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By Sevag Demirjian and Vindra Richter

Conflicting Trademarks:

USPTO vs. The Court System of Analysis

Trademarks help consumers recognize a brand and distinguish one from another used by competitors. Additionally, a trademark can provide legal protection and help guard against counterfeiting and fraud.

A large, glowing blue registered trademark symbol (R in a circle) is positioned in the lower-left quadrant of the page. The background is a dark blue and green gradient with various legal terms like 'exclusive', 'registered', 'symbol', 'creativity', 'author', 'unique', 'brand', 'law', 'can', 'all', 'system', 'creative', 'no', 'a', 'and', 'liber', 'law', 'brand', 'unique' scattered throughout in a lighter, semi-transparent font.

TRADEMARKS—LIKE PATENT, COPYRIGHTS, and trade secret protection—are one of the protections sought under intellectual property law and provide legal protection for a brand.

According to the United States Patent and Trademark Office (USPTO), a trademark is “any word, phrase, symbol, design, or any combination of word/phrase/symbol/design that identify your goods and services.”¹

That is how consumers in the marketplace recognize a brand and distinguish one from another.

Additionally, a trademark can provide legal protection and help guard against counterfeiting and fraud.

Many incorrectly assume that a business either has a trademark or it doesn’t; but, unfortunately, trademarks are not that black and white. If a brand name is being used to offer goods and services, it is likely to be some form of trademark. Without a trademark registration, though, those rights are likely weak and can be difficult and expensive to either prove or enforce.

Defining trademark rights, which may or may not include registrations, is vital when evaluating potential conflicts between trademarks. Determining who has priority or other rights, and how likely it is that two trademarks would cause consumer confusion is key.

This article briefly looks at and compares how the likelihood of confusion analysis is conducted at the USPTO when compared with the how the court system acts when analyzing whether two trademarks conflict or not.

Jurisdiction and Confusion Analysis

Trademarks are normally the exclusive subject matter of the federal courts, and as such, in California, fall under the United States Courts for the Ninth Circuit.²

Local federal district Courts look to the precedential decisions of the 9th Circuit Court of Appeals to guide their trademark law decisions.

Those experienced with registering trademarks have learned that the views of examining attorneys are subjective and they can apply the same rules in many different ways.

Comparing those experiences with our experience—although limited here to the 9th Circuit courts—there have been notable differences in the analysis employed by the courts, litigants and their attorneys when compared to USPTO examining attorneys.

One key to properly advising clients on their trademarks is understanding these differences and employing the

correct analysis to guide your clients to the best business decisions.

To better understand and appreciate the differences of a likelihood of confusion analysis conducted within the USPTO and the courts, it is important to outline the differences of focus at the USPTO and the courts.

At the USPTO, the issue at the heart of a likelihood of confusion analysis is to determine whether a trademark is registrable and when there are similar trademarks registrations and applications already existing in their trademark database.

In sharp contrast, the courts’ focus of the likelihood of confusion inquiry is whether the defendant’s actual practice is likely to produce confusion with another’s trademark usage, to form the basis for a trademark infringement claim.

In both systems, the likelihood of confusion analysis begins with whether the marks sound alike when spoken, are visually similar, and/or create the same general commercial impression in the consumer’s mind.

At that point, the analysis moves to whether the goods/services are related. Beyond these initial steps of the first two factors, the analysis diverges.

The USPTO Rules of Analysis

Upon filing at the USPTO, a trademark application is assigned to and reviewed by an examining attorney to determine if it is in compliance with federal law and the Trademark Rules of Practice.

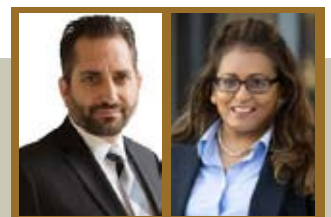
Approximately 70 percent of applications are refused with one of the most common reasons being that a potential conflict or likelihood of confusion exists between the subject trademark in the application and a previously registered mark(s) or a pending application(s) with an earlier filing date and owned by an unrelated third party.³

Determining whether there is likelihood of confusion between two trademarks may be eased when both the marks and the goods/services are identical. But what if they are only similar?

