

Fall 2004

## New Strategies for Owners of Discontinued Brands

David S. Ruder

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### Recommended Citation

David S. Ruder, *New Strategies for Owners of Discontinued Brands*, 3 NW. J. TECH. & INTELL. PROP. 61 (2004).  
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JOURNAL OF TECHNOLOGY  
AND  
INTELLECTUAL PROPERTY

New Strategies for Owners of Discontinued Brands

*David S. Ruder*

Fall 2004

VOL. 3, NO. 1

# New Strategies for Owners of Discontinued Brands

By David S. Ruder\*

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## I. INTRODUCTION

¶1

Recently, consumer product manufacturers and other brand-sophisticated companies in the United States have made the decision to discontinue the use of strong consumer brands. These brands are often widely known and liked by customers, but are no longer strategically important or viable for their owners. For instance, in the financial services industry there have been many high profile mergers among and between huge commercial and investment banks, where merger partners can use only one name for the resulting firm. Once-revered brands such as CHEMICAL BANK, KIDDER PEABODY, NATIONSBANK, DEAN WITTER, and PAINE WEBBER are no longer in use, but consumers still know them well. In the consumer products arena, nostalgia buffs have

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\* David Ruder is Chairman of River West Brands LLC, which acquires and redevelops discontinued and abandoned brands. Mr. Ruder is an attorney licensed to practice in the state of Illinois.

long desired the return of such brands as IPANA toothpaste and HAI KARATE aftershave. Once household names, these brands have not been on the shelves for many years.<sup>1</sup>

Often, companies that spend time and capital developing a brand do not know that through inaction, they can lose their rights in the brands they have acquired or created.<sup>2</sup> They also do not realize that discontinued brands may have value, and that they have strategic options available to maintain their trademark rights.<sup>3</sup>

This article is designed to give brand owners an overview of the strategic options they have when discontinuing the use of a brand they own. Presented herein are strategies others have used or that are possible under current trademark statutes and caselaw. A review of strategic options reveals that brand owners have several options available for maintaining rights in the brands they discontinue. Ultimately, the owners that take proactive steps via trademark licensing and divestitures are in the strongest position for controlling the fates of their discontinued brands.

#### A. *Why Brands Are Discontinued*

Companies discontinue consumer brands for a variety of reasons, including (1) weak consumer acceptance and/or product performance failures; (2) decisions by distributors and retailers to stop carrying certain branded services or products; (3) prohibitively costly merchandising requirements and/or retailer slotting fees; (4) positioning and/or marketing communications failures; (5) financial distress and/or bankruptcies; (6) intense competition from bigger brands with stronger support budgets; (7) internal strategic decisions by firms to commit resources to larger brands and pull resources from smaller brands; and (8) the desire to eliminate redundant brands after industry consolidations (e.g., Morgan Stanley-Dean Witter, General Mills-Pillsbury, Pepsi-Quaker, and Pfizer-Warner Lambert).<sup>4</sup> Of these reasons, only one or two actually relate to poor brand acceptance or performance. Brand owners often have to make the difficult decision to discontinue strong brands that have a loyal following.

When a brand is discontinued because its owner no longer wishes to pursue the business associated with the brand, it typically means that the brand is in trouble: inventory is liquidated, staff is reassigned or terminated, and records are destroyed and archived.<sup>5</sup> Within a couple of years, many in the owner's organization may forget that the brand was ever marketed at all.<sup>6</sup> As discussed later, this is not an ideal situation for the brand owner that wants to preserve rights in a discontinued brand.

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<sup>1</sup> Brian Wansink, *Making Old Brands New*, AMERICAN DEMOGRAPHICS, Dec. 1997, at 53.

<sup>2</sup> This statement is based on the experiences of the Author.

<sup>3</sup> *Id.*

<sup>4</sup> Dean Witter Discover & Co. acquired Morgan Stanley, Inc. in May, 1997. *Dean Witter, Morgan Stanley Stockholders Back Deal*, THE AMER. BANKER, May 29, 1997, at 24. General Mills Inc. acquired Pillsbury in October, 2001. *FTC Tie Vote Permits Pillsbury Acquisition*, SUPERMARKET NEWS, Oct. 29, 2001, at 4. PepsiCo acquired Quaker Oats in June, 2001. *PepsiCo Shareholders Approve Plan to Merge with Quaker Oats*, DRUG STORE NEWS, June 25, 2001, at 186; Pfizer, Inc. acquired Warner-Lambert Co. in June, 2000. *Merger of Pfizer, Warner-Lambert Approved*, BUSINESSWORLD, June 28, 2000, at 22.

<sup>5</sup> The Author's experience is that these are common practices among brand owners.

<sup>6</sup> *Id.*

### B. *Why Discontinued Brands Matter*

¶6 Why should a brand owner care about a brand it discontinues? There are two primary reasons: (1) it could lose the brand to a competitor, and (2) the brand owner could generate value through alternative uses or a sale of the brand.

#### 1. Potential Loss of Control to Competitor

¶7 The main reason to be concerned about discontinued brands is that if a brand is out of use for more than three years, it is in grave danger of being “abandoned” and available for any third party to adopt—potentially by a competitor.<sup>7</sup> The worst strategic blunder a company can make in this arena is to discontinue a brand, let it become abandoned, and then learn that its adversary is competing directly against it using the abandoned brand name. By allowing a brand name to become abandoned, the brand owner gives its opponent a potentially new and effective way to compete through the use of the abandoned brand on new products.

¶8 One current example of this involves the FIRST CHICAGO trademark. First Chicago Corporation was a major national financial institution acquired in 1998 by Bank One Corporation in a \$30 billion merger.<sup>8</sup> In 1999, a newspaper reported that Bank One retired the FIRST CHICAGO name.<sup>9</sup> Because more than three years have elapsed since the newspaper report, it would seem that the name FIRST CHICAGO has been abandoned by Bank One due to nonuse.<sup>10</sup>

¶9 The nonuse of the FIRST CHICAGO mark might explain a recently filed intent-to-use application by an entity unrelated to Bank One. On January 22, 2004, an intent-to-use application was filed, stating the applicant’s intention to use the name FIRST CHICAGO BANK.<sup>11</sup> The class of goods and services in this case is “banking services: financial services, namely financial analysis and consultation, financial services in the field of money lending, money lending, investment fund transfer and transaction services.”<sup>12</sup> A brief analysis of the applicant suggests it is unaffiliated with Bank One. Thus, it appears that Bank One may find itself with a new competitor using a brand name it abandoned.

