BLJ: Trademark holders defend their products

SPECIAL REPORT: Intellectual Property

May 7, 2018, 6:00am EDT

Trademark and patent holders have the right to protect their products and ideas, but it's a right they must enforce themselves.

Be vigilant and keep an eye on what competitors are doing, advised Jeremy Oczek, a member at Bond Shoeneck & King in Buffalo.

"That takes an investment of time and resources. No one is going to do that for you," he said. "If you have a patent and you feel that a competitor is using the technology, it's on you to go investigate that and determine there is infringement. If you have a trademark and you feel that someone else is using something that is confusingly similar, you have an obligation to police that."

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Keep an eye on what competitors are doing, advises attorney Jeremy Oczek.

A cease-and-desist letter lets the alleged infringer know that they are improperly using protected intellectual property, said Laura Colca, a partner at Goldberg Segalla in Buffalo.

"The cease-and-desist letter demands that the alleged infringer immediately suspend its activities," she said. "Sometimes, but not always, cease-and-desist letters extend an offer to the alleged infringer to become an authorized licensee of the patent holder. (The letter) typically affords the alleged infringer a limited period of time to discontinue its activities before legal proceedings are commenced."

For trademark holders, there are watch services that report on any similar marks, Oczek said.

"There have absolutely been instances where we have sent cease-and-desist letters or taken it to the next step of filing trademark lawsuits to enforce our clients' marks," he said.

Oczek represented a chain company named Breathe Yoga that has yoga studios statewide. In recent years, there was a yoga studio in Niagara Falls using the trademark, which resulted in a federal lawsuit.

"That case resolved fairly quickly with a consent judgment where that studio agreed not to use the name going forward," he said.

There was a similar case in Auburn, N.Y., according to Oczek.

"There was another studio calling itself 'Breathe' and we filed a federal trademark action in Syracuse," he said. "That case resolved fairly quickly, where that studio agreed to change its name."

He said Breathe Yoga had its trademark for some time.

“Those are two examples of how a company had a trademark, noticed that someone else had the same name and had to go to the step of filing a federal trademark action,” he said.

Trademark cases don’t often go to trial, according to Oczek. Litigation is expensive, and many companies make a business decision to change the name.

Patent litigation is referred to as “the sport of kings,” Oczek said, due to the high cost.

“You’re dealing with technology,” he said. “If you’re the patent owner, you need to investigate whether it’s a product or a process. You may have to reverse-engineer that product. There’s a lot of technical investigation that goes into that. Then you need lawyers who have the competence and technical training to do that.”

Oczek, who has a technical background, puts both his technical and legal skills to work on patent cases. Cases also may involve the expertise of the client and, at some point, expert witnesses.

“It can get quite expensive,” he said. “The median cost of taking a patent case to trial is between $3 million and $4 million, which is incredibly expensive. That’s why they call it the sport of kings.”

Companies with patents have to make an assessment when presented with possible infringement due to the cost of litigation.

“Even if I’m convinced there’s infringement, do I have the financial resources to litigate this?” he said. “These are considerations that come into play.”

There are companies that provide litigation financing for patent cases, said Denis Sullivan, a partner at Barclay Damon, and they may have significant capital on hand.

“They’ll say, ‘OK, Buffalo company, we’ll finance this $3 million litigation but we’re going to collect half of the proceeds. The lawyers are going to get their $3 million in fees and 10 percent of the proceeds so they’re going to work really hard, and you, Buffalo company, are going to get 40 percent of the proceeds,’” he said. “It’s not everything, but you can at least fight the fight.”

The business model for this is that they may finance 20 cases, Sullivan said. If two or three cases hit, then they’ll more than recoup their investment.

“It’s really picked up over the last several years, where patent litigation is being funded by these third-party financing companies,” he said.

It gives companies a way to fight back against patent infringement, he added.

Not long ago, it was easy to sue someone where cases move more quickly, Sullivan said, as cases can drag on for six or seven years. For instance, cases would be brought in the Eastern District of Texas as long as the company being sued had some business there. The Eastern District of Texas had a reputation for efficient handling of patent cases.

“In response to that, the appeals courts have recently ruled that there has to be more of a connection to the location than simply doing business there,” he said. “Now it’s where is the company incorporated? Where are their headquarters? it’s much harder to sue people anywhere you wanted or to sue in your home district.”

While some courts are used to the nuance of patent cases, the judge may need to be informed on how a case is proceeding, Oczek said, adding that legal analytics is a “game-changer.” Bond Shoeneck & King utilizes a system called Lex Machina, which allows attorneys to see any particular judge or case and find out how long a case took to go to trial or how a judge typically handles patent cases.

“The legal analytics is critical for implementing the right strategy in either a patent case or a trademark case,” he said. “Knowing how they dispense with a patent or trademark case. Knowing if they’re more likely to grant a particular motion or not can inform a particular strategy. Knowing in a patent case if they’re likely to issue an injunction or not can be very important. Knowing in a trademark case how much discovery they’re going to allow can be critical. Knowing when they’re going to set a trial date can be critical.”

Nothing moves a case along more than setting a quick trial date, Oczek said.

“As parties approach that trial date, they have to truly decide if it’s in their best interest to put the matter in the hands of a jury if it’s a jury trial, or a judge if it’s a bench trial,” he said. “Or they can craft a business resolution that there’s some give-and-take on both sides. At least you’re taking it into your own hands. Once a patent case or trademark case goes to a jury, you’re relying on a jury of your peers who may not be steeped in technology or branding.”

In cases involving sophisticated technology where the case does go to a jury trial, it’s important to boil things down to make them easier for the jury to understand.

“At one level, you’re arguing among the experts and that’s one level of discussion,” he said. “When you have to distill that in a way that makes sense to a jury of your peers, you really need to break it down and break it into basic components and tell it in a way that makes sense to the jury.”

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