Ethics in the Trademark Arena

By Tamar Niv Bessinger,∗ Jennifer Insley-Pruitt,** and Katherine Lyon Dayton***

I. Introduction

While there are many respected resources on legal ethics generally, this chapter brings together guidance on ethical issues that are specific to the area of trademark law. It is intended to serve as a practical and focused resource for trademark attorneys and paralegals. We discuss U.S. and international rules and

* Tamar Niv Bessinger is counsel at the New York office of Fross Zelnick Lehrman & Zissu, P.C. Her practice focuses on counseling in the areas of trademarks, unfair competition, copyright, and Internet-related matters, as well as searching and filing trademarks, and practicing before the U.S. Patent and Trademark Office.

** Jennifer Insley-Pruitt is an associate at the New York office of Fross Zelnick Lehrman & Zissu, P.C. She focuses on litigation in the areas of copyright, trademark, and unfair competition and represents clients on matters related to intellectual property rights across a range of industries, including publishing, fashion, entertainment, pharmaceuticals, and consumer products.

*** Katherine Lyon Dayton is an associate at the New York office of Fross Zelnick Lehrman & Zissu, P.C. Her practice focuses on international trademark matters, including managing trademark portfolios for clients and advising on international trademark clearance and registration, enforcement, and copyright and trademark-related agreements.

Fross Zelnick Lehrman & Zissu, P.C. is one of the largest firms focusing exclusively on U.S. and international trademark, copyright, and unfair competition law. Fross Zelnick represents a broad spectrum of clients in all arts and industries, from multinational corporations to individual creators. The firm frequently is retained by other law firms and in-house specialists seeking its unique expertise. Fross Zelnick has repeatedly received the highest rankings in surveys of leading intellectual property practitioners.
practices in the realms of searching, advising clients, trademark prosecution, litigation, and other areas important to the practice of trademark law.

Where possible, this chapter provides citations to case law, rules, and other legal authority. However, there are some important ethical questions for which there is no clear legal guidance or explicit authority. This chapter aims to provide practical ideas and suggestions, but it is possible that a client or tribunal could disagree with such strategies. Counsel should always evaluate for themselves whether their practices conform to ethical requirements and should seek out ethics counsel to advise them when appropriate.

Section II focuses on ethical rules and enforcement in the United States, while Section III provides an overview of what international rules apply and how they are enforced, as well as special ethical considerations in an international context. The duties of competence, confidentiality, avoidance of conflicts of interest, and advising clients, and other topics specific to trademark practice, are covered. Section IV focuses on practice before the United States Patent and Trademark Office (USPTO). Section V addresses the unauthorized practice of law as applied to trademark administrators and paralegals, in the United States and elsewhere. Section VI covers trademark clearance and searching; Section VII deals with U.S. litigation and conflicts; and Section VIII focuses on trademark bullying. Investigations are covered in Section IX; negotiations for acquisition of IP rights and licensing are covered in Section X; and additional international issues are discussed in Section XI.

II. United States Rules of Ethics

What ethics rules apply in the United States, and who enforces them? The USPTO Rules of Professional Conduct (“USPTO Rules” or “Rules”), 37 C.F.R. Part 11, govern practitioners before the USPTO. In 2013, the USPTO updated its ethics rules for practitioners before the Office to rules based on the 2011 update to the American Bar Association (ABA) Model Rules of Professional Conduct.
Ethics in the Trademark Arena

(“ABA Model Rules” or “Model Rules”). In addition to the USPTO Rules, trademark attorneys are bound by their state’s ethical rules, which, in all states other than California, as well as in the District of Columbia and the U.S. Virgin Islands, are also based on the ABA Model Rules. Thus, case law based on states’ enforcement of their ethical rules can provide guidance to trademark law practitioners. (In addition, paralegals or other trademark administrators who are members of the National Association of Legal Assistants (NALA) are bound by the ten canons of the NALA Code of Ethics.) The comments and annotations to the ABA Model Rules are also helpful, but they are not binding on the USPTO. Overall, because the Model Rules have been so widely adopted, the revised USPTO Rules provide trademark practitioners with consistent and almost nationwide standards, while also addressing issues that are particular to trademark (and patent) law.

The current version of the USPTO Rules became effective on May 3, 2013. The former rules, found at 37 C.F.R. Part 10, apply to activity prior to the effective

---


3 See https://www.nala.org/certification/nala-code-ethics-and-professional-responsibility.


5 Id.
The Rules are enforced by the USPTO through its Office of Enrollment and Discipline (OED).

Grievances against practitioners can originate from outside the USPTO, whether from clients or colleagues; from within the USPTO; or from other sources, such as published decisions or news articles. Frequent causes for grievances include neglect, such as failure to reply to Office actions or failure to communicate with a client; dishonesty, fraud, deceit, or misrepresentation, such as misrepresenting to a client the status of an abandoned application as pending; and fee-related issues, such as improper commingling of a client’s advance legal fees with the practitioner’s funds.

When a grievance is received by the OED, the allegations are screened preliminarily and information is requested from the practitioner. An investigation is conducted, with an opportunity for the practitioner to respond. At that point, the OED may close the investigation without further action; it may issue a non-public warning to the practitioner; or it may enter into a settlement agreement. Alternatively, the OED can convene a panel of the Committee on Discipline (COD) to determine whether there is probable cause to file a disciplinary action against the practitioner. The COD panel then decides whether there is probable cause to believe that a Rule has been violated; if

---


8 William R. Covey, Harmonized Ethical Standards: The New USPTO Rules of Professional Conduct, USPTO (July 9, 2013).

9 Id.


11 37 C.F.R. § 11.22(h).

12 37 C.F.R. § 11.32.
probable cause is found, the OED Director may commence a formal disciplinary proceeding by filing and serving a complaint.13

Disciplinary proceedings may result in public disciplinary action by the OED, which may range from public reprimand, to placement on probation or suspension from practice before the USPTO, and even to exclusion from practice before the Office.14 Practitioners are subject to discipline by the OED regardless of whether the conduct was related to practice before the USPTO.15 Therefore, the USPTO Rules apply to advice given to clients even before a trademark application is filed.16

Moreover, the Rules potentially apply to all practitioners who are authorized to practice in trademark matters before the USPTO. This includes any attorney who is a member of a state bar in good standing. Such attorneys need not apply for registration or recognition to practice before the Office in trademark matters.17 Certain foreign attorneys may apply for reciprocal recognition;18 currently this is limited to Canadian attorneys.19

The OED issues a relatively small number of disciplinary decisions annually concerning trademark practitioners. There were four disciplinary decisions against trademark attorneys in each of fiscal years 2013 and 2014, and none in

13 Id.
14 37 C.F.R. § 11.20(a).
16 37 C.F.R. § 11.5(b)(2): “Practice before the Office in trademark matters includes, but is not limited to, consulting with or giving advice to a client in contemplation of filing a trademark application or other document with the Office; preparing and prosecuting an application for trademark registration; preparing an amendment which may require written argument to establish the registrability of the mark; and conducting an opposition, cancellation, or concurrent use proceeding; or conducting an appeal to the Trademark Trial and Appeal Board.” (Emphasis added.)
18 37 C.F.R. § 11.14(c).
19 TMEP § 602.03(a).
fiscal year 2015.\textsuperscript{20} The more numerous decisions concerning patent attorneys can also be instructive, however, because often they deal with ethical issues under the USPTO Rules that are equally applicable to trademark practitioners. Accordingly, some decisions involving patent attorneys are referenced in this chapter. OED disciplinary decisions are publicly available.\textsuperscript{21}

III. International Ethics Rules

Internationally, ethics rules vary by jurisdiction and are enforced locally in each jurisdiction. However, several international bodies have attempted to address the role and conduct of lawyers. As trademark administrators generally are bound to conduct themselves in a manner consistent with the professional obligations of lawyers, these international codes, by extension, have relevance for all individuals assisting lawyers in the practice of law. Basic Principles on the Role of Lawyers, adopted by the United Nations in 1990, is one such pronouncement.\textsuperscript{22} As well as addressing such matters as access to legal services and lawyer qualifications and training, the Basic Principles set forth international standards for the duties and responsibilities of attorneys, emphasizing that “lawyers shall at all times maintain the honour and dignity of their profession as essential agents of the administration of justice.”

Additionally, bar associations in various jurisdictions have promulgated their own ethics codes. Although a full country-by-country treatment is beyond the scope of this chapter, there are several cross-border bar associations that have issued guidelines on ethical standards governing legal professionals, particularly those practicing in a global context. Among these are the International Bar

\textsuperscript{20} William R. Covey, \textit{A Summary of Recent Activity at OED}, USPTO (Mar. 18, 2015) (AIPLA Webinar). Note that these numbers do not include warning letters and do not include decisions against patent attorneys or patent agents, which are also within the domain of the OED.

\textsuperscript{21} See http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp.

Association and the Council of Bars and Law Societies of Europe. These codes are not directed specifically at the trademark or intellectual property bar; rather, they provide general ethical guidelines applicable to all attorneys practicing internationally or in Europe.

A. International Bar Association

The International Bar Association (IBA) has been active since 1947. Its mission is to conduct research into specific legal practice areas and to issue guidance that supports legal regulatory bodies and bar associations across the world. Among its other activities, the IBA has issued various statements, standards, and guides on suggested international principles for the conduct and independence of the legal profession.23

1. IBA International Code of Ethics

The IBA adopted its International Code of Ethics in 1956. The Code explicitly applies to “any lawyer of one jurisdiction in relation to his contacts with a lawyer of another jurisdiction or to his activities in another jurisdiction.” It is intended to be a restatement of many of the core requirements and rules of professional conduct in the various jurisdictions of the world, as well as a guide for cross-border conduct. The Code is accompanied by the IBA’s admonition that a lawyer is not absolved “from the obligation to comply with such requirements of the law or of rules of professional conduct as may apply to him in any relevant jurisdiction.”

The 21 rules of the Code address such issues as lawyer independence, confidentiality, duties of diligence and care, conflicts of interest, communications with a represented party, lawyer advertising and solicitation, handling of fees, the unauthorized practice of law and delegation to non-lawyer assistants, and the professional ethics standards and rules that a lawyer should adhere to in conducting cross-border activities.

23 For IBA materials of interest, including (i) Practice Rules and Guidelines; (ii) Standards, Principles and Ethics; and (iii) Task Force Reports, see http://www.ibanet.org/Publications/publications_iba_guides_and_free_materials.aspx.
2. IBA International Principles on Conduct for the Legal Profession

In 2006, the IBA adopted its General Principles for the Legal Profession, which, a few years later, again found expression in its 2011 International Principles on Conduct for the Legal Profession. The ten principles espoused in both documents, which emphasize lawyers’ behavior toward their clients, are listed below. They are intended to provide a “generally accepted framework” for the establishment of codes of conduct by relevant national and local legal authorities worldwide, and to serve as global common denominators across ethics rules and codes governing the legal profession.

- Independence
- Honesty, integrity and fairness
- Conflicts of interest
- Confidentiality/professional secrecy
- Clients’ interest
- Lawyers’ undertaking
- Clients’ freedom
- Property of clients and third parties
- Competence
- Fees

3. IBA International Principles on Social Media Conduct for the Legal Profession

In 2014, the IBA adopted six principles, discussed below, to assist bar associations and regulatory bodies in implementing standards for the social

---

media conduct of lawyers.\textsuperscript{25} It noted that, at times, tensions arise between, on the one hand, the opportunities that social networking presents and, on the other, the risk of online conduct that could lead to disciplinary or ethical concerns. An overriding principle identified by the IBA is that social media use should be consistent with obligations under existing rules of professional responsibility, as well as with the administration of justice.

**Independence.** Social media platforms provide opportunities for the visible “linkage” of legal professionals with judges, clients, and other professionals, and social media users should reflect on the professional implications of such linkage before entering into an online relationship. Online comments should likewise project the same independence that is required in practice.

**Integrity.** Legal practitioners are required to uphold the highest standards of integrity in all of their dealings, and this mandate is not abrogated when those dealings occur online. Bar associations and regulatory bodies should encourage their members to consider the impact that online activity could have on their professional reputation.

**Responsibility.** Legal professionals have a responsibility to understand user privacy settings and to regularly monitor their social media use and content, with the awareness that online content can be used in the context of litigation, that it can be relied on for legal advice, and that it could lead to the establishment of a lawyer-client relationship. Certain law-related content could also implicate the unauthorized practice of law, in jurisdictions where a lawyer is not licensed to practice. Content should also adhere to applicable solicitation rules in the relevant jurisdiction.

**Confidentiality.** Especially in the online setting, legal professionals should conduct themselves within the applicable standards of client confidentiality.

\textsuperscript{25} See IBA International Principles on Social Media Conduct for the Legal Profession, Adopted 24 May 2014, \url{http://www.ibanet.org/Publications/publications_IBA_guides_and_free_materials.aspx}. 
Maintaining public confidence. Restraint should be exercised online, such that a legal professional maintains a reputation demonstrating characteristics essential to public trust and confidence, including independence and integrity.

Policy. To the extent that a law practice engages in social media use, employees should be given clear and consistent instructions on correct use.

B. Council of Bars and Law Societies of Europe

The Council of Bars and Law Societies of Europe (CCBE) represents, as its members, European national bars and law organizations. In 1988, the CCBE promulgated a Code of Conduct for European Lawyers (most recently amended in 2006), which is binding upon all member states and which seeks to articulate common principles that are reflected across the entire European legal profession.26 Lawyers who are members of the bars of these jurisdictions must comply with the Code of Conduct in their cross-border activities in the European Union, the European Economic Area, and Switzerland.