¶10 There are two other important reasons why a brand owner might be troubled by seeing its abandoned brand name adopted by a competitor. The first is that there is a theoretical risk that consumers will buy a new product from a new producer and associate the new product with the original owner.<sup>13</sup> From the former owner’s perspective, this

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<sup>7</sup> The Lanham Act states that “[a] mark shall be deemed to be ‘abandoned’ . . . when its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for three consecutive years shall be prima facie evidence of abandonment. ‘Use’ of a mark means the bona fide use of such mark made in the ordinary course of trade, and not merely to reserve a right in a mark.” 15 U.S.C. § 1127 (2000).

<sup>8</sup> *Bank One History Marked by Mergers, Acquisitions*, CHI. TRIB., Jan. 15, 2004, at C1.

<sup>9</sup> *Id.*

<sup>10</sup> The Author’s limited search suggests that the FIRST CHICAGO BANK name is not in use as of the date of this article.

<sup>11</sup> U.S. Trademark Application, Ser. No. 76/567,832, filed Jan. 22, 2004.

<sup>12</sup> *Id.*

<sup>13</sup> See Michael S. Denniston, *Residual Goodwill in Unused Marks – The Case Against Abandonment*, 90 TRADEMARK REP. 615, 634 (2000).

could be problematic if the new product is inferior to the original. In extreme cases of false association, this may also cause customers to form a less favorable opinion of the original producer.

¶11 The second reason is more likely and much more powerful: embarrassment. No serious marketer wants to see a competitor profit from a brand previously deemed so unworthy by the marketer that it was discontinued. The marketer that allows a competitor to begin using a previously owned brand not only has to answer to company management, but may also have to confront the company's board of directors and potentially angry shareholders.

¶12 Ultimately, unless a brand owner is truly indifferent to a brand's fate, steps must be taken to ensure that it does not fall into a competitor's hands when it is discontinued.

## 2. Potential Lost Value

¶13 Many people assume that if a brand is discontinued, it must be worthless. This assumption is incorrect. If a brand has had millions of dollars of past advertising, weekly exposure in leading magazines, years of on-shelf exposure, and a direct relationship with consumers, it is likely that at least some consumers have made an emotional bond with the brand. A discontinued brand in the hand of a competitor or customer can mean lost market share, price competition, and the loss of loyal customers.<sup>14</sup>

### *C. Owners of Discontinued Brands Have Options*

¶14 There has been recent literature discussing whether under United States trademark law "residual goodwill"<sup>15</sup> provides a former owner of an abandoned brand the ability to protect that brand.<sup>16</sup> While the subject of abandonment is explained herein, the issue of residual goodwill is tangential to what is important to brand owners: ensuring that they take proper steps to protect their discontinued brands. Below is a survey of strategies brand owners have used or could use to ensure they control and/or generate value from their discontinued brands. Ultimately, sophisticated brand owners should be proactive with respect to their discontinued brands.

## II. STRATEGIC OPTIONS

¶15 Most brand owners are usually uncertain and often ignorant about their rights when they discontinue a brand. For many brand owners, this has caused confusion and unnecessary litigation. If they want to protect their rights, brand owners should take steps to ensure that their discontinued brands are not abandoned to the public domain. An

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<sup>14</sup> The Author has studied these occurrences at River West Brands LLC. A public example of an abandoned trademark competing with a former owner occurred with the WHITE CLOUD brand of toilet tissue. See David S. Ruder, *The Fallacy of Trademark Residual Goodwill*, 22 No. 1 INTELL. PROP. L. NEWSL. 1 (2003).

<sup>15</sup> There is no formal legal definition of "residual goodwill," but some trademark lawyers generally consider residual good will to represent consumer awareness in a trademark after the underlying trademark rights have expired. The Author believes that residual goodwill has no legal meaning and is improperly used by trademark lawyers that have not examined the Lanham Act and related caselaw carefully.

<sup>16</sup> See Ruder, *supra* note 14; Denniston, *supra* note 13; Lawrence R. Hefter and Lisa F. Peller, *US Courts in a Quandary Over "Abandoned" Trademarks*, INTELL. PROP. WORLDWIDE (June 1999).

analysis of five primary strategies available to owners of discontinued brands are presented herein: (1) do nothing; (2) prepare to litigate; (3) engage in token use; (4) file new intent-to-use applications; and (5) sell or license the discontinued brand.

¶16 Each of the strategic options presented herein are based on the Author’s view of current developments concerning discontinued brands in courts and before the Trademark Trial and Appeal Board of the United States Patent and Trademark Office. Some of the strategies have been witnessed first-hand by the Author while working with discontinued and abandoned brands.<sup>17</sup> Some strategies are clearly more effective than others, while others are risky and are not recommended.

#### *A. Option 1: Do Nothing*

¶17 The vast majority of brand owners choose not to take any action when discontinuing a brand. For brand owners that have decided to stop devoting resources to a brand, the cost of maintaining registrations and taking action to reintroduce the brand into the market may be difficult to justify. The key consequence of this inaction, however, is that trademark rights to the discontinued brand will likely be abandoned after three years. The Lanham Act unequivocally declares abandonment after three years of nonuse where there is no legitimate evidence of intent to resume use:

A mark shall be deemed to be “abandoned” . . . when its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for three consecutive years shall be prima facie evidence of abandonment. “Use” of a mark means the bona fide use of such mark made in the ordinary course of trade, and not merely to reserve a right in a mark.<sup>18</sup>

¶18 In essence, the Lanham Act announces a “use it or lose it” standard that requires trademarks to be used in order to enjoy legal protection. Brand owners have three years to use a brand in commerce, or to at least manifest a bona fide intent to resume use in commerce. As stated by Professor McCarthy in his treatise, “once abandoned, a mark may be seized immediately and the person so doing may build up rights against the whole world.”<sup>19</sup>

¶19 When a trademark is abandoned, it enters the public domain, where it can be adopted by a new user. As one court states in the context of a trademark that has been abandoned:

Once abandoned, the mark reverts back to the public domain whereupon it may be appropriated by anyone who adopts the mark for his or her own use. Hence a party that is found to have abandoned its mark is deprived of any claim of priority in the mark before the date of abandonment and may

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<sup>17</sup> River West Brands LLC has sought to acquire trademark rights to many abandoned brands.

<sup>18</sup> Lanham Act, 15 U.S.C. § 1127 (2000).