In performing the likelihood of confusion analysis, the USPTO relies on a test called the “*DuPont factors*”:⁴

- The similarity or dissimilarity of the trademarks in their entireties as to appearance, sound, connotation, and commercial impression;
- The similarity and nature of the goods and services;

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- The similarity or dissimilarity of established, likely-to-continue trade channels;
- The conditions under which and buyers to whom sales are made, i.e. “impulse” vs. careful, sophisticated purchasing;
- The fame of the prior trademark;
- The number and nature of similar trademarks in use on similar goods and services;
- The nature and extent of any actual confusion;
- The length of time during and the conditions under which there has been concurrent use without evidence of actual confusion;
- The variety of goods and services on which a trademark is or is not used;
- The market interface between the applicant and the owner of a prior trademark;
- The extent to which applicant has a right to exclude others from use of its trademark on its goods;
- The extent of potential confusion; and, any other established fact probative of the effect of use.

Examiners will usually focus their likelihood of confusion analysis on the first two factors, namely similarity of the marks and the similarity of the goods or services.

This assessment begins with whether the marks are phonetically alike when spoken or visually similar, in the consumer’s mind. The analysis then moves to whether the applicant’s goods/services are similar or related to those already under the prior trademark registration(s) and application(s) that would cause consumer confusion as to the source of the goods/services.

For example, cosmetics and facial skin care products are closely related goods and they are often produced by the same company and sold in the same establishments.

Therefore, it is reasonable for a consumer to assume that a lipstick and facial moisturizer bearing the same name would originate from the same source.

Conversely, where industries are unrelated, use of the same trademark would not cause consumer confusion, for example, the use of the name “DELTA” for both a faucet company and an airline.

Additionally, the examining attorney may evaluate an identical or similar mark in terms of consumers’ commercial

impressions and mental reaction with prior identical/similar trademark registrations and applications.

For example, the commercial impression of the word “BRINKS” on metal gate goods could be found confusingly similar with Brinks, the well-known security services company, as both are related to security.

Usually, the examining attorney’s finding of similarities between the marks and the goods/services are sufficient to support a finding of likelihood of confusion for the purposes of denying a trademark registration to the applicant. If the applicant fails to overcome the examiner’s likelihood of confusion objections, they can appeal to the U.S. Trademark Trial and Appeal Board (TTAB).⁶

Even if one is able to obtain an examiner’s approval of a trademark application, there still remains the possibility of a third-party complaint within the USPTO in the form of an opposition or cancellation proceeding.

In such a situation, the trademark attorney representing the third party will craft arguments as to why there is a likelihood of confusion between their client’s prior trademark—whether registered or not—and the one in a client’s application.

The analysis provided by such an attorney within the cancellation or opposition proceeding will likely involve reviewing more of the DuPont factors than the ones addressed by an examiner.

At this point, it is important to note that a denial of a trademark application does not necessarily mean that that you have infringed or will infringe on the cited registration(s) and/or application(s).

It also does not mean that the mark cannot be used; it just means that the application could not be registered. There could be solutions involving filing a different application or using the mark in a manner that will not infringe others.

A proper review requires a separate analysis to be performed for registration purposes and for infringement purposes.

The Courts’ Rules of Analysis

Courts are obligated to perform a more thorough review and will weigh all the facts and evidence before deciding whether two trademarks conflict or not.

The courts will commonly split hairs that the USPTO will not. As we mentioned above, the courts’ focus of the likelihood of confusion inquiry is connected to a trademark infringement claim—basically, the unauthorized use of another’s trademark in a manner that causes confusion about the source of goods and services.

To support a claim for trademark infringement, an owner must prove that they own the trademark, that they were the first to use it, and show that the adverse party’s mark is likely to cause consumer confusion about the source.⁷

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Although the primary factors employed by the USPTO and the courts are similar, the overall analysis is very different. Courts in different parts of the country also employ different factors when performing the analysis in their circuit. The Ninth Circuit gives very little weight or no weight at all to a likelihood of confusion determination by the USPTO.⁸

The main reason for allocating little weight is that the Court considers a USPTO determination to be “low-level” in that it does not have the benefit of access to the complete record and the volume of evidence that is presented during a subsequent court’s litigation, and supports the conclusion that the USPTO cannot make decisions regarding evidence that was not available or considered.⁹

The 9th Circuit employs what is colloquially known as “the Sleekcraft test” to determine likelihood of confusion.

