

It's possible to monitor competitors by watching how they manage their intellectual property, say **Jeffrey Van Hoosear** and **Jonathan Hyman** of **Knobbe Martens Olson & Bear**

Five ways to watch your competitors

The intellectual property rights associated with your company's brands (trade marks, copyrights and patents) tell a lot about your business. Likewise, information about the intellectual property rights of a competitor can provide you insights to its business and strategy. Watching how your competitors manage their intellectual property rights can tell you what protection your competition is getting, and you might gain knowledge about their technology and marketing focus. This knowledge could provide you with certain business advantages.

1) Conduct searches

A review of the records of the US Patent and Trademark Office (USPTO) pertaining to your competitor will show you the trade marks and service marks that have been filed to date, and provide information on the goods and services that are covered by the respective marks. This search can be done online (www.uspto.gov) at no cost other than the searcher's time. Knowledge that your competitor has filed a new trade mark for apparel (or golf clubs, breakfast cereal, energy drink, computer software, skin cream ...) tells you what new product or product name it has planned.

Likewise, a review of the USPTO's patent records (also searchable online at no cost at www.uspto.gov) will show you pending utility patent applications. US patent applications are published and become publicly available after 18 months from the priority filing date. However, a utility patent application may not be published (and so will not be publicly available) if the applicant files a request for non-publication and certifies that no foreign application will be filed. Often a business files a request for non-publication if the patent application covers a business method or a medical procedure. These types of patents might not be feasible, or even possible, in many countries. So the applicant forgoes filing outside the US and elects not to have the US patent published. This keeps the US patent application confidential until it issues. If your business is in an industry in which design patents are more the norm, you need to keep in mind that, in the US, design patent applications are not published and not available for viewing until issuance.

A US search as described above is a good first step, but you should take it one step further and conduct a worldwide search of your competitors to see which countries they have (or have not) registered their trade marks in. A worldwide trade

mark ownership search is inexpensive (about \$1200 to \$1400 through an experienced search firm such as Thomson CompuMark) and can be completed in just a couple of days. These search results will provide you with a good picture of what trade marks your competitors have registered and in which countries. Knowing where your competitors have registered their trade marks (as well as for what goods or services) provides you with insight on what countries and products they think are important.

The general rule is that trade mark and patent rights are territorial. Also, in most countries you must have a trade mark registration to have enforceable rights. Trade mark rights accrued through use of a mark is the exception in most countries, not the rule. Similarly, you must have an issued patent to have enforceable rights in the invention. Accordingly, if your competitor does not have filings for certain trade marks or patents in certain countries, it probably does not consider those countries important from a marketing, manufacturing, or counterfeiting or infringement perspective. That is, without trade mark rights in a certain country, the owner of the trade mark might not be able to stop the infringing activity. Lack of a trade mark or patent in a certain country could also be an oversight. However, this oversight might indicate a vulnerability of your competitor that you might want to review and evaluate.

The trade mark and patent filing information from a worldwide search is also likely to tell you where your competitors' sales and marketing efforts are focused. This information could impact on your decisions on where you focus your sales and marketing resources.

Jeffrey Van Hoosear



Jeffrey Van Hoosear is head of the trade mark department and a partner at Knobbe Martens Olson & Bear. He specializes in trade mark, entertainment, rights of publicity and licensing matters and has spoken and written extensively in these fields. Van Hoosear represents clients in the apparel, sporting goods, entertainment and e-commerce industries.

Jonathan Hyman



Jonathan Hyman is a partner at Knobbe Martens Olson & Bear. He specializes in trade mark, entertainment, rights of publicity, copyrights, licensing matters, *ex parte* and *inter partes* proceedings before the Trademark Trial and Appeal Board, domain names, and ICANN proceedings. He has given presentations at the LES Pan-European Conference and the Beverly Hills Bar Association and written articles for the *Los Angeles Daily Journal* and the *E-Commerce Law Report*.

Lastly, knowing how much your competitor has invested in time and money to register a trade mark, or patent an invention, around the world indicates its level of interest in the intellectual property. The more a competitor has invested, by tabulating the number of trade marks or patents applied for, you can estimate how willing and able your competitor will be in defending these rights.

2) Use watching services

As well as the information from the search of previously filed intellectual property, a trade mark or a patent watching service will allow you to monitor your competitors' filings by alerting you to *new* intellectual property filings. This allows you to not only see what rights already exist, but also what rights are being obtained.