<sup>19</sup> J.T. MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 17:2 (4th ed. 2001) (citing *Sutton Cosmetics (P.R.), Inc. v. Lander Co.*, 170 U.S.P.Q. (BNA) 461, 1971 (S.D.N.Y. 1971), *modified* 455 F.2d 285, 172 (2d Cir. 1972)).

regain rights in the mark only through subsequent use after the time of abandonment.<sup>20</sup>

¶20 Sometimes, brand owners that have federal trademark registrations erroneously believe that they maintain trademark rights to their brands as long as the federal registrations have not expired. Under the Lanham Act, United States trademark registrations last for ten years. Prior to 1989, trademark registrations lasted for twenty years.<sup>21</sup> Thus, a trademark registered in 1987 will not be removed from the federal trademark register until 2007.<sup>22</sup>

¶21 Unfortunately for most owners of federal registrations, the ownership of a federal registration has little to do with actual ownership of a federal trademark. If the common law rights to an underlying trademark have expired after three years, the ten- or twenty-year trademark registration may be cancelled.<sup>23</sup> In fact, entrepreneurs (including the Author) have recognized for years that many federal registrations could be challenged due to abandonment and have then cancelled such federal registrations on their way towards use of brands that had been abandoned by their former owners.

¶22 Thus, if a brand owner chooses to discontinue a brand and does nothing else, the owner's ability to control the brand in actuality lasts for only three years, regardless of how much time remains on any federal registrations.

### B. Option 2: Litigate

¶23 Some brand owners believe they own brands "forever." That is, a brand owner believes that because it (1) invented the name, (2) developed the product or service, (3) advertised the brand, and/or (4) built the brand's business, it is indefinitely "entitled" to that brand name. From this standpoint, it should not matter that a brand has been sold or discontinued for many years. Unfortunately for these brand owners, the basis of their belief about entitlement is merely emotional and not based on solid legal grounds.

¶24 Of course, the lack of legal grounds for a case does not necessarily deter former brand owners from choosing to litigate. There are, however, tremendous hurdles for litigious brand owners to overcome, beginning with Congress's warning that there is strong public interest against "warehousing" trademarks and in favor of getting "deadwood" registrations off the trademark register.<sup>24</sup> Additionally, Congress determined that manufacturers should be encouraged to invest in new product development and new brands through the use of "intent-to-use applications." Consider the statement of Arizona Senator Dennis DeConcini in the legislative history of the Trademark Revision Act of 1988:

I am pleased to introduce . . . a bill to amend the Trademark Act of 1946, generally referred to as the Lanham Act.

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<sup>20</sup> Gen. Cigar Co. v. G.D.M., Inc., 45 U.S.P.Q.2d (BNA) 1481, 1489 (S.D.N.Y. 1997).

<sup>21</sup> Bull S.A. v. Comer, 55 F.3d 678, 680 (D.C. Cir. 1995).

<sup>22</sup> *Id.*

<sup>23</sup> 15 U.S.C. § 1064 (1999).

<sup>24</sup> 133 CONG. REC. S16546 (daily ed. Nov. 19, 1987) (statement of Sen. Peter DiConcini).

One of the most significant provisions in the bill I am introducing today provides for a dual system whereby trademark users can apply to register trademarks and service marks on the basis of intent to use in commerce, as well as actual use in commerce.

By allowing applicants to file based on an intent to use the mark in commerce, the new legislation will save time, money, and effort manufacturers must expend to market a new product. It will also eliminate the inefficient practice of “token use” which has created legal uncertainty.

The bill also addresses the problem of deadwood – the volume of abandoned or inactive marks on the patent and trademark register. In order to reduce the deadwood, the bill proposes a stronger definition of “use-in-commerce” and a reduction of the term of registration from 20 to 10 years. . . . In an analysis of marks registered from 1966 to 1985, the Commission found that of the active registrations over 6 years old, 23 percent were deadwood, and that approximately 58 percent of these would be removed sooner than would otherwise be the case by reducing the term to 10 years.<sup>25</sup>

¶25 Clearly, one goal of the Trademark Revision Act of 1988 was to make it easier for companies to use marks that were previously abandoned by other companies. Thus, if a lawyer is considering the litigation strategies in this section, he or she should not be overconfident.

¶26 A review of each of these strategies shows that those who choose to litigate (despite the narrow chances of success) typically argue: (1) the brand owner did not intend to abandon the trademark; (2) the brand owner retains residual goodwill in the trademark; (3) the brand owner’s adversary lacks standing to petition the Trademark Trial & Appeal Board for cancellation of the brand owner’s trademark; and/or (4) the brand owner’s adversary is acting in bad faith. If none of the first four strategies are effective and rights to the brand are lost, the former owner could litigate on the theory that the brand owner’s adversary has not met a duty to disclose that there is no association between the new brand and the former brand owner.

### 1. No Intent to Abandon

¶27 Many brand owners that see the trademark abandonment issue for the first time will read the statute and think, “We’re ok, because we didn’t mean to abandon this trademark.” Read literally, the abandonment section of the Lanham Act does state that “a mark shall be deemed to be ‘abandoned’ . . . when its use has been discontinued with intent not to resume such use.”<sup>26</sup> Some lawyers might read this to mean that to prove abandonment of a trademark, an opponent must prove that, a brand owner intended to abandon the mark. Such reading of the statute would be meaningless, however, because

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<sup>25</sup> *Id.* at 16546-47.

<sup>26</sup> Lanham Act, 15 U.S.C. § 1127 (2000).

to survive abandonment, a brand owner would only need to state that it never decided to abandon the mark, and only intended to discontinue use – which in many cases is probably true.

¶28 Generally, court decisions have followed the reasoning of the Fifth Circuit in *Exxon Corp. v. Humble Exploration Co.* In that case, the court determined that, given Congress’s desire to prevent “hoarding,” it would be inappropriate to focus on the former brand owner’s intent to abandon.<sup>27</sup> Instead, courts must evaluate whether a mark owner has “an *intent to resume* commercial use of the mark.”<sup>28</sup> To analyze whether a brand owner has an “intent to abandon” would be to “tolerate an owner’s protecting a mark with neither commercial use nor plans to resume commercial use.”<sup>29</sup>

¶29 Thus, the logical conclusion is that a brand owner trying to protect a mark that has been out of use for more than three years will not prevail by showing that it had no “intent to abandon.”<sup>30</sup> Instead, the brand owner must focus on the concrete steps it has taken to relaunch the brand into commerce. This is the way to prove the “intent to resume use” required to survive abandonment.<sup>31</sup>

## 2. Residual Goodwill

¶30 Brand owners sometimes assert that abandoned trademarks are protected if they retain “residual goodwill.” The concept of residual goodwill is that even if three years have passed and a trademark is abandoned, consumers may still associate a brand with its former owner.<sup>32</sup> In the name of preventing consumer confusion, former trademark owners believe they should be able to control use of the abandoned brand until residual goodwill has dissipated.