The core principles identified in the Code of Conduct mirror those articulated in national and international codes governing the conduct of lawyers:

- Independence of the lawyer and the freedom of the lawyer to pursue the client’s case
- The right and duty of the lawyer to keep client matters confidential and to respect professional secrecy
- Avoidance of conflicts of interest, including between different clients and between client and lawyer
- Maintaining the dignity and honor of the legal profession and the integrity and good reputation of the individual lawyer
- Client loyalty

• Fair treatment of clients in respect of fees
• Lawyer competence
• Respect toward colleagues
• Respect for the rule of law and fair administration of justice
• Self-regulation of the legal profession

C. Country-Specific Paralegal Associations

In addition to national bar associations for licensed lawyers, there are also a number of country-specific associations for paralegals, many of which have issued statements on the conduct of their members. Such associations include:

• Canadian Association of Paralegals (https://www.caplegal.ca/en/cap/code-of-ethics/)
• National Association of Licensed Paralegals (United Kingdom) (http://www.nationalparalegals.co.uk/)
• Institute of Paralegals (United Kingdom) (http://www.theiop.org/)
• Institute of Legal Executives (England and Wales) (www.ilex.org.uk)
• Institute of Legal Executives (Australia) (www.liv.asn.au/legalexecutives)
• Irish Institute of Legal Executives (www.iilex.ie)
• Scottish Paralegal Association (www.scottish-paralegal.org.uk)

IV. Practice Before the USPTO

The USPTO Rules are organized in the following categories:27

Client-Practitioner Relationship—37 C.F.R. §§ 11.101–11.118

Section 11.101. Competence. “Section 11.101 addresses the requirement that practitioners provide competent representation to a client.”

Section 11.102. Scope of representation and allocation of authority. “Section 11.102 provides for the scope of representation of a client by a practitioner and the allocation of authority between the client and the practitioner.”

Section 11.103. Diligence. “Section 11.103 addresses the practitioner’s duty to act with reasonable diligence and promptness in representing a client.”

Section 11.104. Communication. “Section 11.104 addresses the practitioner’s duty to communicate with the client. . . . [U]nder this rule a practitioner should not fail to timely and adequately inform a client or former client of correspondence received from the Office in a proceeding before the Office or from the client’s or former client’s opponent in an inter partes proceeding before the Office.”

Section 11.105. Fees. “Section 11.105 addresses the practitioner’s responsibilities regarding fees.”

Section 11.106. Confidentiality of information. “Section 11.106 addresses the practitioner’s responsibilities regarding maintaining confidentiality of information.” Note, however, that under Section 11.106(b)(3), “a practitioner may reveal information relating to the representation of a client to the extent the practitioner reasonably believes necessary to prevent, mitigate, or rectify substantial injury to the financial interests or property of another that is reasonably certain to result or has resulted from inequitable conduct before the Office.”

28 In re Kubler, Proceeding Nos. D2012-04 & 10-06, Final Order at 3-4 (USPTO Feb. 15, 2012) (reprimanding attorney for neglecting to communicate with clients and lacking a uniform system of client notifications); In re Peterson, Proceeding No. D2011-54, Final Order at 3-4 (USPTO June 15, 2012) (excluding attorney from practice before the USPTO for theft from client’s checking account).
Sections 11.107–11.112. Conflicts. “Section 11.107 prohibits a practitioner from representing a client if the representation involves a concurrent conflict of interest. . . . Section 11.108 addresses conflicts of interest for current clients. . . . Section 11.109 addresses conflicts of interest and duties to former clients. . . . Section 11.110 addresses the imputation of conflicts of interest for practitioners in the same firm. . . . Section 11.111 addresses former or current Federal Government employees. . . . Section 11.112 provides specific rules regarding the imputation of conflicts of interest for practitioners who are former judges, arbitrators, mediators or third-party neutrals.” Avoiding client conflicts is discussed in further detail in Section VI.D below.

Section 11.113. Organization as client. “Section 11.113 provides specific rules regarding a practitioner’s responsibilities when representing an organization as a client.”

Section 11.114. Client with diminished capacity. “Section 11.114 provides specific rules regarding a practitioner’s responsibilities when representing a client with diminished capacity.”

Section 11.115. Safekeeping property. “Section 11.115 provides specific rules regarding a practitioner’s responsibilities regarding safekeeping of client property and maintenance of financial records.”

Section 11.116. Declining or terminating representation. “Section 11.116 provides rules regarding a practitioner’s responsibilities in declining or terminating representation of a client.”

Section 11.117. Sale of law practice. “Section 11.117 provides rules regarding a practitioner’s responsibilities when buying or selling a law practice or an area of law practice, including goodwill.”

Section 11.118. Duties to prospective client. “Section 11.118 provides rules regarding a practitioner’s responsibilities to prospective clients.”

---

29 See In re Peterson, Proceeding No. D2011-54, Final Order at 3-4 (USPTO June 15, 2012) (excluding attorney from practice before the USPTO for theft from client’s checking account).
Counselor—37 C.F.R. §§ 11.201, 11.203–204


Transactions with Persons Other Than Clients—37 C.F.R. §§ 11.401–11.404

Law Firms and Associations—37 C.F.R. §§ 11.501–11.507

Information About Legal Services—37 C.F.R. §§ 11.701–11.705

Maintaining the Integrity of the Profession—37 C.F.R. §§ 11.801–11.804

Last, the savings clause, 37 C.F.R. § 11.901, provides that a disciplinary proceeding based on conduct engaged in before the effective date of the USPTO Rules may be commenced if such conduct justifies disciplinary sanctions under the Rules.

A. Implications of Signatures

When signing documents to be submitted to the USPTO, the practitioner must personally sign, whether by hand or electronically. Someone else may not sign on the practitioner's behalf. Moreover, the most recent USPTO Rules revisions (2013) amended 37 C.F.R. Section 1.4(d)(4)(i) to clarify that the signature on any paper submitted to the USPTO constitutes a certification under Rule 11.18(b), meaning that the party is certifying to the truthfulness of the submission.

30 Managerial supervision of subordinates and non-practitioners is addressed in 37 C.F.R. Sections 11.501 and 11.503 and discussed in detail in Section V.C.3 below.

31 37 C.F.R. § 1.4(d)(4)(ii).

32 For the full content of the certification, see 37 C.F.R. § 11.18(b).
B. Duty of Candor to the Tribunal

Another notable update to the USPTO Rules is Rule 11.303,33 on candor toward the tribunal, which provides:

(a) A practitioner shall not knowingly:

(1) Make a false statement of fact or law to a tribunal or fail to correct a false statement of material fact or law previously made to the tribunal by the practitioner;

(2) Fail to disclose to the tribunal legal authority in the controlling jurisdiction known to the practitioner to be directly adverse to the position of the client and not disclosed by opposing counsel in an inter partes proceeding, or fail to disclose such authority in an ex parte proceeding before the Office if such authority is not otherwise disclosed; or

(3) Offer evidence that the practitioner knows to be false. If a practitioner, the practitioner’s client, or a witness called by the practitioner, has offered material evidence and the practitioner comes to know of its falsity, the practitioner shall take reasonable remedial measures, including, if necessary, disclosure to the tribunal. A practitioner may refuse to offer evidence that the practitioner reasonably believes is false.

(b) A practitioner who represents a client in a proceeding before a tribunal and who knows that a person intends to engage, is engaging or has engaged in criminal or fraudulent conduct related to the proceeding shall take reasonable remedial measures, including, if necessary, disclosure to the tribunal.

(c) The duties stated in paragraphs (a) and (b) of this section continue to the conclusion of the proceeding, and apply even if compliance requires disclosure of information otherwise protected by [Section] 11.106.

(d) In an *ex parte* proceeding, a practitioner shall inform the tribunal of all material facts known to the practitioner that will enable the tribunal to make an informed decision, whether or not the facts are adverse.

(e) In a proceeding before the Office, a practitioner shall disclose to the Office information necessary to comply with applicable duty of disclosure provisions.34

Notably, in *inter partes* proceedings, Rule 11.303(a)(2) requires the practitioner to disclose legal authority directly adverse to the position of the client, even when not raised by opposing counsel. This duty also applies in *ex parte* proceedings before the Office. In addition, Rule 11.303(e) requires the practitioner to comply with the duty of disclosure provisions. Thus, even though the attorney must present the client’s case as persuasively as possible, this must be balanced by the practitioner’s duty of candor to the tribunal.35

**C. Fraud by Practitioners**

The 2013 update to the USPTO Rules revised the definition in Rule 11.1 of the term “fraud” or “fraudulent,” which differs from that in the ABA Model Rules:36

*Fraud* or *fraudulent* means conduct that involves a misrepresentation of material fact made with intent to deceive or a state of mind so reckless respecting consequences as to be the equivalent of intent, where there is justifiable reliance on the misrepresentation by the party deceived, inducing the party to act

---

34 Disclosure in USPTO proceedings and other litigation is discussed in further detail in Section VII.B below.


thereon, and where there is injury to the party deceived resulting from reliance on the misrepresentation. Fraud also may be established by a purposeful omission or failure to state a material fact, which omission or failure to state makes other statements misleading, and where the other elements of justifiable reliance and injury are established.37

Thus, from the point of view of practitioner’s conduct, it is clear that in order to amount to fraud, the misrepresentation must be made with intent to deceive, or with recklessness, and any material omission must be purposeful. If those elements are met, a practitioner could be disciplined on this basis.

**D. Bose and the Fraud Standard**

A party may raise fraud as a basis to oppose an application or petition to cancel a registration. In 2009, in *In re Bose Corp.*,38 the U.S. Court of Appeals for the Federal Circuit clarified how a party can prove fraud upon the USPTO. The decision significantly altered the previously applicable fraud standard based on *Medinol Ltd. v. Neuro Vasx, Inc.*39 to require an intent to deceive, thus bringing the definition of fraud more closely in line with general fraud standards in other areas of the law.

Under Bose, “a trademark is obtained fraudulently under the Lanham Act [the Trademark Act of 1946] only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO.”40 Mere negligence is not enough to infer fraud, and fraud must be proven by clear and convincing evidence.41

38 580 F.3d 1240 (Fed. Cir. 2009).
40 580 F.3d at 1245.
41 *Id.* at 1243-44.
Even with the heightened standard to prove fraud, it is still possible to make a case for fraud in certain cases, such as when the mark is not in use for all goods and services but the applicant states that the mark is in use, whether on a statement of use or an application, or, in the case of a registrant, on a Section 8 or Section 71 declaration.\textsuperscript{42} Although Bose was decided in 2009, it was not until 2014 that the Board sustained a fraud claim under the new standard.\textsuperscript{43}

\textbf{E. Special Warning for ITU and Other Non–Use-Based Applications}

It has long been clear that a prima facie case of lack of bona fide intent may be evidenced by the applicant’s lack of any documentary evidence demonstrating such intent.\textsuperscript{44} In several recent cases the USPTO’s Trademark Trial and Appeal Board (TTAB) and the U.S. Court of Appeals for the Federal Circuit sustained oppositions brought by third parties challenging the applicant’s bona fide intent to use the mark at issue for the listed goods, so it seems possible that such challenges will be brought more frequently.

For example, in its precedential decision in \textit{Swiss Grill Ltd. v. Wolf Steel Ltd.},\textsuperscript{45} the TTAB sustained an opposition to registration of the mark \textsc{swiss grills} for barbecue and outdoor grills, based on the applicant’s lack of bona fide intent to use. Although the applicant provided documentary evidence, none of the documents predated the filing date. A party may also rely on documentary evidence dated after its filing date, but even such documents did not support the applicant’s claims that it intended to use the \textsc{swiss grill} mark in the United States.

\footnotesize{\begin{enumerate}
\end{enumerate}}
Similarly, the Federal Circuit affirmed the Board’s decision sustaining an opposition to registration of the mark iWatch for watches, clocks, and personal care products, based on a lack of bona fide intent.\(^{46}\) The applicant’s CEO testified that the company intended to use the mark only for watches, but not in connection with any of the other goods specified in the identification; however, even with respect to watches, the testimony of other employees was inconsistent and contradictory.

In such cases and others, the opposers prevailed, because the applicant did not have documents (such as memos, business plans, prototype sketches, or the like) showing plans to offer the products in the United States, and in many cases, when questioned during depositions, the company’s officers did not have convincing testimony backed by action as to the company’s plans to launch the specific goods.\(^{47}\)

These cases illustrate the value of maintaining documentary evidence of a company’s specific plans to use a trademark in the United States for the goods/services stated in an intent-to-use application, or for applications under the Paris Convention (Section 44(d) or 44(e)) or an extension of protection under the Madrid Protocol (Section 71). Documentary evidence of an applicant’s plans to use a trademark is particularly valuable in the event that individuals with actual knowledge of the applicant’s plans leave the company or are otherwise unavailable to provide testimony later. Documentary evidence can also bolster such testimony. Taking steps such as maintaining a physical or electronic file documenting specific plans for using the mark in the United States will put the applicant in a strong position to defend a challenge based on lack of bona fide intent to use the mark, at least with respect to the proposed goods/services that are documented in the file. Such documentary evidence could include such items as the following:

\(^{46}\) *M.Z. Berger & Co. v. Swatch AG*, 787 F.3d 1368, 1379 (Fed. Cir. 2015).

\(^{47}\) *See Tekni-Plex, Inc. v. Selig Sealing Products, Inc.*, Opposition Nos. 91214508 & 91215874, 2015 WL 8966287, at *4 (T.T.A.B. Nov. 25, 2015) (not precedential) (“Applicant has not come forward with evidence indicating, for example, current business plans, ongoing discussions, or promotional activities to corroborate its claim of a bona fide intent to use [the marks] in commerce.”).
• Sales projections
• Target markets
• Possible distributors or licensing partners
• Marketing and business plans
• Slide decks
• Consumer surveys
• Executive feedback
• Mockup packaging
• Marks searched
• Domain name registrations
• Correspondence regarding goods/services, etc.

Attacks on the applicant’s bona fide intent to use the mark can be limited or eliminated by including in an application only those goods/services that the client actually plans to offer in the United States. Care should be taken not to include implausible goods, standard lists not tailored to the particular mark (e.g., class headings), obsolete technology, or services not within the client’s area of business.

V. Unauthorized Practice of Law

A. Definition of a Paralegal or Legal Assistant

It is essential that lawyers, paralegals, and legal assistants understand the rules and conditions under which paralegals and legal assistants are permitted to perform substantive legal work, under the applicable rules of professional conduct in their jurisdiction. Otherwise, they risk engaging in, or being responsible for, what is termed “the unauthorized practice of law.” These rules are especially important in trademark law practice, because trademark administrators and trademark paralegals often play a very critical role in support of trademark lawyers.
As most recently defined by the ABA, a paralegal or a legal assistant is a person who

1. Is qualified by education, training, or work experience;

2. Is employed or retained by a lawyer, law office, corporation, governmental agency, or other entity; and

3. Performs specifically delegated substantive legal work for which a lawyer is responsible.48

B. ABA Model Rules

The unauthorized practice of law is addressed in ABA Model Rule 5.5, which provides, in pertinent part, as follows:

(a) A lawyer shall not practice law in a jurisdiction in violation of the regulation of the legal profession in that jurisdiction, or assist another in doing so.

