to their tactics to deliberately delay or complicate the proceedings.

A federal court can also grant an injunction against the use of an infringing trademark. This differs from the TTAB, which can only rule on matters related to registration of a trademark but cannot prevent the use of a trademark.

Of course, the downside of a trademark infringement lawsuit is that it can become more protracted and expensive. Trademark

infringement lawsuits can run into the hundreds of thousands or even millions of dollars.

Further, because prevailing parties in the United States are not automatically awarded their attorney fees, even a party who wins a litigation can likely incur substantial legal fees for which there is no reimbursement. Trademark disputes are no different. With that said, while federal court cases are expensive and time-consuming, as outlined above, there may be some strategic reasons why a federal court case could be preferable to a TTAB proceeding given that TTAB proceedings can also be very expensive, especially when one party is acting unreasonably.

Because of the significant legal fees that would likely be incurred in a TTAB proceeding—or, if it came to it, a corresponding federal court action—prior to instituting such a proceeding in the TTAB, it is always recommended that such party reach out to the other party to determine if a settlement is possible.

It is usually clear after the first communication whether settlement is possible, as well as how reasonable the other party will be in negotiating such a settlement. If it becomes apparent that there is a low likelihood of the parties reaching a reasonable settlement, it is imperative that the affected party conduct a detailed analysis of the matter prior to pursuing such action in the TTAB or federal court to assess the potential risks and chance of success.

Among other concerns, once such an action is initiated, there is a risk that the other party files its own opposition, cancellation action, or other counterclaims that may put the party's own trademarks at risk.

In addition, before instituting a TTAB proceeding, parties should determine if there are any other procedures available as an alternative to the traditional opposition or cancellation. As an example, if a party believes that a third party is not properly using the applicable mark, it may make sense for a party to file a Petition for Expungement or a Petition for Reexamination with the USPTO rather than an opposition or cancellation based on non-use.

Also, although TTAB proceedings are usually very lengthy (from start to finish, a TTAB proceeding can take three to four years), there is an Accelerated Case Resolution process that bypasses many of the steps in a regular TTAB proceeding and allows for resolution in about 12 months. The drawback of this process, however, is that both parties must agree to participate and, therefore, if one party is acting unreasonably, it is unlikely that they will agree to such an accelerated process whereby costs and time are decreased.

It may make sense for the USPTO to re-evaluate its expensive and lengthy TTAB process at some point. Until then, parties in the United States must comply with the system the way it is designed.

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