¶31 In support of the position that residual goodwill exists, lawyers (and sometimes even courts) will refer to dated court decisions such as the 1950 court decision stating that “it is *not* the law that the slightest cessation of use causes a trademark to roll free, like a fumbled football, particularly where the mark retains residual goodwill.”<sup>33</sup>

¶32 This subject has created recent controversy. For example, a comprehensive review of residual goodwill was written by Michael S. Denniston in the *Trademark Reporter*.<sup>34</sup> Even though courts generally do not give any legal weight to pure “residual goodwill,”<sup>35</sup> Denniston states clearly that residual goodwill should be considered by courts.<sup>36</sup> Denniston complains that

Rigid adherence to the statutory language, with its focus on intent of the owner, does not serve the primary purposes of trademark law and leads to

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<sup>27</sup> *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 102 (5th Cir. 1983) (emphasis added).

<sup>28</sup> *Id.* (emphasis added).

<sup>29</sup> *Id.* at 102-03.

<sup>30</sup> *Id.*

<sup>31</sup> *Id.* at 102.

<sup>32</sup> *See supra* note 16.

<sup>33</sup> *Peter Luger v. Silver Star Meats*, 63 U.S.P.Q.2d (BNA) 1555, 1594 (W.D.Pa. 2002) (citing *Cont’l Distilling Corp. v. Old Charter Distillery Co.*, 188 F.2d 614 (D.C. Cir. 1950)).

<sup>34</sup> Denniston, *supra* note 13.

<sup>35</sup> Ruder, *supra* note 14, at 5.

<sup>36</sup> Denniston, *supra* note 13, at 618.

inefficient use of resources by trademark owners in an attempt to continue to protect marks. It also creates the potential for opportunistic behavior by those seeking to capitalize on consumer confusion in the wake of discontinuance of use of a mark. Under current case law and the statutory definition of abandonment, the public interest concerns too often get lost in the analysis of the owner's intent.<sup>37</sup>

¶33 The Author's own review of the caselaw confirms that, despite Denniston's complaints, courts disagree with his approach.<sup>38</sup> There are no cases where a former trademark owner has prevented another's use of a trademark *solely* on the basis of residual goodwill. Generally, courts follow *Exxon*, where the court stated that "the [Lanham] Act does not allow the preservation of a mark solely to prevent its use by others."<sup>39</sup>

¶34 Where residual goodwill is even mentioned by a court, it is tacked on as an additional factor to the analysis and generally involves continued supply of replacement parts or other services. For instance, in *Ferrari S.p.A. Esercizio Fabbriche Automobili e Corse v. McBurnie*, the residual goodwill defense prevailed after fourteen years of nonuse only because "the evidence indicated without dispute that Ferrari has manufactured and sold to an exclusive licensee an average of 5 or 6 entire front end body parts . . . as well as 5 or 6 entire rear end body parts since 1974."<sup>40</sup> Other cases mentioning residual goodwill include similar fact patterns.<sup>41</sup>

¶35 Recent decisions confirm that without special circumstances, residual goodwill will be of little help to brand owners that have made no use of their discontinued brands for more than three years.<sup>42</sup> This is not a new idea- in 1974 a commentator named Robert A. Kargen wrote a piece in the *Trademark Reporter* accurately (but awkwardly) titled "The

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<sup>37</sup> *Id.*

<sup>38</sup> *Id.* at 634. See Ruder, *supra* note 14.

<sup>39</sup> *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 101 (5th Cir. 1983).

<sup>40</sup> *Ferrari S.P.A. Esercizio Fabbriche Automobili e Corse v. McBurnie*, 11 U.S.P.Q.2d (BNA) 1843, 1848 (S.D. Cal. 1989).

<sup>41</sup> See *Emergency One v. Am. Fireeagle, Ltd.*, 228 F.3d 531, 537 (4th Cir. 2000) (stating that "it might be reasonable for a fire truck manufacturer to spend five or six years considering the reintroduction of a brand, even though the same passage of time would be unreasonable for a maker of a more ephemeral product, say potato chips"); *Defiance Button Mach. v. C&C Metal Prods.*, 759 F.2d 1053, 1060 (2d Cir. 1985) ("This rule recognizes that goodwill does not ordinarily disappear or completely lose its value overnight. Erosion from non-use is a gradual process. As long as the mark has significant remaining value **and** the owner intends to use it in connection with substantially the same business or service, the public is not deceived.") (emphasis added); *Am. Motors Corp. v. Action-Age, Inc.*, 178 U.S.P.Q. (BNA) 377 (TTAB 1973) (finding residual goodwill evidenced by continued sale of parts and accessories precluded finding of abandonment three years after cessation of manufacture of automobiles).

<sup>42</sup> See *MB Fin. Bank v. MB Real Estate Servs.*, 2003 U.S. Dist. LEXIS 10578, at \*30 (N.D. Ill. 2003) (finding that "once the goodwill in a mark has disappeared by non-use of the businesses symbolized by the mark, the mark is no longer protectable because there is no goodwill left to protect"), *aff'd*, 2003 U.S. Dist. LEXIS 21051 (N.D. Ill. 2003); *Yamaha Corp. of Am. v. Wrightwood Enterprises*, 2002 TTAB LEXIS 721, 25 (TTAB 2002) (finding "residual goodwill . . . is not sufficient to avoid a finding of abandonment where the goodwill is generated through subsequent sales of a product by distributors or retailers" and "opposer cannot rely on some residual goodwill through post-abandonment sales of used . . . pianos by distributors or dealers") (relying on *Societe des Produits Marnier Lapostolle v. Distillerie Moccia S.R.L.*, 10 U.S.P.Q.2d (BNA) 1241, 1244, n.5 (TTAB 1989) and *Parfums Nautee Ltd. v. Am. Int'l Inds.*, 22 U.S.P.Q.2d (BNA) 1306, 1309 (TTAB 1992)).

First User of an Abandoned Trademark Acquires the Secondary Meaning Associated with the Abandoned Mark by Virtue of His First Use.”<sup>43</sup> The title says it all.