(b) A lawyer who is not admitted to practice in this jurisdiction shall not:

(1) except as authorized by these Rules or other law, establish an office or other systematic and continuous presence in this jurisdiction for the practice of law; or

(2) hold out to the public or otherwise represent that the lawyer is admitted to practice law in this jurisdiction.

Comment 2 to ABA Model Rule 5.5 acknowledges that the definition of “the practice of law” varies from jurisdiction to jurisdiction, and that the purpose of Model Rule 5.5 is to protect the public from the provision of legal services by individuals who are unqualified to do so.

Additionally, Comment 2 makes clear that while the practice of law is limited to members of the bar who are authorized to practice in a given jurisdiction, ABA Model Rule 5.5 “does not prohibit a lawyer from employing the services of paraprofessionals and delegating functions to them, so long as the lawyer supervises the delegated work and retains responsibility for their work.”

**C. USPTO Rules**

The USPTO Rules likewise prohibit the unauthorized practice of law. Thus, USPTO Rule 11.505 adopts the language of ABA Model Rule 5.5(a): “A practitioner shall not practice law in a jurisdiction in violation of the regulation of the legal profession in that jurisdiction, or assist another in doing so.”

USPTO Rule 11.14(b) further provides that “[i]ndividuals who are not attorneys are not recognized to practice before the Office in trademark and other non-patent matters,” with the very limited exception of trademark agents who were recognized under the USPTO Rules prior to January 1, 1957, who may continue to practice as trademark agents before the USPTO in trademark matters.

Attorneys whose licenses have lapsed, or who have otherwise been suspended from the practice of law, are prohibited from filing and prosecuting trademark applications before the USPTO and from rendering a trademark opinion.

Legal assistants and paralegals are likewise barred from the practice of law. The exact contours of what constitutes “the practice of law,” and what attorneys may appropriately delegate to non-lawyer assistants and administrators, are defined by law and vary with each jurisdiction, as articulated in Comment 2 to ABA Model Rule 5.5. The ABA’s former Model Code of Professional Responsibility

---


50 37 C.F.R. § 11.14(b).

51 *People v. Corbin*, 82 P.3d 373, 376 (Colo. 2003).

explained that “the practice of law relates to the rendition of services for others that call for the professional judgment of a lawyer. The essence of the professional judgment of the lawyer is his educated ability to relate the general body and philosophy of law to a specific legal problem of a client.” Generally, legal authorities concur that the practice of law involves the application of legal knowledge and judgment in interpretation of the law and the application of the law to a specific circumstance.

Within this framework, certain generally permissible acts and generally prohibited ones, with respect to paralegals and legal assistants, are delineated below. Both attorneys and administrators should be familiar with the applicable laws in any jurisdictions where they perform legal services.

1. **Prohibited Activities**

Most fundamentally, non-lawyer assistants and administrators are not permitted to exercise independent legal judgment. Actions generally understood to require the exercise of legal judgment include appearing before a court or other tribunal on behalf of a client (including signing pleadings), accepting cases and establishing an attorney-client relationship, setting fees, and offering legal advice to a client. Paralegals and legal assistants must ensure that client legal questions are addressed by the lawyer. Generally, they are prohibited from negotiating a settlement on behalf of a client, as this likewise involves professional legal judgment. In addition, they may not serve as the sole point of client contact in a law firm.

The general prohibition against appearing before a tribunal extends to the USPTO. Paralegals and administrators cannot *independently* prepare and file an application, response, or other document with the USPTO. They also are not permitted to sign submissions to the USPTO under the direction of, or on behalf of, an attorney. USPTO Rule 11.18(a) provides that “[f]or all documents filed in

---

53 ABA, Model Code of Professional Responsibility, Canon 3 (A Lawyer Should Assist in Preventing the Unauthorized Practice of Law), Ethical Considerations, EC 3-5, [http://www.americanbar.org/content/dam/aba/administrative/specialization/model%20code%20pr.authcheckdam.pdf](http://www.americanbar.org/content/dam/aba/administrative/specialization/model%20code%20pr.authcheckdam.pdf).
the Office in patent, trademark, and other non-patent matters, and all documents filed with a hearing officer in a disciplinary proceeding, except for correspondence that is required to be signed by the applicant or party, each piece of correspondence filed by a practitioner in the Office must bear a signature, personally signed or inserted by such practitioner.”54 This Rule applies to electronic signatures as well. In no case is a trademark administrator or paralegal permitted to sign an attorney’s name in submissions to the USPTO, even if that signature is under the direction and supervision of the attorney.

Consistent with the obligation not to exercise independent legal judgment, trademark administrators and paralegals may not authorize examiner’s amendments to trademark applications. The USPTO’s Trademark Manual of Examining Procedure (TMEP) expressly states: “Paralegals and legal assistants cannot authorize examiner’s amendments, even if only conveying the appointed qualified practitioner’s approval by indicating that the practitioner has approved the amendment.”55

2. Permitted Activities

Under the direction of an attorney, a trademark paralegal may engage in numerous activities, including the following:

- Undertaking supervised, substantive legal research and factual investigation, including researching the availability of proposed trademarks
- Preparing trademark applications and other prosecution documents that are subsequently reviewed and approved by an attorney
- Collecting deposit materials and fees
- Assisting in all phases of litigation matters
- Researching suspected trademark infringements

54 37 C.F.R. § 11.18(a).
55 TMEP § 707.01.
It is not improper for a paralegal or legal assistant to communicate with a client in the course of performing a task that has been appropriately delegated by a lawyer. Thus, most states permit paralegals and administrators to sign client correspondence, provided their title and status are clearly conveyed. Paralegals and legal assistants may also communicate the lawyer’s fee to a client, and assist the lawyer in the preparation of the lawyer’s legal opinion, without contravening the prohibition against the unauthorized practice of law, including the unauthorized establishment of an attorney-client relationship.

A paralegal may, in many jurisdictions, transmit settlement proposals to opposing counsel, if supervised by an attorney; however, back-and-forth communications between opposing counsel and a paralegal, constituting substantive negotiation, generally are prohibited.56

3. Attorney Supervision and Responsibility

It is always the supervising attorney’s responsibility to ensure that a legal assistant or paralegal acting under the attorney’s direction does not perform any functions that are prohibited or otherwise engage in misconduct or the unauthorized practice of law. As a rule of thumb, a paralegal or legal assistant’s actions are permissible only as long as they are properly supervised by an attorney, who is ultimately responsible to the client for the proper provision of legal services and legal work product. Proper supervision generally requires clear instructions from the outset of a task, effective monitoring during the period of time that the work is underway, and review of the final work product.

USPTO Rule 11.503 sets forth responsibilities of practitioners with respect to non-lawyer assistants who are employed, retained by, or associated with the practitioner. In full, the rule states:

With respect to a non-practitioner assistant employed or retained by or associated with a practitioner:

56 See, e.g., People v. Smith, 40 Colo. Law. 154 (Colo. 2011).
(a) A practitioner who is a partner, and a practitioner who individually or together with other practitioners possesses comparable managerial authority in a law firm shall make reasonable efforts to ensure that the firm has in effect measures giving reasonable assurance that the person’s conduct is compatible with the professional obligations of the practitioner;

(b) A practitioner having direct supervisory authority over the non-practitioner assistant shall make reasonable efforts to ensure that the person’s conduct is compatible with the professional obligations of the practitioner; and

(c) A practitioner shall be responsible for conduct of such a person that would be a violation of the USPTO Rules of Professional Conduct if engaged in by a practitioner if:

(1) The practitioner orders or, with the knowledge of the specific conduct, ratifies the conduct involved; or

(2) The practitioner is a partner or has comparable managerial authority in the law firm in which the person is employed, or has direct supervisory authority over the person, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action.\footnote{37 C.F.R. \S 11.503. USPTO Rule 11.503 largely corresponds to ABA Model Rule 5.3.}

Paragraph (a) requires that organizational policies be put into place to ensure that non-lawyer assistants are properly supervised. Specifically, it provides that a lawyer who is a partner, or who has a comparable managerial authority in a law firm, must make reasonable efforts to ensure that the firm has measures that offer “reasonable assurance” that the conduct of non-practitioner assistants is in accord with the lawyer’s professional obligations.

Paragraph (b) addresses the direct, day-to-day responsibility of a lawyer to supervise a paralegal or assistant to whom tasks have been delegated. It is the lawyer’s responsibility to make reasonable efforts to ensure that those assistants...
over whom the lawyer has “direct supervisory authority” conduct themselves in a way that is compatible with the lawyer’s professional obligations.

Last, paragraph (c) deals with the circumstances in which a lawyer is responsible for the misconduct of non-lawyer assistants. Lawyers who instructed or agreed to the misconduct of an assistant or paralegal are responsible for that conduct. Furthermore, a lawyer who is a partner in a law firm, has equivalent managerial authority in the law firm, or directly supervises that assistant or paralegal, and who learns of the misconduct at a time when it is still possible to avoid or mitigate its consequences but fails to take action, will be responsible for the misconduct.

The importance of attorney supervision of the conduct of administrators, paralegals, and other assistants who work for them cannot be overstated. Attorneys are subject to discipline for the misconduct of employees whom they fail adequately to supervise. One case involved a legal assistant who, among other things, made knowingly false statements in submissions before the USPTO, fabricated and doctored USPTO filings, and signed the supervising patent attorney’s signature on numerous submissions filed in connection with client patent applications. With the exception of the assistant’s signature of the lawyer’s name, this misconduct occurred without the patent attorney’s knowledge, and the legal assistant represented that he acted alone and kept his misconduct hidden from the lawyer.58 Despite this general lack of knowledge, the patent attorney was nevertheless reprimanded by the OED, under Rule 10.77(c) of the former USPTO Code of Professional Responsibility, for neglect of a legal matter entrusted to the lawyer.59 The same result would hold if a trademark paralegal engaged in similar conduct.

In another matter, an attorney was given a five-year suspension from the practice of law for his neglect in failing to pay maintenance fees in client patent matters,


leading to the expiration of certain patents. Importantly, his failure to pay the fees stemmed from his failure to supervise his overworked legal assistants, to whom had been delegated the tasks of docketing maintenance fee payments, correspondence with clients regarding maintenance deadlines, and other responsibilities critical to his patent prosecution practice. It is clear that one cannot delegate ultimate responsibility to legal assistants and paralegals. The buck still stops with the attorney.

4. Administrators’ Independent Duty

Although the primary responsibility for their conduct remains with the lawyer or lawyers who employ them, paralegals and legal assistants should be aware that in some jurisdictions they have a parallel obligation to refrain from unauthorized conduct and to ensure that they are acting under a lawyer’s proper supervision. For example, under New Jersey law, “[a] paralegal who recognizes that the attorney is not directly supervising his or her work or that such supervision is illusory because the attorney knows nothing about the field in which the paralegal is working must understand that he or she is engaged in the unauthorized practice of law.”

Furthermore, in their dealings with others, paralegals and administrators should be open and transparent regarding their status as non-lawyers.

---

62 People v. Smith, 40 Colo. Law. 154 (Colo. 2011) (suspended attorney working as a paralegal “informed all relevant persons . . . that his law license was suspended,” was directly supervised by an attorney, and thus did not engage in the unauthorized practice of law, defined by Colorado case law as “acting in a representative capacity in protecting, enforcing, or defending the legal rights and duties of another and in counseling, advising and assisting him in connection with these rights and duties”). Canon 5 of the NALA Code of Ethics likewise establishes a paralegal’s responsibility to “disclose his or her status as a paralegal at the outset of any professional relationship with a client, attorney, a court or administrative agency or personnel thereof, or a member of the general public. A paralegal must act prudently in determining the extent to which a client may be assisted without the presence of
The responsibilities of the paralegal or legal assistant, however, should not obscure the fact that ultimate responsibility for non-lawyer misconduct lies with the supervising or managing attorney.

5. Delegation to Others

Legal assistants, administrators, and paralegals are permitted to manage other staff and to delegate tasks that they are authorized to perform under attorney direction. However, the managing or supervising attorney should also supervise the delegation and performance of these activities. The lawyer is responsible for the proper performance of any delegated activities, consistent with the obligations discussed above in connection with USPTO Rule 11.503, as well as all other professional obligations of the attorney.

6. Additional Issues Involving Identification and Billing of Paralegals in a Law Practice

The ABA Model Guidelines for the Utilization of Paralegal Services63 (“ABA Model Guidelines”) provide further guidance on the use of paralegals within a law practice, including opinions on such practical issues as the identification of paralegals on lawyer letterhead. ABA Model Guideline 5 provides that “[a] lawyer may identify paralegals by name and title on the lawyer’s letterhead and on business cards identifying the lawyer’s firm.” Most U.S. states that have enacted specific guidelines on the utilization of paralegals permit such identification (Georgia, New Hampshire, New Mexico, and South Carolina do not).64 By extension, states that permit identification of paralegals on letterhead also frequently permit identification of paralegals on firm websites.65 A critical


63 See ABA Model Guidelines for the Utilization of Paralegal Services, ABA Standing Committee on Paralegals (2012), http://www.americanbar.org/content/dam/aba/administrative/paralegals/ls_prlgs_modelguidelines.authcheckdam.pdf.

64 See ABA Model Guideline 5 and Comment.

65 Id.
element of any such identification, however, is the clear indication of the paralegal’s title.

Law firms and lawyers may also charge a reasonable fee for services rendered by a paralegal or an assistant. ABA Model Guideline 8 provides that “[a] lawyer may include a charge for the work performed by a paralegal in setting a charge and/or billing for legal services.”\(^\text{66}\) However, any such fees must be consistent with the lawyer’s obligation to set a reasonable fee for legal services rendered. In billing to the client any paralegal or administrator time, a lawyer should disclose the basis for these fees and expenses. Furthermore, some states require that for paralegal time to be billable to the client, the nature of the work performed must be legal, rather than clerical.\(^\text{67}\)

VI. Trademark Searching and Clearance\(^\text{68}\)

A. Full Search vs. Knockout Search

Whether a full search will be conducted depends on numerous factors and circumstances, including timing and budget. If it is urgent that an application be filed, it is possible to file first and conduct the search later, provided the client is informed of the risks. If a major obstacle is uncovered, the client can withdraw the application or abandon it.