The Court’s opinion in *AMF Inc. v. Sleekcraft Boats*, stated that, considering the likelihood of confusion, the following should be examined:¹⁰

- Strength or Weakness of the Plaintiff’s Mark: This is a measure of how uniquely a mark is identified with the goods/services.

This measure of strength can be categorized as commercial strength, that is a mark’s recognition in the marketplace and how widely is the recognition of the mark by customers. The greater the public’s recognition of the plaintiff’s mark as a source of the plaintiff’s goods/services, the more likely there would be likelihood of confusion among consumers if the defendant uses a similar mark, and conceptual strength—the level of obviousness a mark has to its goods/services—ranging from generic, descriptive, suggestive, arbitrary, or fanciful.

There are many types of evidence which can be submitted to show a trademark’s strength, including advertising samples and expenditures, consumer surveys, and media coverage—all types of evidence which are not commonplace within a USPTO registration application proceeding.

- Defendant’s Use of the Mark: If the defendant and plaintiff use their trademarks on the same, related, or complementary kinds of goods or services, there may be a greater likelihood of confusion about the source of the goods than otherwise.

- Similarity of Plaintiff’s and Defendant’s Marks: According to the Ninth Circuit, the similarity of the marks is assessed in terms of their aggregate, not piecemeal, sight, sound, and meaning.

If the overall impression created by the plaintiff’s trademark in the marketplace is similar to that created by the defendant’s trademark in appearance, sound, or

meaning, there is a greater chance that consumers are likely to be confused by defendant's use of a mark.

- **Actual Confusion:** Even though evidence of actual confusion is not required, when submitted, it is "*strong support for the likelihood of confusion.*"¹¹

If use by the defendant of the plaintiff's trademark has led to instances of actual confusion, this strongly suggests the likelihood of confusion. If the instances of actual confusion have been relatively frequent, there is the possibility that there has been actual substantial confusion.

If, by contrast, there is a very large volume of sales by both parties, but only a few isolated instances of actual confusion, it is possible that there has not been such confusion.

- **Defendant's Intent:** Another factor not commonly considered by the USPTO, but important in court, is intent. "*A defendant's intent to confuse constitutes probative evidence of likely confusion.*"¹²

The defendant's conscious use of the plaintiff's trademark to identify similar goods may strongly show an intent to derive benefit from the reputation of the plaintiff's mark, thus suggesting an intent to cause a likelihood of confusion.

On the other hand, even in the absence of proof that the defendant acted knowingly, the use of plaintiff's trademark to identify similar goods may indicate a likelihood of confusion. Willful intent to infringe another's mark can also lead to heightened monetary damages.

- **Marketing/Advertising Channels:** Convergent channels of trade and marketing will increase the likelihood of confusion.

If the plaintiff's and defendant's goods or services are likely to be sold in the same or similar stores or outlets, or advertised in similar media, this may increase the likelihood of confusion.

- **Consumer's Degree of Care:** The degree of care exercised by the consumers vary according to the purchase.

In determining the likelihood of confusion, the court must consider whether a typical buyer using ordinary caution would be confused. When goods are expensive, consumers generally exercise greater care with purchases. Additionally, more sophisticated the potential buyers of goods/services tend to be

more careful than the reasonably prudent purchaser exercising ordinary caution.

Therefore, courts assume that such purchasers are likely to be more discriminating and source-conscious when purchasing "big ticket" items—a shopper buying coffee is less likely to examine the source than the owner of a manufacturing company purchasing an expensive piece of machinery.

This assumption also applies to purchases by "professional buyers/shoppers," who are knowledgeable about the goods/service at the point of purchase. These consumers already are less likely to be confused by similarities in the plaintiff's and defendant's trademarks because of their superior knowledge as to purchasing decisions.

Conversely, an ordinary purchaser who buys inexpensive items on impulse, is more likely to be

confused by similar mark—for example, the consumer who quickly scans the shelves at the drugstore, and impulsively picks up a bottle of lotion without realizing that she has been confused as to the choice of brand.