### 3. No Standing

¶36 When owners of federal trademark registrations find those registrations challenged on the grounds that the underlying common law trademark rights are abandoned, they often realize that their hopes for maintaining those registrations are slim. In these cases, a potential last resort is to attack competitors that are attempting to make use of a new mark by asserting that they lack standing.<sup>44</sup> Owners of federal registrations of abandoned trademarks try to challenge the standing of their opponents in order to preclude a finding of abandonment.<sup>45</sup>

¶37 Unfortunately for owners of the registrations, this is generally an unsuccessful defense. A strong body of case law holds that a party seeking to cancel registrations need not prove its standing.<sup>46</sup> Support for these holdings relates to the fact that there are many federal registrations considered “deadwood”.<sup>47</sup> Courts have found that there is such an “overriding public policy interest” in removing these registrations from the public register (to allow new products and services to be launched using the same or similar names) that challengers need not prove standing.<sup>48</sup> Moreover, even if a brand owner prevails on lack of standing against an opponent attempting to make use of an abandoned mark, this does nothing to affirm the former brand owner’s rights to the abandoned mark.

### 4. Bad Faith Registrations

¶38 Given the difficulty in winning on standing grounds, brand owners might as a last resort rely upon an obscure case from the District Court of Nevada, *Caesar’s World v. Milanian*.<sup>49</sup> The goal would be to use this case to assert that entrepreneurial competitors that file intent-to-use applications for abandoned trademarks are only acting in bad faith.<sup>50</sup>

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<sup>43</sup> Robert A. Kargen, *Trademark Law – The First User of an Abandoned Trademark Acquires the Secondary Meaning Associated with the Abandoned Mark by Virtue of His First Use*, 64 TRADEMARK REP. 8 (1974).

<sup>44</sup> The Author through his position at River West Brands LLC has experienced threats of such an attack, but does not know of any court decisions to support such threats.

<sup>45</sup> See, e.g., *Nabisco, Inc. v. Wm. Wrigley Jr. Co.*, 1995 TTAB LEXIS 15, 40 U.S.P.Q.2d (BNA) 1251, 1255 (TTAB 1995) (finding that “Nabisco need not, as urged by Wrigley, prove that it has a bona fide intent-to-use the involved mark in order to establish standing to bring this action”); *Am. Vitamin Prods. v. DowBrands Inc.*, 22 U.S.P.Q.2d (BNA) 1313, 1314 (TTAB 1992) (finding bona fide intent to use mark shows petitioner not a “mere intermeddler”); *Hartwell Co. v. Shane*, 17 U.S.P.Q.2d (BNA) 1569, 1570 (TTAB 1990) (finding a “petitioner’s ownership of an application based solely on a bona fide intent to use, when coupled with an allegation of a reasonable basis . . . for petitioner’s belief that it would be damaged by the continued existence of the registration(s) sought to be cancelled, is a legally sufficient pleading of standing . . .”).

<sup>46</sup> See, e.g., *Nabisco*, 40 U.S.P.Q.2d (BNA) at 1255; *Am. Vitamin Prods.*, 22 U.S.P.Q.2d at 1314; *Hartwell Co.*, 17 U.S.P.Q.2d (BNA) at 1570.

<sup>47</sup> They are on the federal register, but the underlying common law trademark rights have been abandoned due to nonuse. See *supra* text accompanying note 24.

<sup>48</sup> See, e.g., *Am. Vitamin Prods.*, 22 U.S.P.Q.2d (BNA) at 1314; *Hartwell Co.*, 17 U.S.P.Q.2d (BNA) at 1570.

<sup>49</sup> *Caesar’s World v. Milanian*, 247 F. Supp. 2d 1171 (D. Nev. 2003).

<sup>50</sup> This threat has been made against River West Brands LLC, but the Author has found no instances of this case being successfully cited against a company attempting to register a trademark.

Because companies or individuals must assert that they are acting in “good faith” when they make trademark applications,<sup>51</sup> the goal of litigation would be to prove that an opponent acts in “bad faith” when attempting to register trademarks.<sup>52</sup>

¶39 In *Caesar’s World*, plaintiff Caesar’s World, Inc., a casino operating a number of different casino brands, was confronted by an entrepreneur that had filed trademark applications for marks that Caesar’s World wanted to use for a new casino.<sup>53</sup>

¶40 Milanian, the defendant, had filed numerous intent-to-use trademark applications for trademarks that he anticipated new casino operators would want to use in the future.<sup>54</sup> Milanian filed more than 150 trademark applications but failed to use any of the relevant trademarks in commerce.<sup>55</sup> In the trial, the court excluded all testimony of Milanian because he refused to show up at any depositions.<sup>56</sup> Plaintiff Caesar’s World was able to convince the court that “this business model of registering numerous trademarks to assign them to others is not the normal business model used by consultants in the hotel and gaming industries.”<sup>57</sup>

¶41 Based on this case, there is some hope that a brand owner could stop a potential user of an abandoned trademark from using the mark due to bad faith intent when registering the mark. If a court finds that the potential registrant has acted in bad faith, it is possible that the court might ignore the bad acts of the previous trademark owner. However, for this to occur, the brand owner trying to prevent new users from using their abandoned marks must take the chance that the court will equate the new user to the bad actor defendant such as Milanian (who had no *bona fide* products or services in the market and refused to even testify in depositions) if it wishes to engage in litigation.<sup>58</sup> If a court finds that the new user has legitimate business activities, then it is unlikely that the new user would be considered to be a bad faith actor. Thus, it is not recommended that a brand owner that wants to control its abandoned marks rely on *Caesar’s World*.

### 5. Duty to Disclose Association

¶42 After a former brand user has established that (1) a trademark has been abandoned and that (2) there are no feasible methods to stop a new user from using the abandoned trademark, there is one argument available in a litigation context that could provide a “hassle factor” to a new user of an abandoned trademark. This argument is based on a comment to the Restatement of the Law (Third), Unfair Competition, § 30.<sup>59</sup>

¶43 Under this *comment* to a Restatement provision, a new user of an abandoned trademark is admonished to heed the following:

¶44 Unless the subsequent user adequately distinguishes its use of the designation from the use by the original owner, the subsequent use is likely to deceive prospective purchasers with respect to the source or sponsorship of the goods or services. . . . Although

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<sup>51</sup> 15 U.S.C. §1051(b) (2003).

<sup>52</sup> Similar threats and claims have been made against River West Brands LLC.

<sup>53</sup> *Caesar’s World*, 247 F. Supp. 2d at 1182.

<sup>54</sup> *Id.*

<sup>55</sup> *Id.* at 1192.

<sup>56</sup> *Id.* at 1182.

<sup>57</sup> *Id.* at 1192.