Based on budget limitations, sometimes a client may choose to proceed with use or an application without a full search. The client may also feel confident enough to forgo a search if it has already been using the mark for some time, though of

\(^{66}\) See ABA Model Guideline 8 and Comment.

\(^{67}\) Id.


A full discussion of the trademark searching and clearance process is beyond the scope of this chapter. See “Trademark Searching and Clearance.”
course this does not mean that a search might not uncover significant obstacles. The client should be informed of such risk as well.

Even if a client has not yet used a mark, there is no legal requirement to conduct a full search before adopting a mark.69

In advising clients on whether to proceed with a full search, wording should be considered carefully. In the event that the client adopts the mark without conducting a full search, it may need to rely on the knockout search opinion to defend itself if accused of willful infringement. In *International Star Class Yacht Racing Ass’n v. Tommy Hilfiger, U.S.A., Inc.*,70 Tommy Hilfiger planned to use the mark STAR CLASS for apparel. The attorney conducted a database search limited to Class 25, which did not locate the STAR CLASS mark owned by International Star Class Yacht Racing Association for its yachting activities and ancillary merchandise. The attorney for Hilfiger wrote a letter to the client that stated, “[A]t this point, we would not necessarily rule out your use and registration of the mark subject to our usual disclaimers regarding the need to first obtain and review a full trademark search.”

The U.S. Court of Appeals for the Second Circuit initially held that the failure of Tommy Hilfiger to follow its attorney’s advice to conduct a full trademark search was evidence in support of a finding of bad faith.71 However, on the second remand of the case, the district court interpreted the advice by the attorney to mean that based on the knockout search the mark was available for use (as opposed to advice that a full search would be necessary to obtain a federal registration). The court also explicitly held that Hilfiger did not have a legal obligation to conduct a full search. The Second Circuit affirmed.72 Thus, Tommy Hilfiger was able to rely on the attorney’s opinion based on the knockout search to avert a finding of bad faith and willful infringement. Nonetheless, the

69 *Streetwise Maps, Inc. v. Vandam, Inc.*, 159 F.3d 739, 745 (2d Cir. 1998) (failure to conduct a search does not, standing alone, prove that an infringer acted in bad faith).

70 80 F.3d 749 (2d Cir. 1996).

71 *Id.* at 754.

suggestion to conduct a full search created a negative inference that otherwise might not have arisen.

Rather than including long disclaimer language in an opinion, which could be open to interpretation later, as it was in the *Hilfiger* case, consider including a standard memo that explains how to interpret a search report, which is given to each client with every opinion. Such a standardized form could be less likely to be interpreted by a court as specific advice to take further steps to clear the mark.

Also, for clients for which a high volume of searching is conducted, attorneys can consider conducting private attorney-client privileged seminars or training sessions in which clients are taught the basics of understanding search reports. This could minimize the need to include standard disclaimer language in each opinion, and may help the client understand qualifying/hedging language that often is found in opinions regarding the level of risk presented by a reference.

### B. Bad Faith and Reliance on Advice of Counsel

In a claim for trademark infringement, the plaintiff may assert that the infringement was willful, which could potentially treble the damages in the case or allow for damages based on the defendant’s profits, as well as attorney’s fees. In such a case, the defendant may wish to rely on an attorney’s previously given opinion that the mark it adopted would not likely be held to infringe the plaintiff’s mark. A defendant’s good faith in adopting the mark is also a factor that weighs against a finding of infringement. However, relying on such an opinion usually constitutes a waiver of the attorney-client privilege with regard to the communications surrounding the opinion.

To make it more likely that the opinion would tend to show a party’s good faith in adopting the mark, the opinion should include analysis explaining the documentation relied on (the date and parameters of the search) and the conclusion reached. For example, in *Bear U.S.A. Inc. v. A.J. Sheepskin & Leather*

---

73 *Mattel, Inc. v. Robarb’s, Inc.*, 139 F. Supp. 2d 487, 495 (S.D.N.Y. 2001) (reliance on advice of counsel is indication of good faith).
Outerwear, Inc., the defendant sought to rely on an opinion letter from its attorney as evidence of good faith, but it was denied a preliminary injunction. The court held that the letter could be “described, at best, as superficial, containing no analysis explaining the conclusion reached and no documentation of search material supposedly supporting the conclusion.”

C. Duty to Investigate

In drafting a trademark search opinion, the attorney should carefully consider written suggestions as to which references should be investigated. If the attorney suggests investigating a reference and the client does not follow through, there is a risk that this fact could weigh in favor of bad faith, even though the opinion advises that the mark is likely available. The jury in the Pfizer TROVAN case apparently was influenced by Pfizer’s lawyer’s opinion suggesting that the client investigate the reference to the mark TROVAN for a microchip animal-locating device. Pfizer was planning on using the mark for antibiotics, so, given the difference in the goods, it did not investigate. A California jury found that Pfizer adopted the mark in bad faith and awarded the plaintiff $135 million in punitive damages. The district court later reversed the jury verdict on bad faith and vacated the punitive damages award, granting Pfizer a new trial. Ultimately, Pfizer prevailed on summary judgment when the court held that the goods were not related, and the Ninth Circuit affirmed.

In addition, if a preliminary knockout search or a full search yields a potential obstacle, proceeding without thorough investigation can be risky, because a court could later find that the defendant had knowledge of the plaintiff’s ownership of an identical mark for related goods, which could support a finding of bad faith. In

75 Id. at 907.
78 107 F. App’x 788 (9th Cir. 2004).
Sands, Taylor & Wood v. Quaker Oats Co., 79 Quaker wanted to adopt THIRST-AID as a trademark for use in a nationally televised advertising campaign promoting its beverage Gatorade. The trademark search was conducted only a few days before the launch of the ad, and when federal trademark registrations for THIRST-AID came up in the search, the company had a low-level employee make a cursory investigation of use by calling the record owner and asking if the product under the mark could be purchased. In finding willful infringement and awarding over $20 million in damages, the district court found that “the totality of evidence reveals a lack of good faith by defendant in its use of plaintiff’s mark.” Although the Seventh Circuit found the evidence of bad faith in this case “marginal at best,” it did not find the lower court’s holding to be clearly erroneous, and therefore the bad faith determination was affirmed. 80

Even if an investigation shows that a federally registered mark is not in use, but there is not clear evidence of abandonment, it may be wise to consider whether the client could petition to cancel the registration before using the mark, and advise the client to leave itself enough time to pursue this tactic before a big launch under a new trademark. For matters involving any high-profile client, which could attract some press attention if the client were sued for infringement, filing the petition to cancel as soon as the intent-to-use application is on file may be advisable. Also, this would prevent the owner from attempting to resume use of the mark before the petition to cancel is filed. Any use of the mark by the registrant after the petition for cancellation is filed would not constitute evidence before the TTAB to rebut abandonment.

The client should also be advised of the risk of approaching a trademark owner for consent or to clarify whether it is using the mark. In some situations, where research and investigation fails to locate any evidence that a registered mark is in use, an attorney or another agent of the trademark owner may still respond that it is using the mark and has no intention of abandoning it. At that point, going ahead and using the mark could be risky (depending on all the factors considered


80 978 F.2d at 963.
for likelihood of confusion). If the client in that situation is sued for infringement, the plaintiff could point to this contact, coupled with its ownership of the federal registration, as evidence that the client considered the plaintiff’s mark to be a significant obstacle but went ahead and used the mark anyway, with full knowledge of the potential for likelihood of confusion, and therefore in bad faith. Thus, if the marks are very similar and the goods are related, or there are other important factors that would support a finding of likelihood on confusion, it makes sense to tell the client before contacting the registrant that if the registrant claims it is using the mark, the client should be prepared to walk away and choose another mark, or to petition to cancel the registration if there are meritorious grounds to do so.

D. Best Practices for Avoiding Conflicts

How can an attorney know when an existing client would be likely to object to a proposed mark that another client has asked the attorney to search or to file? Also, often an attorney does not know in advance that an existing client’s mark will appear as a potential obstacle in a search for another client’s mark.

USPTO Rule 11.107 addresses conflicts of interest concerning current clients:

(a) Except as provided in paragraph (b) of this section, a practitioner shall not represent a client if the representation involves a concurrent conflict of interest. A concurrent conflict of interest exists if:

(1) The representation of one client will be directly adverse to another client; or

(2) There is a significant risk that the representation of one or more clients will be materially limited by the practitioner’s responsibilities to another client, a former client or a third person or by a personal interest of the practitioner.

(b) Notwithstanding the existence of a concurrent conflict of interest under paragraph (a) of this section, a practitioner may represent a client if:
(1) The practitioner reasonably believes that the practitioner will be able to provide competent and diligent representation to each affected client;

(2) The representation is not prohibited by law;

(3) The representation does not involve the assertion of a claim by one client against another client represented by the practitioner in the same litigation or other proceeding before a tribunal; and

(4) Each affected client gives informed consent, confirmed in writing.81

Rule 11.109 addresses conflicts of interest concerning former clients:

(a) A practitioner who has formerly represented a client in a matter shall not thereafter represent another person in the same or a substantially related matter in which that person’s interests are materially adverse to the interests of the former client unless the former client gives informed consent, confirmed in writing.

(b) A practitioner shall not knowingly represent a person in the same or a substantially related matter in which a firm with which the practitioner formerly was associated had previously represented a client:

(1) Whose interests are materially adverse to that person; and

(2) About whom the practitioner had acquired information protected by §§ 11.106 and 11.109(c) that is material to the matter; unless the former client gives informed consent, confirmed in writing.

(c) A practitioner who has formerly represented a client in a matter or whose present or former firm has formerly represented a client in a matter shall not thereafter:

(1) Use information relating to the representation to the disadvantage of the former client except as the USPTO Rules of Professional

Conduct would permit or require with respect to a client, or when the information has become generally known; or

(2) Reveal information relating to the representation except as the USPTO Rules of Professional Conduct would permit or require with respect to a client.\(^2\)

These USPTO Rules are implicated in the hypothetical scenarios discussed below.

E.  **Instructing a Search for a New Mark**

An attorney is instructed by a new client to search a mark. The attorney is already working closely with an existing client and has questions as to whether the existing client would be likely to object to the new client’s proposed mark. If the attorney would advise the existing client to object to the new client’s proposed mark, this could be a sufficient basis to conclude that the attorney cannot render an opinion as to availability of the new mark.

F.  **A Client’s Mark Appears in Another Client’s Search**

How should the attorney evaluate a client’s mark appearing in another client’s search report? The nature of a search report is to provide a large amount of data that meet certain criteria. Thus, simply because a mark appears in a search report does not mean that it is relevant and must be mentioned. If the attorney believes that a mark that is owned by an existing client and that appears in the search is relevant, the attorney could consider including the reference and explaining that he or she cannot offer any opinion as to the risk it presents, because it is owned by another client. However, if the mark would be a significant obstacle to the mark searched, the attorney should consider whether to refer the client to another firm that could offer an opinion on the reference.

Please note that there is no clear legal authority on this issue. This chapter aims to provide practical ideas and suggestions, but it is possible that a client or tribunal could disagree with such strategies. Counsel should evaluate for

---

themselves whether their practices conform to ethical requirements and should seek out ethics counsel to advise them when appropriate.

G. Investigations

When can an attorney investigate a trademark that is owned by another client? What kind of investigation can be conducted? These concerns may well not be addressed in a firm’s conflict policy, and they can raise difficult questions. Some take the position that if a client’s mark appears in a search, no research regarding the use status of that client’s mark should be conducted, even through publicly available sources. Others could question how noting information obtained from a publicly available source could constitute a breach of any duty to the existing client. Note that a lack of relevant results from an Internet search does not provide conclusive evidence that a mark is not in use, and often such search must be followed up with a more in-depth investigation.

If the client decides a further investigation is warranted, the attorney may be able to provide the client with contact information for an investigator, so that the client can instruct the investigation and evaluate the results. However, consider whether this crosses the line in the attorney’s duty to the existing client.

H. Additional Thoughts on Avoiding Conflicts

Although it is relatively easy to identify a conflict if the attorney’s firm is listed as the filing correspondent of the problematic reference, there are additional conflict situations that may be harder to identify. It is not uncommon for an attorney to advise a client on issues concerning use, maintenance, or enforcement of a trademark, even when that attorney is not the one prosecuting the application.

There are steps that firms can take to be proactive in identifying conflicts that are more difficult to spot:

- Conflict checks should be conducted for new clients, or when acting adversely to a new entity. Also consider running a conflict check when asked to instruct an investigation of another entity. Depending on how conflict information is maintained, it might be prudent to consider
screening not just the name of the new client but also any new marks that the client intends to apply for or use, against the docket of marks of existing clients.

- A searchable database of all of the firm’s clients, which many firms have through their time-keeping software, may also help the attorney identify whether a potential adverse party is a former or current client.

- If the firm has numerous clients in the same industry whose marks are likely to appear in each other’s search reports, it makes sense to maintain a list or chart of the clients and their related companies, which can be referenced by anyone on a team reviewing a search to make sure no improper comments are made in the search report. Some clients in a common industry may consent to a firm’s commenting on the client’s marks in a search report, but not acting in any capacity beyond that opinion—if numerous clients within a particular industry agree to this standard, it is mutually beneficial to each.

- Attorneys should be clear in communicating with the new client as to when the attorney-client relationship has begun. Letters of engagement, which are otherwise required for many matters, as well as letters of disengagement, are helpful.

- If necessary, screening procedures can be implemented to exclude attorneys who may be conflicted from participating in work for a particular client.83

- If a conflict does arise, steps should be taken immediately to resolve it, whether by seeking informed consent from the client to waive the conflict or withdrawing from the representation. All such steps should be documented in writing.

---

83 The possibility of using screens is addressed in USPTO Rule 11.110, 37 C.F.R. § 11.110. Procedural requirements to follow for a screen are outside the scope of this chapter.
VII. Litigations and Conflicts

Ethics concerns frequently arise in the area of contentious trademark proceedings, whether in federal court or in the TTAB. While the rules governing ethical behavior differ between tribunals, such rules are alike to the extent that they are based on the ABA Model Rules of Professional Conduct. Further, the issues that arise—which include conflicts of interest, neglect, and confidentiality concerns—generally are similar across various jurisdictions. This section focuses on ethical concerns that arise in trademark litigation practice.