- **Product Line Expansion.**

When the parties' products differ, you may consider how likely the plaintiff is to begin selling the products for which the defendant is using the plaintiff's trademark. If there is a strong possibility of expanding into the other party's market, there is a greater likelihood of confusion."



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The Question of Compensation

Once a determination is made that there is the likelihood of confusion between two marks, the remedies also differ within the USPTO and court system.

The USPTO only has the wherewithal to deny applications or cancel registrations. There are no monetary remedies available within its purview when two marks are found to conflict.

Courts, on the other hand, have the ability to analyze, assess and reward monetary compensation based on a likelihood of confusion, introducing an entire new element to the situation—damages.

The threat of having to pay monetary damages and possibly attorneys' fees in court is one of the primary factors in deciding whether to have a potential conflict analyzed within the USPTO or have the matter settled in court.

A plaintiff wanting to enforce their trademark rights will either file an opposition against a pending application or a cancellation against a registration proceeding against the

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defendant's trademark, or file litigation in court which allows them to both cancel defendant's application/registration and, at the same time, pursue monetary damages and attorney's fees.

How much money a party is willing to spend will also commonly sway a dispute. If a large corporation files a lawsuit against a small business, and a lawyer requires tens of thousands of dollars as an initial deposit to take on the matter, many small businesses will cave regardless of who has the stronger trademark rights.

Contingency fee arrangements are very rare in trademark cases as it is very difficult to realistically recover attorney's fees in a trademark lawsuit short of clear willful infringement—usually requiring pirating—being taken to a jury trial, which can take years and cost hundreds of thousands of dollars.


Additionally, trademark violations don't have simple and guaranteed minimum statutory damages per infringement like copyright. This makes it even less palatable for small businesses to invest their money in a trademark dispute where they are likely going to pay fees out of pocket in exchange for the chance to retain and/or enforce their trademark rights, without the realistic possibility of any monetary recovery.

Avoiding a dispute in the first place is usually the best course of action, especially for small businesses.

Conclusion

Circuit courts are split on how much deference should be given to a USPTO trademark likelihood-of-confusion determination.

This disparity underscores the need for a unified approach to seek an efficient and accurate likelihood of confusion analyses within the USPTO and in litigation.

A thorough and detailed analysis can go a long way in making the difference between the quick and inexpensive resolution of a potential dispute and ending up in unexpected litigation that can sink an entire company. 

¹ <https://www.uspto.gov/trademarks/basics/what-trademark>.

² <https://www.ca9.uscourts.gov/judicial-council/what-is-the-ninth-circuit/>.

³ <https://www.uspto.gov/dashboard/trademarks/>.

⁴ In re E. I. du Pont de Nemours & Co., 476 F.2d 1357, 1361, 177 USPQ 563, 567 (C.C.P.A. 1973).

⁵ See *In re i.am.symbolic, llc*, 866 F.3d at 1322, 123 USPQ2d at 1747 (quoting *Herbko Int'l, Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 1164-65, 64 USPQ2d 1375, 1380 (Fed. Cir. 2002)); "The fundamental inquiry mandated by [Section] 2(d) goes to the cumulative effect of differences in the essential characteristics of the goods [or services] and differences in the marks."; TMEP § 1207.01. Only those factors that are "relevant and of record" need be considered. *M2 Software, Inc. v. M2 Commc'ns, Inc.*, 450 F.3d 1378, 1382, 78 USPQ2d 1944, 1947 (Fed. Cir. 2006).

⁶ <https://www.uspto.gov/trademarks/ttab>.

⁷ <https://www.uspto.gov/page/about-trademark-infringement>.

⁸ J. Thomas McCarthy, "McCarthy on Trademarks and Unfair Competition" § 32:95 (4th ed. 2017).

⁹ *Carter-Wallace, Inc. v. Procter & Gamble Co.*, 434 F.2d 794, 802 (9th Cir. 1970).

¹⁰ *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

¹¹ *Network Automation*, 638 F.3d 1137 (2011).

¹² *Playboy*, 354 F.3d 1028 (9th Cir. 2004).