<sup>58</sup> *See id.*

<sup>59</sup> RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 30, cmt. a. (1995).

a subsequent user of an abandoned mark will not be subject to liability for trademark infringement, use of an abandoned designation in a manner likely to deceive or mislead a significant number of prospective purchasers may subject the user to liability to the former owner under the general rule proscribing misrepresentations of source. . . . Subsequent users, although free to use the abandoned designation, may thus be required to take precautions necessary to avoid a likelihood of confusion if the designation retains its association with the former owner.<sup>60</sup>

¶45 While an interesting concept, the author has found no cases where this provision of the Restatement of Unfair Competition has been successful in litigation.<sup>61</sup> It would seem that this provision would typically only apply to situations where the abandoned mark incorporates copyrightable elements or other trademark rights of the previous owner, in which case permission from the previous owner would be needed. Such permission would only likely occur after negotiations. Additionally, if there are no existing trademarks or copyrights involved, the potential conflict would easily be solved by the new user including a simple statement of source on the theoretically offending product.

## 6. Summary of Litigation Strategies

¶46 It should be concluded that while the litigation strategies identified above are always an option, brand owners are probably better off relying on strategies other than litigation to prevent the unwanted use of abandoned marks by third parties. This is because to prevail in litigation after a brand owner has discontinued a mark for more than three years, there must be extraordinary facts associated with the discontinuation of a brand, and/or the brand owner must be fortunate enough to have a totally incompetent opponent in litigation.<sup>62</sup>

### C. *Option 3: Token Use*

¶47 One common instinct companies have for trying to keep a trademark in use is to make “token use” of a trademark. The idea is that even though a brand is no longer a strategic priority, a company could make minimal use of a trademark by shipping a few cases of product across state lines.<sup>63</sup> This was a strategy frequently used by large consumer products companies through the 1980s. For instance, Procter & Gamble had an official “Minor Trademarks Program” that involved the shipment of small quantities of products bearing certain trademarks to several different states.<sup>64</sup> The abusive nature of this practice throughout the consumer packaged goods industry inspired Congress to revise the Lanham Act in the Trademark Revision Act of 1988 to address that problem.<sup>65</sup> The changed statute requires that use of the trademark must be “bona fide . . . and not

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<sup>60</sup> *Id.*

<sup>61</sup> The Author has performed searches through work at River West Brands LLC.

<sup>62</sup> *See, e.g., Caesar’s World*, 247 F. Supp. 2d at 1192.

<sup>63</sup> The Author has frequently heard from brand owners and other marketers that suggest this strategy as a way to establish or maintain trademark rights.

<sup>64</sup> *Procter & Gamble Co. v. Johnson & Johnson*, 485 F. Supp. 1185, 1204-05 (S.D.N.Y. 1979), *aff’d*, 636 F.2d 1203 (2d Cir. 1980).

<sup>65</sup> Lanham Act, 15 U.S.C. § 1127 (2000).

merely to reserve a right in a mark.”<sup>66</sup> Today, a company cannot rely on token use to assert that it has not abandoned a trademark.<sup>67</sup>

### 1. Alternatives to Token Use

¶48 Rather than make token use of a trademark, sophisticated brand owners have other strategies available. One of the most appealing and effective is to use the trademark as a “sub brand” on a limited basis. Kraft Foods recently made effective use of this strategy with the inclusion of the MISTER SALTY trademark on its popular and enduring HANDI-SNACKS products.<sup>68</sup> MISTER SALTY was formerly a leading brand of pretzels marketed by Nabisco, Inc. Nabisco discontinued use of MISTER SALTY and then merged into Kraft in December 2000.<sup>69</sup> Despite existing federal registrations, MISTER SALTY had not been in use for a decade.<sup>70</sup> By using MISTER SALTY as a sub brand on its HANDI-SNACKS business, Kraft is likely to be able to maintain trademark rights to MISTER SALTY without having to develop a new product line devoted to the brand.

¶49 Another strategy for preventing abandonment of a trademark is to use the mark on a small but meaningful business. For instance, a brand may no longer be used on products with large traditional retailers such as Wal-Mart or Target, but the brand may be used on smaller channels such as through foodservice vendors. This strategy was affirmed in *Lyon Metal Products v. Lyon Inc.*, where a manufacturer that had sold kitchen products for many years under the “LYON” trademark discontinued retail sales but continued to sell to new construction builders under the same mark.<sup>71</sup> In *Lyon*, the court found that “discontinuance of one channel of distribution cannot constitute an abandonment” when another channel is in use.”<sup>72</sup>

¶50 Another example of this approach involves the Dial Corporation’s use of the BRECK trademark for shampoo. BRECK was considered a leading brand of shampoo in the United States in the 1960s and 1970s through the popular use of the “Breck’s Girls” advertising campaign.<sup>73</sup> The BRECK business was eventually purchased by the Dial Corporation, but due to managerial issues the brand was discontinued in all United States retail outlets in December 2000.<sup>74</sup> Even though BRECK is clearly a brand with a history for the individual consumer and was discontinued at retail, Dial smartly continued to use

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<sup>66</sup> *Id.*

<sup>67</sup> *See, e.g., Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 101 (5th Cir. 1983) (“The Act does not allow the preservation of a mark solely to prevent its use by others.”); *La Societe Anonyme des Parfums LeGalion v. Jean Patou, Inc.*, 495 F.2d 1265, 1273-74 (2d Cir. 1974) (finding that purely defensive token use was insufficient to obtain enforceable rights in the mark).

<sup>68</sup> *Kraft Adds New Notches to Noshing*, BRANDWEEK.COM (Brandweek, VNU eMedia, Inc.) Dec. 18, 2003, at [http://brandweek.com/brandweek/search/article\\_display.jsp?vnu\\_content\\_id=2055060](http://brandweek.com/brandweek/search/article_display.jsp?vnu_content_id=2055060) (last visited Oct. 26, 2004).

<sup>69</sup> *Philip Morris Closes on Acquisition of Nabisco*, (Kraft Foods, Inc.) Dec. 11, 2000, at <http://www.kraft.com/newsroom/12112000.html> (last visited Oct. 26, 2004).

<sup>70</sup> *Kraft Adds New Notches to Noshing*, *supra* note 68.

<sup>71</sup> *Lyon Metal Prods v. Lyon Inc.*, 134 U.S.P.Q. (BNA) 31, 35 (TTAB 1962).

<sup>72</sup> *Id.*

<sup>73</sup> Leigh Grogan, *Work Up a Good Lather: Even Breck Makes a Comeback as Hair Products Clean Up at Stores*, SACRAMENTO BEE, (Aug. 30, 2002), available at <http://www.detnews.com/2002/homelife/0209/06/d03-574600.htm> (last visited Oct. 26, 2004).