A. Conflicts of Interest in Representation

The ABA Model Rules and corresponding state rules prohibit lawyers from representing clients if the representation involves a concurrent conflict of interest. The Model Rules further provide that a lawyer who has formerly represented a client in a given matter shall not thereafter represent another person with materially adverse interests in the same or a substantially related matter unless the former client gives informed consent, and that an individual lawyer’s conflict of interest may be imputed to his or her entire firm under certain conditions.

The specifics of trademark practice present unique circumstances for the application of conflict of interest rules. Notably, several courts have held that an attorney who performs a trademark search or other trademark prosecution services for one party cannot thereafter represent an opposing party in a litigation involving that particular trademark.

In *Big Idea Co. v. Parent Care Resource, LLC*, the U.S. District Court for the Southern District of Ohio found that an attorney who “performed a ‘registrability search’ for the mark, rendered his legal opinion as to the mark’s availability and

84 California is the only state that has not modeled its professional conduct rules on the format of the ABA Model Rules.

85 See ABA Model Rule 1.7. See also Section VI.D above.

86 See ABA Model Rule 1.9.
agreed to draft and file an application to register the trademark” could not thereafter represent a party in a litigation seeking to show that the trademark in question was infringing. As the court reasoned, “[t]he direct relationship between [counsel’s] prior representation of defendants and plaintiff’s claims in this case creates a substantial risk that confidential factual information obtained by [counsel] would materially advance plaintiff’s interests.” Therefore, plaintiff’s interests were adverse to defendants’ interests, and the attorney in question—as well as his firm—was disqualified.

Similarly, in *John Crane Production Solutions, Inc. v. R2R & D, LLC*, the U.S. District Court for the Northern District of Texas held that a law firm that represented a prior corporate iteration of plaintiff John Crane Production Solutions in the prosecution of the FIBEROD trademarks, including arguing to the USPTO that the FIBEROD mark was not descriptive but suggestive, could not thereafter represent defendant R2R & D in a trademark litigation alleging a likelihood of confusion between plaintiff’s FIBEROD mark and defendant’s FINALROD suit. In so holding, the court found that “it will be necessary for the court to assess the strength of the FIBEROD mark in deciding [plaintiff’s] trademark infringement claim. Because [defendant’s counsel, previously plaintiff’s counsel] argued to the [US]PTO that FIBEROD is not descriptive but is instead suggestive, and it will be necessary for the court to make a similar determination in this case, the existence of a substantial relationship between these two representations is self-evident.”

These cases illustrate that conflicts relating to prior representations can occur even when the previous contact was not in connection with a contentious matter, and that an attorney generally cannot “switch sides” in order to argue against a trademark he or she previously prosecuted.

88 *Id.*
90 *Id.* at *6.
B. Duties to the Tribunal

Trademark counsel are governed by rules requiring candor before the tribunal, a general term that encompasses both the TTAB and any federal or state court.91 ABA Model Rule 3.3 forbids lawyers from making false statements of law or fact, but also prohibits more specific behaviors, including (1) failing to disclose to the tribunal legal authority known by the lawyer to be adverse to the position of his or her client; (2) offering evidence the lawyer knows to be false; and (3) failing, in an ex parte proceeding, to inform the tribunal of all material facts known to the lawyer that would enable the tribunal to make an informed decision.92

This rule comes up in the trademark litigation context as well as in more general litigation. In ex parte proceedings, which occur with some frequency in trademark counterfeiting cases,93 attorneys must be particularly careful.

For example, in Time Warner Entertainment Co., L.P. v. Does 1-2,94 Time Warner alleged that the defendants were selling counterfeit products, including apparel featuring plaintiff’s famous LOONEY TUNES trademarks, and applied to the court for a preliminary injunction and order of seizure directing the U.S. Marshal, other law enforcement, or plaintiff’s security firm the right to enter defendants’ premises and seize any infringing goods. On review, the court found that Time Warner’s proposed order would violate the Fourth Amendment by, among other things, allowing a private investigator to conduct the seizure and impoundment of allegedly infringing goods.95 The court further held that plaintiff’s counsel had violated Model Rule 3.3 by failing to alert the court to the

91 See ABA Model Rule 3.3.
92 Id. See also Section IV.B above.
93 See 15 U.S.C. § 1116(d)(1)(A) (“In the case of a civil action . . . with respect to a violation that consists of using a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services, the court may, upon ex parte application, grant an order . . . providing for the seizure of goods and counterfeit marks involved in such violation and the means of making such marks, and records documenting the manufacture, sale, or receipt of things involved in such violation.”).
95 Id. at 412.
fact that Second Circuit precedent and the Lanham Act itself allow only U.S. marshals—not private security firms—to conduct searches and seizures. As the court noted, “In an ex parte proceeding, in which the adversary system lacks its usual safeguards, the duties on the moving party must be correspondingly greater.”96

This case illustrates the general principle that the duty is on the lawyer “to avoid conduct that undermines the integrity of the adjudicative process.”97 In an _ex parte_ proceeding, where there is no “balance of presentation by opposing advocates,” the lawyer for the represented party has a “correspondingly greater” duty “to make disclosures of material facts known to the lawyer and that the lawyer reasonably believes are necessary to an informed decision.”98

**C. Legal Holds**

Litigants have a general obligation to preserve property, including documents, that may be relevant to pending or imminent litigation.99 “Spoliation” is the destruction or significant alteration of such evidence.100

In order to avoid spoliation, at the outset of the litigation, each party must identify all sources of potentially relevant evidence and implement a “litigation hold” suspending any routine document destruction or other processes involved in the ordinary course of business that might result in the destruction of potentially relevant evidence.101 The duty to preserve evidence is ongoing.

96 _Id_. at 415.
97 See Comment to ABA Model Rule 3.3.
98 _Id_.
99 See _Zubulake v. UBS Warburg, LLC_, 220 F.R.D. 212, 216 (S.D.N.Y. 2003) (“Zubulake IV”) (finding that “the obligation to preserve evidence arises when the party has notice that the evidence is relevant to litigation or when a party should have known that the evidence may be relevant to future litigation”) (footnote and citations omitted).
101 See _Zubulake IV_, 220 F.R.D. at 218; _Zubulake V_, 229 F.R.D. at 432.
Therefore, the party and its counsel must monitor the party’s compliance with the litigation hold throughout the pendency of the action.102 Trademark cases, like other contentious proceedings, generally involve the preservation of documents. However, trademark litigations are unusual insofar as they may also require the preservation of physical evidence, including allegedly infringing products.

For example, in *R.F.M.A.S., Inc. v. So,*103 a trade dress case, the defendant jewelry manufacturer had allegedly spoliated evidence of infringement by selling the accused items, which were “large-link” jewelry pieces. In finding that the obligation to preserve relevant evidence extended to a duty to preserve at least one exemplar of each of the allegedly infringing pieces, the court acknowledged that “the sale of each piece of jewelry constitutes a significant source of revenue for Mimi So; the record indicates that the price of a large-link necklace is between $6,000 and $11,500.”104 However, as the court found, “[i]t cannot be the case that a party may freely dispose of evidence otherwise subject to a duty of preservation simply because it is expensive.”105 The court further noted, “If Mimi So was concerned that preserving exemplars of the large-link pieces for inspection by plaintiff would unduly interfere with its business, it should have sought a protective order rather than resorting to self help.”106 In such a circumstance, there may have been alternatives to entirely stopping sales for an indefinite period of time. For example, “the court could have authorized Mimi So to sell the pieces on the condition that it assist[] plaintiff in arranging for an inspection of the exemplars held by nonparty vendors or on the condition that Mimi So first provide notice to plaintiff and some reasonable window of opportunity in which plaintiff could have inspected the pieces.”107

---

102  *See id.*
104  *Id.* at 33.
105  *Id.*
106  *Id.*
107  *Id.*
The remedies for spoliation may be very serious. In *Zubulake*, for example, the court concluded that UBS had willfully failed to take necessary steps to preserve relevant data, and therefore granted the plaintiff’s request for an “adverse inference” instruction against UBS, under which the jury would be instructed that any evidence UBS failed to provide could have been unfavorable to UBS.¹⁰⁸ Other remedies have included permitting litigants to offer evidence at trial of misleading statements about the availability or existence of evidence, and granting compensation of costs that litigants were forced to expend fighting against spoliation.¹⁰⁹

D. Misconduct

“Misconduct” is a general term covering a world of potential offenses. Since federal court jurisprudence on misconduct in trademark proceedings is generally identical to that in other areas of law, we focus in this section on proper attorney conduct before the TTAB.

37 C.F.R. Section 10.23 prescribes proper conduct for attorneys practicing before the USPTO. While the section contains a long list of prohibitions, the most general directive is that a practitioner shall not “engage in disreputable or gross misconduct” or “[e]ngage in conduct involving dishonesty, fraud, deceit, or misrepresentation.”¹¹⁰ Other misconduct that may invite reprimand include misappropriation of funds, engaging in other illegal conduct, or attempting to bribe employees of the USPTO.¹¹¹

Many of these prohibited activities are easily defined and avoided, but what exactly is “gross misconduct”? In *Carrini Inc. v. Carla Carini S.R.L.*,¹¹² the TTAB identified some conduct that could fall into that category. In that proceeding, attorneys for both applicant and opposer had violated multiple Board orders by

¹⁰⁸  *Zubulake V*, 229 F.R.D. at 440.
¹¹⁰  37 C.F.R. § 10.23.
¹¹¹  *See id.*
filing papers without leave of the Board, and the filings themselves—which included more than 30 different motions, including two motions to amend the pleadings, cross-motions for summary judgment, a motion for 56(f) discovery, a motion to compel 56(f) discovery, multiple motions and/or requests for sanctions, motions to extend and/or reopen, motions to suspend, motions to strike, a motion for an expedited ruling, a motion for an oral hearing, and requests for reconsideration and/or clarification—were found to be “unwarranted, oppressive and vexatious” and in bad faith.113

The attorneys in Carrini had also attempted improper ex parte communications with the Board to discuss material issues in the case. Because the TTAB assigns an interlocutory attorney to each pending matter, it may be tempting for practitioners to contact the interlocutory attorney regarding issues in the proceeding. However, under 37 C.F.R. Section 10.93, attorneys practicing before the Board may not “communicate, or cause another to communicate, as to the merits of the cause with a judge, official, or Office employee before whom the proceeding is pending,” which includes an interlocutory attorney.114

Based on these various forms of “aggravated misconduct,” the Board in Carrini issued, sua sponte, an order to show cause as to why sanctions should not be ordered, and ultimately issued sanctions against counsel for both parties.115

Notably, the authority of the USPTO can extend to circumstances when the misconduct in question took place in another jurisdiction. Under USPTO Rule 11.24, attorneys who are disciplined elsewhere for unrelated conduct are

113 Id.

114 See also In re Tassan, Proceeding No. D2003-10, Final Order ¶ 10 (USPTO Sept. 8, 2003) (reprimanding lawyer for wild violations of the prohibition on ex parte communications, which included leaving a voicemail message for an Administrative Law Judge stating, “I don’t really expect much from the TTAB or from Government workers, or anything else, but for God sakes I thought at least you’d mention in the opinion the fact that you don’t give a GODDAM about the fact the client’s mark’s already registered. JESUS CHRIST, YOU STUPID IDIOTS.”).

subject to reciprocal discipline by the USPTO.  

For example, a trademark attorney who was sanctioned in the U.S. District Court for the Eastern District of New York for failure to comply with the court’s discovery orders was publicly reprimanded and placed on probation by the USPTO.  

Reciprocal discipline works in the other direction as well, and attorneys reprimanded by the USPTO may find themselves the subject of proceedings in other jurisdictions in which they are admitted to the bar.

E. Neglect

Like “misconduct,” “neglect” may apply to a multitude of sins. The ABA Model Rules require that “[a] lawyer shall act with reasonable diligence and promptness in representing a client.” In addition, Trademark Rule 10.77 requires that “[a] practitioner shall not . . . [n]eglect a legal matter entrusted to the practitioner.”

Neglect is not defined in the Trademark Rules. However, some USPTO disciplinary actions—the vast majority of which involve patent attorneys—may provide guidance on what type of behavior constitutes neglect. For example, in In re Cohen, the attorney in question was suspended by the USPTO for neglect and misconduct, including failure to respond to multiple office actions and failure to inform his client of the status of the patent application, despite multiple requests.

Similarly, in In re Gibson, a trademark attorney was the subject of a disciplinary complaint when, inter alia, he “filed a client’s trademark applications in an untimely manner, did not inform the client about Office correspondence received

\[\text{\textsuperscript{116} 37 C.F.R. § 11.24.}\]

\[\text{\textsuperscript{117} In re Hicks, Proceeding No. D2013-11, Final Order at 3-4 (USPTO Sept. 10, 2013).}\]

\[\text{\textsuperscript{118} See, e.g., In re Bruce A. Tassan, Esq., No. 2003-D333, Informal Admonition Letter (D.C. Bar June 20, 2006) (“informal admonition” of lawyer by the Bar Counsel of the District of Columbia based on reprimand by the USPTO).}\]

\[\text{\textsuperscript{119} ABA Model Rule 1.3.}\]

\[\text{\textsuperscript{120} 37 C.F.R. § 10.77.}\]

\[\text{\textsuperscript{121} In re Cohen, 66 U.S.P.Q.2d 1782 (Comm’r of Patents & Trademarks 2002).}\]
in connection with trademark applications, failed to respond to Office correspondence, [and] allowed trademark applications to become abandoned without the client’s knowledge or consent.”122 As a remedy for such gross neglect, the attorney was excluded, on consent, from the practice of trademark law before the USPTO.123

F. Confidentiality, Privilege, and Protective Orders

In both federal court and the TTAB, the increased volume of document production that has occurred with e-discovery has ramped up confidentiality concerns and increased the use of protective orders.124 Even as such orders have become more common, there remain outstanding questions regarding applicability and general enforceability.