In most countries, trade mark applications are publicly available. Also, most companies will file for trade marks and patents well before the time the product would reach the marketplace. So, soon after the application's filing, you can determine the words and designs of interest to your competitors well before seeing the advertisements or promotional material for the products. In many industries, such as the computer, insurance and healthcare industries, trade marks are often arguably descriptive of the intended products or services. Likewise, trade marks in the pharmaceutical industry are often created from abbreviations or references to the chemical components of the product. Accordingly, information on the trade marks translates as information about your competitors' products, and perhaps their marketing strategies.

Watching services for either trade marks or patents do not have to be limited to the filings of specific competitors. You can also have patent watching services for patent classification groups or for key terms that would be used in the patent applications that are relevant to your industry. You might also want to enrol in a watching service that will provide articles pertaining to certain topics or containing certain key words. These articles can keep you informed about the research happening in your industry that you should be aware of. For publicly held companies, you might also want to routinely review the quarterly and annual reports to see what is being touted or proposed as future plans of the company. Lastly, watching advertisements for employment (such as on Monster.com) placed by your competitors could provide you with some insight to its business plans. For example, a company looking for additional research assistants to conduct clinical trials indicates additional products are being prepared for the market.

3) Follow up on filings

In the USPTO, correspondence pertaining to a trade mark application between an applicant and the examining attorney is of public record, and can even be reviewed online at no cost. Likewise, once the US patent application is published, the correspondence between the applicant and the USPTO is available for review. Correspondence in connection with intellectual property matters in most foreign countries is also publicly available soon after filing. From this correspondence, you might be able to obtain some insight as to the potential for trade mark or patent protection, and what the overall strength or scope of the rights might be. Looking at your competitors' responses to the positions of the examiners tells you what aspects of marks or inventions your competition deems are important and those that it does not.

Also, identifying what problems your competitor is encountering with an examination of its trade mark or patent application will help you to avoid similar problems, or to see what responses were unsuccessful. You could also review your own filings to see what might be done to make it even more difficult for a competitor to succeed in obtaining a trade mark or patent.

4) Review records

In many countries, trade mark and patent licences should be recorded and in some countries they *must* be recorded. Changes in corporate information (such as changes in a company name or structure, and assignments or transfers) are also often recorded. These activities might be required in certain countries or in certain conditions to maintain or have enforceable rights. Monitoring recordings such as these can provide insight into your competitors' activities or plans. For example, if your competitor has licensed a right in a certain country, it is not developing its own marketing plans or strategy, but might simply be seeking to generate some income from its intellectual property right. Accordingly, you could use this knowledge to develop your own marketing plans with knowledge of what others are doing.

Likewise, seeing an assignment or transfer recorded can tell you about an overall ownership change (or perhaps indicate the sale of a business division or a product line), and also highlights the difficulties involved in doing business in a certain territory.

5) Consider challenges

Based on the information you have obtained from the four suggestions above, you might decide that it is to your advantage to institute a challenge to a certain trade mark or patent – by way of an administrative challenge, such as an opposition, or in a court proceeding. These challenges could prevent, or at least delay, your competitor from obtaining or enforcing certain rights.

Knowledge of the trade marks or patents your competitors are pursuing (gained by monitoring their applications) might allow you to approach a competitor at an advantageous time. The approach could be in the form of a challenge or as a request for cooperation.

In many countries, trade mark and patent applications are open to challenge or opposition by third parties before a registration issues. For example, you can seek to oppose a trade mark application based on prior rights, non-use, fraud or various other grounds. So you can act early to try to prevent your competitors from obtaining registrations. Similarly, in many countries, if you know about your competitors' patent applications, you may challenge or oppose those applications before they issue. In this way, you could prevent your competitors receiving a patent that would prevent you from marketing a certain product, or at least delay the patent from issuing until you can find a way to work around it.

On the other hand, perhaps a cooperative discussion in the form of a co-existence agreement, a cross-licence or other business relationship with a competitor (based on some right it may obtain in the future) would be to your advantage. The cooperation path could be with a competitor that is pursuing a certain technology, or perhaps you and other third parties could join forces against your competitor. Or, you could approach a competitor to address potential infringement of your own patents (with the objective of getting a cross-licence) or explore a possible co-existence situation before a certain trade mark is obtained.

Spies are everywhere

These are just a few simple, quick and – even better – inexpensive ways you can monitor your competitors by reviewing their intellectual property rights. Of course, your competitors could just as easily review and watch your rights and activities. You should always keep this in mind with regard to your own intellectual property strategy and filings. Accordingly, you should discuss with your attorneys and agents ways to avoid providing any informative insights into your own business plans, or at least be conscious of what you may be unintentionally telling your competitors.