<sup>74</sup> *Id.*

the BRECK name in another channel: hotels.<sup>75</sup> Until BRECK's relaunch at retail in 2003,<sup>76</sup> Dial sold small bottles of shampoo to large hotel chains using the BRECK name.<sup>77</sup> The ubiquitous hotel shampoo bottles guests would find in their hotel would have the name of the hotel on one side and "BRECK" on the back. This use of the BRECK name most likely ensures that Dial would prevail against a challenger asserting Dial had abandoned its trademark rights to BRECK.

## 2. Impact of Token Use

¶51 Ultimately, a token use strategy could have some deterrence value for brand owners seeking to stop new users from using discontinued brands. A large brand owner making public token uses of a trademark may confuse potential new users of an abandoned trademark and send a signal to new users that the brand owner may be willing to litigate to enforce rights to the brand – even if the argument for rights is weak. However, if a brand owner is found to have engaged in deliberate token use after the 1989 Lanham Act reforms, it would likely jeopardize the brand owner's standing in future disputes over trademark abandonment. If a court finds a brand owner has improperly used a token use strategy to establish rights to a trademark, it stands to reason that the brand owner would have a difficult time supporting its token use efforts in subsequent cases.

### *D. Option 4: File New Intent-to-Use Applications*

¶52 One strategy a brand owner can use if it has abandoned a trademark is to file a new application to use the trademark.<sup>78</sup> Under the Lanham Act, companies may file an application to register a trademark based on a bona fide intent to use a trademark in commerce, "under circumstances showing the good faith of such person."<sup>79</sup> The benefit of filing an "intent to use" application is that the applicant is able to establish a priority date of use that is superior to subsequent users who actually use the relevant trademark in commerce.

¶53 In essence, a brand owner that has abandoned rights to a trademark, and wants to keep that trademark out of the hands of competitors, could simply file an intent-to-use application for a trademark. This strategy "gums up the works" for new third parties considering use of the abandoned trademark.

¶54 Consider that for a new intent-to-use application, it may take more than six months before the USPTO is able to begin processing the new trademark application.<sup>80</sup> Then, even if there are no objections with the examining attorney, it may take several more months for the application to be published for opposition. It is possible that the notice of

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<sup>75</sup> *Id.*

<sup>76</sup> Kenneth Hein, *Rip Van Brands*, BRANDWEEK, July 14, 2003.

<sup>77</sup> See, e.g., Dial Corporation ("Your guests will appreciate the lather in our soaps and the rich feel of our lotions and hair care products. And they will be reassured by our familiar brand name products, like Pure & Natural® and Breck®"), available at [http://www.dialbcm.com/bcm/index.cfm?page\\_id=8&organization\\_id=1&category\\_id=46&product\\_id=157](http://www.dialbcm.com/bcm/index.cfm?page_id=8&organization_id=1&category_id=46&product_id=157) (last visited Oct. 26, 2004).

<sup>78</sup> The Author has witnessed companies using this trademark prosecution strategy.

<sup>79</sup> 15 U.S.C. §1051(b) (2004).

<sup>80</sup> This is the Author's experience prosecuting trademark applications for River West Brands LLC.

allowance will not be issued for more than a year after the original filing date of the application.<sup>81</sup> From there, the applicant has six months to use the mark in commerce.<sup>82</sup>

¶155 If the applicant does not use the trademark in commerce within six months after the mailing date of the notice of allowance, there are still options to extend. In fact, the applicant can receive up to *five* six month extensions to use the trademark in commerce, assuming the applicant shows good cause.<sup>83</sup> The extension will be granted only by specifying the activities the applicant is performing to attempt to use the trademark in commerce, and a showing of “good cause.”<sup>84</sup> Good cause is not difficult to establish, as stated in the USPTO’s *Trademark Manual of Examining Procedure – 3<sup>rd</sup> Edition*:

However, the Office will not require a detailed explanation or evidence in a showing of good cause. The statement concerning good cause only has to refer to the types of activities listed in the rule or similar types of activities. For example, the applicant may simply state that the applicant is engaged in manufacturing and promotional activities.<sup>85</sup>

¶156 In essence, by filing an intent-to-use application and all necessary extensions, a brand owner could delay a competitor’s use of a brand by over *three years*, which is quite a long time in competitive industries.

¶157 This strategy is not necessarily a fantasy. Consider the trademark application Procter & Gamble (“P&G”) filed for EAGLE in “corn based snack foods; popcorn.”<sup>86</sup> EAGLE SNACKS was once a large but very unprofitable snacks business operated by Anheuser-Busch.<sup>87</sup> When Anheuser-Bush discontinued operations, it sold in 1996 the trademark rights for EAGLE to P&G for more than \$10 million.<sup>88</sup>

¶158 Although P&G acquired the trademark rights and had a federal registration for EAGLE, it is not clear that EAGLE has been commercialized by P&G since 1999.<sup>89</sup> This suggests that in 2004 there might be a strong argument that the brand has been abandoned. Thus, the intent-to-use application filed by P&G for EAGLE in March 2000 may have been the only way to preserve any trademark rights in the brand.

¶159 P&G asked for and received five extensions to use EAGLE in commerce. From an analytical perspective this seems puzzling. Most marketing analysts would agree that P&G would be unlikely to launch a new snacks business to compete directly with market leader FRITO-LAY. Finally, almost *four years* after P&G’s original filing of its intent-

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<sup>81</sup> The author’s experience is that it can take six months for the application to be reviewed, three months for the mark to be published for opposition, and then three months notice of allowance to be issued even if there are no challenges during the period of opposition.

<sup>82</sup> 15 U.S.C. § 1051(d) (2004).

<sup>83</sup> 15 U.S.C. § 1051(d)(2) (2004).

<sup>84</sup> 37 C.F.R. § 2.89(b) (2004).

<sup>85</sup> TRADEMARK MANUAL OF EXAMINING PROCEDURE, UNITED STATES PATENT AND TRADEMARK OFFICE, 3d Edition, §1108.02(f).

<sup>86</sup> United States Patent and Trademark Office, Trademark Application, Serial No. 78/000,695.

<sup>87</sup> George Lazarus, *Eagle’s Buyer Eyes an Addition to its Snack Line*, CHI. TRIB., Dec. 5, 1997, Business, at p. 3.