Pursuant to 37 C.F.R. Section 2.116, a standard protective order is automatically imposed on proceedings before the TTAB to govern the exchange of information. Given this, unlike in federal court, it is not necessary for the parties or their attorneys to sign the protective order in order for it to take effect. As the TTAB itself states, though, “it may be desirable to obtain such signatures to assure the parties that they have created a contract which will survive this Board proceeding and that they may have a remedy for breach of that contract which occurs after the conclusion of this Board case.”125

In any proceeding, the question may arise of who, exactly, is covered by the protective order. The position of in-house counsel is especially fraught, particularly when in-house counsel is an officer, director, or even owner of the company. For example, in Sony Computer Entertainment America, Inc. v. NASA Electronics Corp., a trademark litigation involving the importation of allegedly

123 Id. at 4.
124 See, e.g., In re Mirapex Products Liability Litigation, 246 F.R.D. 668, 672 (D. Minn. 2007) (“Protective orders are, obviously, an ever-expanding feature of modern litigation.”).
infringing video game consoles, the parties disputed whether in-house counsel should have access to materials classified as “attorneys’ eyes only” under the protective order. In holding that Sony’s in-house counsel should not have such access, the court reviewed the factors governing the propriety of restricting the access of any attorney to discovery materials, which include (1) the attorney’s involvement in competitive decision making, including such points as “pricing” and “product design,” which could be made “in light of similar or corresponding information about a competitor”; (2) the degree of such involvement; and (3) the scope of the in-house counsel’s responsibilities within the corporation. Since Sony’s in-house counsel was Director of Legal and Business Affairs, responsible for “supervising . . . efforts to investigate and stop trademark infringement, counterfeiting, and other unlawful conduct relating to SCEA’s intellectual property,” and she had a “role in enforcement decisions regarding the distribution of the allegedly infringing products,” the court found that it “might well be difficult for her to ‘compartmentalize’” the information received in discovery.126 Accordingly, the court created an attorneys’ eyes only category restricted to outside counsel.

Communications between the corporate client and in-house counsel should be covered by attorney-client privilege. However, in Gucci America, Inc. v. Guess?, Inc., another trademark infringement litigation, the issue of in-house counsel came up again, this time relating to whether in-house counsel for Gucci was an attorney for the purpose of invoking attorney-client privilege, given his inactive status as a member of the California bar.127 Based on this inactive status, Guess argued that Gucci should produce all of in-house counsel’s communications. In denying Guess’s request and granting Gucci’s motion for a protective order, the court found that Gucci hired its in-house counsel for the purpose of providing legal advice, that Gucci had a reasonable belief that its counsel was its attorney, and that Gucci should not be penalized based on its counsel’s failure to maintain active status. As the court noted, “[w]hile an attorney has an obligation to ensure

that he is properly practicing law—and faces the specter of disciplinary action if he engages in unauthorized practice—the sins of the attorney must not be visited on the client so long as the client has acted reasonably in its belief that its counsel is, in fact, an attorney.”128

G. Withdrawal from Representation

In the TTAB, a request to withdraw as counsel must be based upon one of the grounds for mandatory or permissive withdrawal listed in 37 C.F.R. Section 10.40(b) and (c). Withdrawal is mandatory if, for example, “[t]he practitioner knows or it is obvious that the client is bringing a legal action, commencing a proceeding before the Office, conducting a defense, or asserting a position in litigation or any proceeding pending before the Office, or is otherwise having steps taken for the client, merely for the purpose of harassing or maliciously injuring any person.”129 Withdrawal is also mandatory if “[t]he practitioner knows or it is obvious that the practitioner’s continued employment will result in violation of a Disciplinary Rule.”130

Withdrawal is permitted (but not required) under other enumerated circumstances set forth in 37 C.F.R. Section 10.40(c). Of these, one of the more frequently raised is “[t]he petitioner’s client . . . [b]y other conduct renders it unreasonably difficult for the practitioner to carry out the employment effectively.”

Whether moving under Section 10.40(b) or (c), the lawyer must include in his or her request to withdraw all of the information required in 37 C.F.R. Section 2.19. This information includes a statement of the reason for the request to withdraw, and a statement that the lawyer has given notice of withdrawal to the client.

128 Id. at *6.
129 37 C.F.R. § 10.40.
130 Id.
While the TTAB generally will grant requests to withdraw, there are circumstances in which withdrawal will not be permitted. For example, in *SFW Licensing Corp. v. Di Pardo Packing Ltd.*, “[t]he grounds for counsel’s request to withdraw, including inability to consult with his clients, were . . . known to him for more than two years” before he filed his motion. Because “counsel’s dilatory request to withdraw can be seen as nothing but an attempt at delay,” and such delay would cause prejudice to his client, the Board refused to grant the request.

**VIII. Trademark Bullying**

The term “trademark bullying” loosely describes unethical or unreasonable tactics employed by trademark owners attempting to enforce their rights beyond a reasonable interpretation of the scope of those rights. As this practice has drawn attention in the media, public resistance to such behavior has also grown, particularly when such tactics threaten or appear to threaten small businesses. Since trademark owners cannot realistically cease enforcing their rights out of fear of being labeled bullies, the question of how aggressive is too aggressive, and what tone to take, has become common among rights holders and practitioners. The U.S. government became involved in the issue of trademark bullying when the Trademark Technical and Conforming Amendment Act of

---


133 See id.


2010 required the Department of Commerce to study the extent to which small businesses might be harmed by abusive trademark enforcement.\textsuperscript{137}

This section seeks to briefly explain what is colloquially known as trademark bullying, explain some of the pitfalls of overreaching (or alleged overreaching), and offer solutions for avoiding the appearance of bullying.

\textbf{A. What Is Trademark Bullying?}

As explained in the April 2011 report of the Department of Commerce to Congress on trademark litigation tactics, “[a] trademark owner must walk a fine line between being too zealous in enforcing its rights and not being zealous enough. The stronger a mark and the more goodwill that attaches to it, the more aggressive an owner is expected and entitled to be in asserting its rights against others.”\textsuperscript{138}

As the report notes, “what is considered reasonable will usually depend on which side of the action an entity sits.” Accordingly, “[w]hile those on the receiving end of enforcement actions may view them as coercive or an unjustifiable exercise of the mark owner’s rights, the mark owner typically views these actions as legitimate and necessary to protect its rights.”

Overreaching, however rare, does happen. At times, a rights holder may have “an over-inflated view of the strength of the mark.” At other points, the trademark owner may “mistakenly believe that to preserve the strength of [its] mark [it] must object to every third-party use of the same or similar mark, no matter whether such uses may be fair use or otherwise non-infringing.”\textsuperscript{139}


\textsuperscript{138} Report to Congress, supra note 134, at 13.

\textsuperscript{139} Id. at 14.
B. When Does Trademark Bullying Occur?

Many trademark practitioners rely heavily—and completely legitimately—on cease and desist letters to protect their clients’ marks. The letters can cross the line, though, when they “assert[] rights and remedies beyond those actually available and/or take[] a particularly egregious tone in doing so.” Perhaps unsurprisingly, allegations of trademark bullying frequently stem from such letters, particularly when they include a threat of litigation.

Litigation or enforcement action can also cross the line into trademark bullying, and courts have taken note. In CareFirst of Maryland, Inc. v. First Care, P.C., the district court reviewed trademark plaintiff CareFirst’s litigation strategy, noting in particular the “volume of filings, many appearing to be baseless, generated in this case.” Given the discrepancy between CareFirst’s weak underlying claim and its aggressive litigation tactics, the court expressed sympathy with defendant’s contention that “CareFirst had grown accustomed to bullying physicians and small companies into submission, ‘prevailing’ against dozens of third-party users in a crowded trademark field who could not, or would not, muster the resources necessary to engage in federal court litigation.” Ultimately, the court ordered plaintiff to address “why [its] motions and pleadings in this case were not filed for an improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.”

C. Ethical and Legal Rules to Combat Coercive Behavior

The ABA Model Rules appear to prohibit trademark bullying as an unethical practice. Under Model Rule 3.1, “[a] lawyer shall not bring or defend a

---

140 Vogel & Schacter, supra note 136, at 503.
141 Id. at 509.
143 Id.; see also International IP Holdings, LLC v. Green Planet, Inc., No. 13-13988, 2016 WL 1242275, at *5 (E.D. Mich. Mar. 30, 2016) (expressing concern over a perceived environment in which “established brands claiming protection over words like ‘energy’ in the energy-shot market can easily use the threat of expensive trademark litigation to bully newcomers out of the market”).
proceeding, or assert or controvert an issue therein, unless there is a basis in law and fact for doing so that is not frivolous, which includes a good faith argument for an extension, modification or reversal of existing law.” 144 An action is frivolous “if the lawyer is unable either to make a good faith argument on the merits of the action taken or to support the action taken by a good faith argument for an extension, modification or reversal of existing law.” 145

While Model Rule 3.1 applies only to formal proceedings, Model Rule 4.1, which prohibits attorneys from “mak[ing] a false statement of material fact or law to a third person,” is relevant in a pre-litigation context. While the contours of this rule have not been explored in trademark bullying, some writers have theorized that “if a lawyer wrote a demand letter asserting rights she knew her client absolutely did not have, she might be liable for discipline under this rule.” 146

Sanctions under Federal Rule of Civil Procedure 11 are available in both the TTAB and federal court to combat vexatious litigation. 147 However, because Rule 11 is available only after litigation has commenced, the threat of sanctions may not be useful as a sword to drive off a bully who has yet to file suit. 148

Declaratory judgment actions may also be an effective deterrent to bullying. 149 Among other benefits, “a declaratory judgment action enables the bullied party to forum shop for a jurisdiction with law more favorable to its non-infringement claim, and more convenient for it than for the bully.” 150 However, just as Rule 11 requires the bullied party to first litigate an entire case before seeking recourse

144 ABA Model Rule 3.1.
145 Id.
146 Vogel & Schacter, supra note 136, at 516.
147 See generally CareFirst, 422 F. Supp. 2d at 606 (ordering plaintiff to show cause why its extremely aggressive conduct in a trademark litigation “was not intended to increase the costs of litigation and to harass the defendants rather than to achieve a limited purpose”).
148 Vogel & Schacter, supra note 136, at 506.
149 Id.; see also Trosper v. Metal Mulisha, LLC., 95 U.S.P.Q.2d 1640, 1643 (N.D. Tex. 2010) (noting that Metal Mulisha’s “unfulfilled threat of [trademark] litigation” was “precisely the type of bullying that the Declaratory Judgment Act sought to prevent”) (citation omitted).
150 Vogel & Schacter, supra note 136, at 516.
for improper litigation tactics, a declaratory judgment action requires a significant initial investment of resources. In fact, an overly aggressive trademark owner may send frivolous demand letters “banking on the fact that the recipient does not have the means to retaliate through a declaratory judgment action.”\textsuperscript{151}

Finally, attorneys’ fees under the Lanham Act may be available to punish bullying behavior. The Lanham Act allows for an award of attorney’s fees only in “exceptional cases,” but litigation has been considered “exceptional” when a plaintiff has brought a case that is “groundless, unreasonable, vexatious, or pursued in bad faith.”\textsuperscript{152} For example, in \textit{Mattel, Inc. v. Walking Mountain Productions}, the court awarded attorney’s fees against Mattel on its Lanham Act claim after finding, \textit{inter alia}, that Mattel’s trademark infringement claim was objectively unreasonable and that “it was exceptional for Mattel, a sophisticated plaintiff, to bring this groundless and unreasonable dilution claim.”\textsuperscript{153}

\section*{D. Pitfalls of Bullying or Appearing to Bully}

Companies and individuals targeted in trademark enforcement actions may resort to “self-help” strategies to retaliate against perceived bullying. Some targets have taken a “public shaming” approach, including posting allegedly overreaching demand letters on social media and attempting to sway public opinion away from the putative bully and toward its victim.\textsuperscript{154} This “shaming the bully” strategy can be effective, but unfortunately it can be used against blameless rights holders as well, and it may prove very damaging for trademark owners. Notably, “there have been many . . . cases over the years, in which even a flagrant infringer may utilize the Internet or social media in an effort to embarrass the

\begin{thebibliography}{9}
\bibitem{151} Id.
\bibitem{152} \textit{Stephen W. Boney, Inc. v. Boney Services, Inc.}, 127 F.3d 821, 827 (9th Cir. 1997); see also 15 U.S.C. § 1117(a).
\bibitem{154} \textit{See generally} Vogel & Schacter, \textit{supra} note 136, at 511-12.
\end{thebibliography}
trademark owner (such as by posting the demand letter or other objectionable content about the trademark owner or its counsel).”

For example, in one well-known case of alleged bullying and unofficial retaliation, Hansen Beverage Co., the energy drink maker and owner of the MONSTER mark, sent a cease and desist letter to the microbrewery that brewed VERMONSTER beer. As reported by the press, the microbrewery was told that it could probably win a litigation over the alleged trademark infringement, but that the time and expense fighting in court would likely destroy the small company. The microbrewery therefore decided to “shame the bully” on the Internet, “framing it as an example of a large corporation trying to squash a small business owner.” Ultimately, “[w]ord of the dispute prompted stores in Vermont, New York, Maine and Connecticut to pull the energy drink from their shelves.” The case settled very quickly, likely on account of the bad publicity for Hansen and the difficulty of fighting a social media war over trademark issues.

E. Strategies for Avoiding Allegations of Bullying

Certain steps may assist in minimizing the risk of being accused of bullying. For one, before taking any trademark enforcement action, a trademark owner should evaluate not only the merits of its claim but also the likely reaction of both the alleged infringer and the public to the action. Such an evaluation will include the reputation of the alleged infringer, including any reputation it may have for being confrontational or litigious, and the consumer base of the alleged infringer, including the likely reaction of such customers to a social media campaign by the alleged infringer against the trademark enforcer.

If the trademark owner decides to pursue enforcement action, counsel should avoid a one-size-fits-all approach that may not be appropriate or desirable in all

155 Id.
157 Id.
158 Id.
situations. For example, if it is apparent that the use is not willfully infringing, counsel may wish to modulate the tone of a demand letter to avoid excessive allegations of bad faith or intent. Further, if it is clear that the use, even if infringing, was intended as a tribute in the first instance, counsel may wish to acknowledge that tribute in the initial demand letter.\textsuperscript{159}

\section*{IX. Ethical Issues in Trademark Investigations}

The tension in pretext investigations between the necessity of determining secret information and the governing ethics rules is a perennial issue in trademark law. Under the ABA Model Rules, attorneys and those under their direct control are generally prohibited from making false statements to third parties or otherwise engaging in deceptive behavior. On the other hand, courts long have found that “a public or private lawyer’s use of an undercover investigator to detect ongoing violations of the law is not ethically proscribed, especially where it would be difficult to discover the violations by other means.”\textsuperscript{160}

\subsection*{A. Ethical Prohibitions on Deceptive Behavior by Lawyers}

Model Rule 4.1 prohibits attorneys from “mak[ing] a false statement of material fact or law to a third person; or fail[ing] to disclose a material fact to a third person.”\textsuperscript{161} Model Rule 8.4 further provides that “[i]t is professional misconduct for a lawyer to . . . engage in conduct involving dishonesty, fraud, deceit or misrepresentation.”\textsuperscript{162}

Further, Model Rule 5.3, which deals with supervising nonlawyer assistants, provides, \textit{inter alia}, that “[w]ith respect to a nonlawyer employed or retained by

\textsuperscript{159} \textit{See, e.g.}, Megan Garber, “This Cease-and-Desist Letter Should Be the Model for Every Cease-and-Desist Letter,” \textit{The Atlantic}, July 23, 2012.


\textsuperscript{161} ABA Model Rule 4.1(a).

\textsuperscript{162} ABA Model Rule 8.4(c).
or associated with a lawyer: . . . a lawyer having direct supervisory authority over the nonlawyer shall make reasonable efforts to ensure that the person’s conduct is compatible with the professional obligations of the lawyer,” and “a lawyer shall be responsible for conduct of such a person that would be a violation of the Rules of Professional Conduct if engaged in by a lawyer if . . . the lawyer orders or, with the knowledge of the specific conduct, ratifies the conduct involved.”163

B. Use of Pretext by Investigators

While the above Model Rules would appear to prohibit altogether the use of pretext in investigations, the courts have worked out a space for use of dissemblance by non-lawyer investigators on the rationale that it is necessary for defending intellectual property rights.

For example, in Gidatex S.r.L. v. Campaniello Imports, Ltd., the court found that the ethical rules covering use of deception “should not govern situations where a party is legitimately investigating potential unfair business practices by use of an undercover [investigator] posing as a member of the general public engaging in ordinary business transactions with the target.”164 As the court observed, “[t]o prevent this use of investigators might permit targets to freely engage in unfair business practices which are harmful to both trademark owners and consumers in general.”165 The court further reasoned that “enforcement of the trademark laws to prevent consumer confusion is an important policy objective, and undercover investigators provide an effective enforcement mechanism for detecting and proving anti-competitive activity which might otherwise escape discovery or proof.”166

163 ABA Model Rule 5.3(a), (c)(1).
164 Gidatex, 82 F. Supp. 2d at 122.
165 Id.
166 Id. at 124.
In *Chloe v. DesignersImports.com USA, Inc.*, the defendant argued that the private investigator used by Chloe was suspect “because of her use of pseudonyms to conceal her identity when ordering the Sample Handbag and interacting with Defendants’ employees.” The court rejected this argument out of hand, noting that “it is difficult to imagine that any trademark infringement investigator would announce her true identity and purpose when dealing with a suspected seller of counterfeit goods.”

In *A.V. by Versace, Inc. v. Gianni Versace, S.p.A.*, the defendant argued that the use of a private investigator constituted an unfair invasion of his privacy. The court rejected this argument, noting that “[t]he investigator’s actions conformed with those of a business person in the fashion industry, and Alfredo Versace makes no allegation that the private investigator gained access to any non-public part of L’Abbigliamento.”

In an ethics opinion, the New York County Lawyers Association gave a formal imprimatur to the use of dissemblance by third-party investigators specifically in intellectual property investigations:

[A] lawyer supervising investigators who dissemble would be acting unethically unless (i) either (a) the investigation is of a violation of civil rights or intellectual property rights and the lawyer believes in good faith that such violation is taking place or will take place imminently or (b) the dissemblance is expressly authorized by law; and (ii) the evidence sought is not reasonably and readily available through other lawful means; and (iii) the lawyer’s conduct and the investigator’s conduct that the lawyer is supervising do not otherwise violate the New York Lawyer’s Code of Professional

---


168 *Id.*


170 *Id.*
Responsibility . . . or applicable law; and (iv) the dissemblance does not unlawfully or unethically violate the rights of third parties.  

Notably, the above ethics opinion did not explicitly address whether a lawyer is ever permitted to make untrue statements in the service of investigating on behalf of a client. In the interest of staying safely within the ethics rules, it is advisable to leave such activities to non-lawyers.

C. Special Issues in Follow-Up Investigations: No-Contact Rule

While pretext investigations generally may be permissible in intellectual property matters, different rules can apply to post-complaint follow-up investigations or in other circumstances in which the lawyer knows or has reason to know that the target is represented by counsel.

Model Rule 4.2 provides that “a lawyer shall not communicate about the subject of the representation with a person the lawyer knows to be represented by another lawyer in the matter.” As the ABA noted in a formal ethics opinion, “Rule 4.2 prohibits a lawyer from knowingly communicating with a represented person about the subject matter of the representation without the consent of that person’s lawyer.” The ABA further found that with regard to contact with a represented person, “[a] lawyer may not direct an investigative agent to communicate with a represented person in circumstances where the lawyer herself would be prohibited from doing so.”

171 NYCLA Committee on Professional Ethics, Formal Opinion No. 737 (May 23, 2007), https://www.nycla.org/siteFiles/Publications/Publications519_0.pdf. (Emphasis added.)
172 See id.
173 ABA Model Rule 4.2.
175 Id.
Accordingly, lawyers should exercise great care with follow-up investigations, including both post-complaint investigations and investigations intended to ensure ongoing compliance with settlement terms, as well as in other circumstances in which a previously unrepresented party may have retained counsel. One strategy is simply to check and recheck throughout the lifetime of a dispute the status of parties presumed to be unrepresented. If a previously unrepresented adverse party hires an attorney, direct contact of counsel with the adverse party should be avoided, even if the adverse party appears to agree to such contact. A potentially confusing situation may arise if counsel for an opposing party has not yet been formally retained. While it may be technically proper for counsel to continue direct contact with the adverse party pending confirmation that the new attorney is authorized to represent that party, it is safer practice to assume that the new attorney is the point of contact unless expressly told in writing that this is not so. If a follow-up investigation must be performed, given that the target has likely retained counsel and would still be considered a represented party, the lawyer should instruct investigators not to employ pretextual strategies that might otherwise be permissible.

X. Trademark Negotiations and Acquisitions

Negotiations for trademark licenses and assignments frequently implicate several ethics considerations, including the question of how much information is to be disclosed to the counterparty, and whether it is within the bounds of a lawyer’s professional responsibility to negotiate anonymously for the acquisition of trademark rights.

A. Selective Disclosures

Under U.S. law and practice, selective disclosures to a counterparty, in the course of negotiating an agreement, generally are an accepted strategy. Under U.S. law,

176 See, e.g., Inorganic Coatings, Inc. v. Falberg, 926 F. Supp. 517, 519-21 (E.D. Pa. 1995) (disqualifying plaintiff’s counsel based on improper contact with a represented defendant, notwithstanding the fact that defendant himself initiated the contact).
the obligation of a party to act in good faith generally extends only to the performance of a contract, but not to the pre-contract negotiation. In the context of trademark license negotiations, a party is under no obligation to disclose to the counterparty the highest or lowest price it will accept for a license or assignment, or its underlying intentions and strategy with respect to the negotiations.

Under ABA Model Rule 4.1, a lawyer “shall not knowingly: (a) make a false statement of material fact or law to a third person; or (b) fail to disclose a material fact to a third person when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client.” However, this does not forbid non-disclosure of non-material facts. For example, estimates of the monetary value of a trademark asset generally are not considered to be statements of material fact.

Further underpinning this approach is the lawyer’s professional responsibility to the client of diligence. Comment 1 to ABA Model Rule 1.3 articulates a lawyer’s obligation to “act with commitment and dedication to the interests of the client and with zeal in advocacy upon the client’s behalf.” Conversely, a lawyer is not required to “press for every advantage,” and the duty to act with diligence does not license a lawyer to use offensive or underhanded tactics.

Another consideration in the course of negotiating intellectual property transfers or licenses, and conducting due diligence in connection with the same, is that disclosure to a counterparty of privileged or other confidential information could potentially risk waiver of the privilege or the confidential nature of that information. In the course of negotiating a transaction, it is often essential that each of the parties be able to review relevant privileged information, in addition to confidential business information. Waiver can occur even if the contemplated transaction is never finalized. Lawyers and trademark administrators should be careful, in the course of conducting IP due diligence, not to disclose any privileged or other confidential information to a counterparty without first consulting the relevant rules in the applicable jurisdiction allowing for disclosure of that information without waiver. Confidentiality agreements assist in protecting sensitive business information, such as trade secrets, as well as privileged information, depending on the jurisdiction and the circumstances. In addition to a confidentiality agreement, in many instances a written common interest agreement (discussed in greater depth below) can be a helpful tool in
further ensuring that disclosure of attorney-client privileged information, such as a relevant legal opinion or communication provided to one of the parties by its counsel, does not waive the privilege. Precautions such as confidentiality and common interest agreements are also helpful in the event that a contemplated deal ultimately does not go through.

**B. Common Interest Agreements**

A client may seek to share sensitive privileged information, such as a trademark availability opinion, with a potential investor, a purchaser, or a licensee. To avoid waiver of the attorney-client privilege (which could be exploited later by a third party), the parties can document that the disclosure is being made to a party with a “common legal interest” and that no waiver of the attorney-client privilege is being made. If litigation is ongoing, it is common to enter into a joint defense agreement, but in some jurisdictions there need not be an ongoing litigation to take advantage of the common interest privilege. On the other hand, the common interest rule is an extension of the attorney-client privilege, and thus the substance of the communication must be for giving or receiving legal counsel. It is thus important to consider whether the common interests between the parties are entirely legal, or also commercial.

---


178 It should be noted, however, that certain jurisdictions apply the common interest doctrine more narrowly. For example, the New York Court of Appeals, the highest court of the state of New York, ruled that privileged communications sought to be protected under the common interest doctrine must relate to pending or anticipated litigation, rather than (more broadly) to any common legal interest, including those arising from commercial transactions absent litigation. *See Ambac Assurance Corp. v. Countrywide Home Loans, Inc.*, 27 N.Y.3d 616 (N.Y. 2016).

179 *Gulf Islands Leasing, Inc. v. Bombardier Capital Inc.*, 215 F.R.D. 466, 472 (S.D.N.Y. 2003) (communications between lender and seller regarding seller’s dispute with borrower were not protected by attorney-client privilege because substance of discussions was primarily commercial, not legal).
A common interest agreement should set forth the purpose and nature of the common interest, and describe the circumstances of any potential or impending litigation, if possible. Also consider addressing the following issues:

- Does the agreement create an attorney-client relationship or fiduciary relationship between the client’s attorney and the other parties?
- Who controls further sharing of the information given by each client? Only the source, or one or more parties?
- How can the client exit from the agreement?

C. Anonymous Negotiations

The scenario whereby a trademark lawyer acts on behalf of an unidentified principal, usually in a negotiation involving an intended purchase of a trademark and/or other intellectual property assets, is a common one. Generally, the lawyer’s obligation not to make a false statement of material fact does not preclude anonymous negotiations, that is, on behalf of a client that remains unidentified to the counterparty. Central to fulfillment of the lawyer’s obligation of truthfulness, in this context, is disclosure of the fact that the lawyer is representing an anonymous, unidentified party. It is then within the counterparty’s discretion whether to accept negotiation under these circumstances or to discontinue the same. Trademark lawyers and administrators generally should be aware, however, that different jurisdictions may have greater or lesser tolerance for anonymous negotiations, and any negotiations taking place in another jurisdiction should be conducted accordingly.

XI. Overview of International Ethics Considerations

With an increasingly interconnected and globalized economy has come a more pressing need for attention to international legal matters. This has been especially the case in the practice of trademark law. Trademark owners now seek to protect and enforce their intellectual property worldwide, or in key foreign
jurisdictions.180 With this global view has come new exposure by both trademark owners and legal practitioners to the trademark laws, as well as the ethics rules, of jurisdictions other than their own.

A. Potential Ethics Issues Arising from International Trademark Practice181

The practice of trademark law in an international context highlights and amplifies several unique ethics considerations. Although there are certain unifying ethics principles that tend to find expression in most, if not all, legal systems’ ethics rules and approaches, there are also significant differences from jurisdiction to jurisdiction. These differences can be the source of complexity and challenge in cross-border legal practice. Even between legal systems that share a common history (such as the United States and the United Kingdom), there can be significant divergence in both substance and approach. This divergence leads to ethics conflicts for attorneys and administrators who are licensed in the one jurisdiction but are confronting and analyzing trademark issues that implicate another.

1. Engaging Foreign Counsel

The clearance of a trademark internationally, for example, touches on several of the core ethics considerations discussed in the sections above. Such considerations include professional duties of competence, confidentiality, and loyalty.

In considering whether a trademark is available for use or registration in a foreign jurisdiction, practitioners necessarily and appropriately rely on the opinion of foreign trademark counsel regarding the application of foreign legal systems.

---

180 In this section, “foreign jurisdictions” and “foreign counsel” refer, respectively, to jurisdictions and counsel outside the practitioner’s home jurisdiction.

181 An additional consideration not addressed here is the applicability of the anti-bribery provisions of the United States’ Foreign Corrupt Practices Act to trademark matters. Trademark owners should ensure that their (and their local counsels’) interactions with foreign courts and trademark officials do not run afoul of the Act.
trademark law to a set of facts (or risk failing to uphold their duty of competence to the client). However, trademark owners and practitioners should be aware that foreign counsel may operate under different ethics laws and assumptions regarding conflicts, confidentiality, and other issues that may have implications for the matter at hand.