<sup>88</sup> *Id.*

<sup>89</sup> Jack Neff, *P&G Tests Revival of Eagle Snacks Brand*, ADVERTISING AGE, Jan. 5, 2004, available at <http://www.adage.com/paypoints/buyArticle.cms/login?articleId=43040&auth=> (last visited Oct. 26, 2004).

to-use application, P&G recently announced that it is test marketing EAGLE snacks via a licensee in California.<sup>90</sup>

¶160 There is a key risk that a brand owner has in trying to “gum up the works” by filing intent-to-use applications for brands. The risk is that if the goal of the applications is simply to keep a brand off the market, the brand owner sets itself up for the same type of challenge asserted against the entrepreneur in *Caesar’s World*. In essence, the brand owner could be accused of failing to have a good faith, bona fide intent to use the trademarks at issue. An aggressive entrepreneur could potentially have a very strong case against large companies that file numerous intent-to-use applications without delivering product into the marketplace.

### E. Option 5: Sell or License Brand

¶161 All of the previous four strategies have two dominant characteristics: (1) they generally involve keeping brands *off* the market (or barely alive), and (2) are associated with litigation risk. None of the strategies actually involve generating profits or value from the discontinued brand. This is why sophisticated brand owners should turn to strategies that involve using discontinued brands in commerce and generating value. The two ways to accomplish this are through a sale or a license of the discontinued brand.<sup>91</sup>

#### 1. Sale

¶162 A sale of a discontinued brand is the most efficient way a company can discontinue a brand and ensure that it receives at least some compensation for the brand before the trademark rights are abandoned. It is more efficient than other strategies because once a brand is sold, the seller has no ongoing responsibilities for the management of the brand.<sup>92</sup> For instance, the STRUCTURE retail chain that catered to young men was recently discontinued by a leading operator of apparel retailers, Limited Brands.<sup>93</sup> Limited wanted to change the brand of its STRUCTURE stores to EXPRESS, allowing young men and women to shop at the same stores.<sup>94</sup> However, because STRUCTURE had value, Limited sought to sell the trademark rights to the brand.<sup>95</sup> Within roughly a year of when the brand was discontinued, Limited sold its rights to STRUCTURE to Sears, Roebuck & Co. for consideration of just below \$10 million.<sup>96</sup> This transaction was a “win/win” for Limited and Sears- Limited was able to generate value for a brand it had discontinued, while Sears was able to acquire a strong brand that will thrive as a proprietary brand in its stores.

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<sup>90</sup> *Id.*

<sup>91</sup> The Author has experience performing these activities at River West Brands LLC.

<sup>92</sup> There may be, however, some ongoing involvement due to deferred compensation or indemnification provisions in the asset sale agreement, for example.

<sup>93</sup> Julee Greenburg, *Meet Me in the Middle*, WOMAN’S WEAR DAILY, May 30, 2002, at 2B.

<sup>94</sup> *Id.*

<sup>95</sup> The Author acted as an advisor to Limited in the sale of the STRUCTURE brand.

<sup>96</sup> “Sears, Roebuck and Co., in a deal valued at just under \$10 million, acquired all rights to the Structure label from Limited Brands Inc.” *General Merchandise*, 79 CHAIN STORE AGE 11, 21, Nov. 1, 2003.

## 2. License

¶63 It is the Author’s experience that the only downside to the sale of a brand – loss of future control – can be curbed by establishing a valid license of a discontinued brand. By licensing a recently discontinued brand, a brand owner is able to maintain ownership of a trademark and control how the brand is used in the marketplace. Additionally, the brand owner is able to generate royalty streams from the licensee.<sup>97</sup>

¶64 Establishing a license agreement can be more complex than a simple sale because there are issues relating to whom a brand can be licensed to (such as licensing to a competitor or to a customer), and to whether the brand owner has continuing obligations to monitor the use and quality of the licensee’s products.<sup>98</sup> If done properly, the brand owner can find that there are strong entrepreneurial candidates that can take over management of the discontinued brand via license. For instance, Dial Corporation eventually licensed its BRECK trademark to brand revival expert The Himmel Group for the brand’s recent relaunch.<sup>99</sup>

¶65 An added benefit of undertaking the process of licensing (or selling) a discontinued brand is that the mere act of attempting to license the discontinued brand may be deemed excusable non-use that could survive a challenge of abandonment. This occurred in a 1992 decision concerning the use of the slogan “THIRST AID” by Quaker Oats in its advertisements for GATORADE.<sup>100</sup> In this case, the plaintiff had previously marketed a sports beverage with the THIRST AID trademark, but had not used the brand for more than three years. The plaintiff had, however, attempted to *license* the brand during the period of nonuse – albeit without success.<sup>101</sup> This effort to license alone was enough for a court to determine that the plaintiff had not abandoned its rights to the THIRST AID brand.<sup>102</sup>

¶66 A risk to this strategy is that if a sale or license process is undertaken, it should itself be bona fide. In other words, the brand owner must actually want to sell or license the discontinued brand and not just “go through the motions.” If actual use can be deemed “token,” it stands to reason that an effort to license or sell a brand can be deemed a token use as well. Arguments of “token efforts” to sell or license a brand would include making limited phone calls, interviewing only one or two potential sale or licensee candidates, or failing to produce a document with which potential acquirers or licensees could evaluate the merits of a discontinued brand.

## III. CONCLUSION

¶67 It is not surprising that many companies are unaware that brands they think they own are either abandoned or are perilously close to being abandoned. Marketers

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<sup>97</sup> The brand licensing industry has evolved to a sophisticated state. For more information, *see* INTERNATIONAL LICENSING INDUSTRY MERCHANTISERS’ ASSOCIATION, Introduction to Licensing, available at <http://www.licensing.org> (last visited Nov. 3, 2004).

<sup>98</sup> *Id.*

<sup>99</sup> Andrea M. Grossman, *Breck is Back*, WOMAN’S WEAR DAILY, July 20, 2001, at 8.

<sup>100</sup> *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 956 (7th Cir. 1992) (finding presumption of abandonment rebutted by evidence of efforts to license trademark during period of nonuse).

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

generally only understand trademark law issues when they are directly relevant to the brands that are actually in use. The fact that they do not understand the nuances of trademark abandonment is understandable. This lack of understanding, however, needs to change.

¶68 Unless a brand is deemed worthless, counselors to brand owners should not close up the books and fail to take further action once it is determined that a brand is to be discontinued. The most sophisticated brand owners in the future will have a clearly defined process for ensuring that a discontinued brand has a use in the future and is not in danger of becoming abandoned. The process should involve interviewing potential acquirers and licensors for the discontinued brand. Ultimately, brand owners should not have to rely on questionable (both in merit and ethics) litigation and abusive tactics at the USPTO to stop competitors from using abandoned marks and instead should insist on developing a vibrant market for putting discontinued brands to their best use.