It is important to recognize that the attorney-client privilege may not apply to communications with foreign counsel, or to foreign counsel’s advice, in the same manner or to the same extent as the privileges adhering to the client and counsel relationship in the home jurisdiction. In some countries, non-lawyer trademark agents provide trademark-related services, such as filing trademark applications or conducting clearance searches, that would otherwise be provided by an attorney in the home jurisdiction. It is not necessarily certain that dealings with trademark agents would be subject to the same privileges as those enjoyed between client and attorney in the home jurisdiction.

Furthermore, in a specialized field such as trademark law, the risk arises that the most able and experienced practitioners in a given jurisdiction may have already provided advice to an adversary of a client, and thus be barred under the rules governing conflicts of interest, either in the home jurisdiction, in the foreign jurisdiction, or in both. Practitioners should also be mindful that some jurisdictions permit lawyer representation notwithstanding a conflict of interest, as long as the relevant parties are aware of and explicitly consent to this arrangement, whereas other jurisdictions uniformly prohibit representation where a conflict of interest arises, notwithstanding client consent.

Additionally, in relaying the advice of foreign counsel to the client, or in incorporating the advice of foreign counsel into their own legal opinions, trademark practitioners should be careful that they do not abrogate their own professional responsibility of competence in the provision of legal advice and the practice of law. They should select foreign counsel who are knowledgeable and are themselves competent practitioners in the given jurisdiction. Trademark practitioners also have a responsibility to the client to evaluate whether foreign counsel’s opinion sufficiently addresses the legal questions at issue, and is sufficiently comprehensive. The trademark practitioner requesting the opinion of
foreign counsel remains responsible to the client for identifying and addressing such issues.

2. Supervision and Communication

In all interactions with foreign counsel who are engaged by a trademark owner or law firm to assist in international trademark matters, supervision of foreign counsel is critical, as is regular communication with the client regarding the foreign work undertaken. Foreign counsel should be clearly instructed regarding the issues at hand and the nature and scope of the opinion they are requested to provide or the action they are asked to undertake. Instructing counsel should verify that such communications are understood by foreign counsel.

3. International Trademark Investigations

Similar considerations arise in the course of investigating potential infringements occurring or arising in other jurisdictions. The question of lawyer-client confidentiality again arises, given the differing approaches to lawyer-client confidentiality, and lawyer-agent confidentiality, that foreign jurisdictions may employ. Trademark lawyers and administrators should be aware that a foreign investigator’s work product may not always be subject to confidentiality rules in the jurisdiction where the work is undertaken. Additionally, the legality and permissible contours of trademark investigations vary from jurisdiction to jurisdiction, and lawyers and trademark administrators should take care that they do not instruct foreign counsel or a foreign investigator to undertake an investigation in a manner that would be impermissible under local laws and practices.

4. Confidentiality; Work Product Privilege

Most jurisdictions embrace the duty of lawyer confidentiality as a foundational principle in their ethics codes and the governance of the legal profession. The exact scope of the protection, and of the stated exceptions to the duty, across the different jurisdictions is beyond the scope of this chapter, but communications
between foreign counsel and the lawyer who has engaged foreign counsel, for the purpose of providing legal advice to a client, generally remain confidential.\textsuperscript{182}

Trademark practitioners should be aware, however, that in some jurisdictions internal communications from in-house corporate counsel are not considered subject to the attorney-client privilege.

Another issue that occasionally arises in the context of international trademark practice is the need for a translation of foreign counsel work product. Under U.S. law, outside translators whom a lawyer has engaged and who are necessary to assist the lawyer in the provision of legal services are deemed agents of the attorney, generally preserving attorney-client and work product privileges.

Last, given the ease and speed with which emails can be sent and forwarded, and the potential communication pitfalls that can arise particularly in a cross-border context, generally it is good practice to mark all attorney work product, including that of foreign counsel, as privileged and confidential.

5. **Liability for the Advice of Foreign Counsel**

Where a trademark practitioner incorporates the opinion of foreign counsel into the practitioner’s own advice to the client, generally that practitioner assumes responsibility for the foreign counsel’s opinion, as well as for the ultimate legal advice rendered to the client. Again, to maintain the trademark practitioner’s duty of competence, it is critical that competent foreign counsel be selected, and that the trademark practitioner who engages foreign counsel communicate regularly and clearly with and monitor foreign counsel at all stages.

\textsuperscript{182} The IBA’s International Code of Ethics (1956 and 1988), precursor to the IBA’s International Principles on Conduct for the Legal Profession, addresses lawyer contact with attorneys of another jurisdiction and lawyer activities in another jurisdiction. Rule 14 of the Code states that “[l]awyers should never disclose, unless lawfully ordered to do so by the Court or as required by Statute, what has been communicated to them in their capacity as lawyers even after they have ceased to be the client’s counsel. This duty extends to their partners, to junior lawyers assisting them and to their employees.”
B. Considerations in International Negotiation

Many civil law systems incorporate a standard of good faith in contractual bargaining and negotiations, including those involving trademark licenses. Under this approach, the balance of the obligation to disclose information and risk tilts toward the seller. Under U.S. practice, however, there is no such standard to negotiate in “good faith,” ensuring that it is the buyer’s responsibility to assess the nature of and risks surrounding the intellectual property about to be purchased.\(^{183}\) As discussed above, U.S. lawyers generally are obligated only to avoid making false statements of material fact or law and failing to disclose a material fact where “disclosure is necessary to avoid assisting a criminal or fraudulent act by a client.”\(^{184}\)

Negotiators who have practiced under one system may need to adjust strategies and even consider whether they must operate under a different set of professional obligations, when dealing with counterparties in or from other jurisdictions. Such differences may impact the extent of due diligence undertaken in the course of the negotiations. A negotiator who does not properly disclose relevant risks arising from a trademark asset that he or she is seeking to sell may run afoul of obligations of good-faith disclosure.

Furthermore, apart from the substantive law, much has been written about the unique challenges of negotiating with a party who hails from another nation and culture, or whose native language is not one’s own. There are, in this context, vast opportunities for misunderstanding, to which practitioners should be particularly sensitive as they prepare for and engage in any cross-border negotiations.

C. Special Issues in International Billing

Work with foreign counsel presents unique issues in the context of billing for legal fees and charges. With respect to engagement of foreign counsel, the IBA International Code of Ethics adopts the prevailing principle that lawyers who


\(^{184}\) ABA Model Rule 4.1.
instruct foreign counsel on client legal matters abroad are responsible for foreign counsel’s fees and expenses, unless there is “an express agreement to the contrary.” Therefore, unless instructing counsel reaches an express agreement with foreign counsel whom they may hire, in the event that the client does not pay foreign counsel’s fees and expenses, instructing counsel may be on the hook. A written understanding or agreement between instructing counsel and foreign counsel noting that the client will be exclusively responsible for payment of the foreign counsel’s fees and expenses, coupled with an engagement agreement directly between foreign counsel and the client, could assist in avoiding such liability of the instructing counsel. In some jurisdictions and for certain trademark work such as filing an application, foreign counsel may request advance payment, before the work is completed. Such advances on behalf of the client are permissible, but they should be undertaken judiciously, as a matter of practice, on behalf of clients that are regular and timely in their payments of legal fees and expenses. Alternatively, an advance fee from the client may properly be requested in this situation, provided the lawyer promptly returns any unearned amount. Such advance payments may pose issues in the event that the foreign counsel or the instructing counsel are terminated before the work related to the advance is completed. In that event, an advance that has not been earned may have to be returned. This can pose some difficult administrative problems, depending on how the payment of advances had been handled.

Although U.S. law allows for contingency fees, many other jurisdictions do not, and U.S. lawyers should be mindful of this fact in considering and evaluating trademark litigation matters in foreign jurisdictions.

**D. Choice of Law**

A critical question that arises in the course of multijurisdictional or transnational practice, where different jurisdictions take different approaches to questions of professional responsibility, is which set of rules should apply in a given situation. ABA Model Rule 8.5 provides some limited guidance in seeking to resolve the

---

185 IBA International Code of Ethics, Rule 19.
186 Comment 4 to ABA Model Rule 1.5.
questions that arise where a lawyer who is subject to the professional responsibility rules of more than one jurisdiction is faced with different and potentially incompatible obligations. Such questions include: (1) where can the lawyer be disciplined for misconduct; and (2) which jurisdiction’s rules should apply in disciplinary proceedings, where there is a conflict between two potentially applicable sets of rules.

1. **ABA Model Rule 8.5**

Model Rule 8.5 provides as follows:

(a) Disciplinary Authority. A lawyer admitted to practice in this jurisdiction is subject to the disciplinary authority of this jurisdiction, regardless of where the lawyer’s conduct occurs. A lawyer not admitted in this jurisdiction is also subject to the disciplinary authority of this jurisdiction if the lawyer provides or offers to provide any legal services in this jurisdiction. A lawyer may be subject to the disciplinary authority of both this jurisdiction and another jurisdiction for the same conduct.

(b) Choice of Law. In any exercise of the disciplinary authority of this jurisdiction, the rules of professional conduct to be applied shall be as follows:

1. for conduct in connection with a matter pending before a tribunal, the rules of the jurisdiction in which the tribunal sits, unless the rules of the tribunal provide otherwise; and

2. for any other conduct, the rules of the jurisdiction in which the lawyer’s conduct occurred, or, if the predominant effect of the conduct is in a different jurisdiction, the rules of that jurisdiction shall be applied to the conduct. A lawyer shall not be subject to discipline if the lawyer’s conduct conforms to the rules of a jurisdiction in which the lawyer reasonably believes the predominant effect of the lawyer’s conduct will occur.
Comment 7 to Model Rule 8.5 explicitly states that the “choice of law provision applies to lawyers engaged in transnational practice, unless international law, treaties or other agreements between competent regulatory authorities in the affected jurisdictions provide otherwise.”

Model Rule 8.5 sets forth several guidelines to assist in resolving the questions of (1) where a lawyer can be disciplined for misconduct and (2) which jurisdiction’s rules should apply in disciplinary proceedings. These may be summarized as follows:

- A lawyer is always subject to the disciplinary authority of the jurisdiction in which the lawyer is admitted to practice.
- A lawyer admitted in a given jurisdiction is also subject to the disciplinary authority of a different jurisdiction if the lawyer provides or offers to provide legal services in that jurisdiction.
- A lawyer can be subject to the disciplinary authority of more than one jurisdiction for the same conduct.
- The rules of professional conduct that are to be applied, where a lawyer is subject to the disciplinary authority of more than one jurisdiction, are the rules of the jurisdiction where the tribunal sits, if the conduct in question is connected with a matter pending before a tribunal.
- For all other conduct, the rules to be applied are those of the jurisdiction where the conduct occurred, or where the conduct’s principal effect occurred.
- A lawyer will not be subject to discipline if the lawyer’s conduct comports with the rules of the jurisdiction in which the lawyer reasonably believes the principal effect of that conduct will occur.

The assumptions underlying ABA Model Rule 8.5, as stated in Comment 3, are that (i) “any particular conduct of a lawyer shall be subject to only one set of rules of professional conduct”; (ii) the “determination of which set of rules applies to particular conduct” is to be “as straightforward as possible, consistent with recognition of appropriate regulatory interests of relevant jurisdictions”; and (iii) “lawyers who act reasonably in the face of uncertainty” are to be given protection from discipline.
Comment 6 to Model Rule 8.5 adds that “[i]f two admitting jurisdictions were to proceed against a lawyer for the same conduct, they should, applying this rule, identify the same governing ethics rules. They should take all appropriate steps to see that they do apply the same rule to the same conduct, and in all events should avoid proceeding against a lawyer on the basis of two inconsistent rules.”

However, Model Rule 8.5 leaves a number of questions unanswered. Although it is clear that where there is a pending litigation, the rules of the jurisdiction where the court sits apply to conduct connected with that litigation, it is not as clear which rules should apply to pre-litigation conduct.

The situation becomes even more complex in relation to out-of-court activities. For instance, it is not entirely clear, under Model Rule 8.5, which jurisdiction’s professional conduct rules should apply to a situation where a U.S. purchaser is negotiating, in France, to acquire a license to a particular brand owned by a French business, where the latter owns a corresponding trademark portfolio that spans the globe.

2. European Union Directives

The European Union (EU) has taken a slightly different approach in deciding questions of choice of law arising in the situation where a lawyer is licensed in one member state but is practicing law on a temporary or permanent basis in another member state. The emphasis of its approach is on allowing the free movement of lawyers within the EU. For example, Directive 77/249/EC, which provides for the temporary, cross-border provision of legal services, stipulates in Article 4 that “[a]ctivities relating to the representation of a client in legal proceedings or before public authorities shall be pursued in each host Member State under the conditions laid down for lawyers established in that State, with the exception of any conditions requiring residence, or registration with a professional organization, in that State.” In limited circumstances, namely, representations of clients in formal legal proceedings or before public authorities, lawyers acting in the host member state must observe the rules of professional conduct.

---

conduct of that host member state. In all other matters, including transactional matters, and in providing legal advice, lawyers must adhere to the rules in their own member state, though this is “without prejudice to respect for the rules, whatever their source, which govern the profession in the host Member State.”

Directive 98/5/EC\(^{188}\) addresses the situation where lawyers licensed in one EU member state establish their practice on a permanent basis in another, host member state. Specifically, Article 6 of the Directive provides: “Irrespective of the rules of professional conduct to which he is subject in his home Member State, a lawyer practising under his home-country professional title shall be subject to the same rules of professional conduct as lawyers practising under the relevant professional title of the host Member State in respect of all the activities he pursues in its territory.”

Article 7 of Directive 98/5/EC sets forth the rule of law to be applied in disciplinary proceedings: “In the event of failure by a lawyer practising under his home-country professional title to fulfil the obligations in force in the host member state, the rules of procedure, penalties and remedies provided for in the host Member State shall apply.”

Under Directive 98/5/EC, priority is given to the physical location of the lawyer’s conduct in a host member state, rather than to the jurisdiction where the lawyer is licensed or where the predominant effects of the lawyer’s conduct will occur. The assumption is, perhaps, that the predominant effects of the lawyer’s conduct will occur in the host member state.

**E. Conclusion**

There are myriad additional international issues to be addressed in the trademark context, involving the choice of law and otherwise. The aim of this section has been to give an overview of some of the practical issues a trademark practitioner is likely to encounter, and some of the frameworks for thinking about

---

and resolving them. As always, the actual professional conduct and choice of law rules to be applied will vary depending on the precise situation at hand.