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“Tip of the Month”

Responding to a Trademark Cease-and-Desist Letter

Despite best efforts to avoid infringing intellectual property rights of others, businesses of all sizes may nonetheless receive cease-and-desist letters that allege trademark infringement. Knowing the strength of your legal position is key to being able to respond appropriately.

A cease-and-desist letter usually asserts that use of a word or phrase violates a trademark owner’s rights and also threatens litigation if the use does not cease immediately. In some cases, the letter is a scare tactic used to bully a competitor into giving up a domain name or ceasing use of a word or phrase that the competitor rightfully may use. In other cases, the letter fairly describes activity that infringes trademark rights of another. Before responding to a cease-and-desist letter, an accused infringer should consider several steps to make an informed, reasoned response:

1. **Stay calm.** Refrain from responding based on emotion. Instead, evaluate the assertions and facts. While time is often of the essence, a hasty response can change the disposition of the trademark owner or weaken your legal and negotiating position in the dispute.
2. **Assess the trademark and the alleged infringing activity.** The letter should identify the particular trademark that the recipient is accused of infringing and what activities are perceived as infringing. For a federally-registered mark, the letter should identify the trademark registration number. Compare your own actions against what is alleged.
3. **Determine what the trademark owner wants and when.** Cease-and-desist letters often demand action and a response within a relatively short time, such as within ten days. Particularly when a letter asserts activity that legitimately may infringe trademark rights, act quickly to allow sufficient time for your lawyer to review the letter and provide advice on responding. In most cases, ignoring the letter will not make the problem go away.
4. **Assess the risk of infringement.** Do not assume that the trademark owner’s claims are legitimate or that the claims are baseless. For trademarks, the test for infringement is whether the accused mark causes a likelihood of confusion as to source of goods or services. Likelihood of confusion is based on analyzing eight or more factors about the mark, its use, and the market. A trademark attorney can analyze the factors to determine whether use of mark constitutes infringement. In some cases, the trademark owner actually has no rights to assert or is reaching beyond the bounds of the owner’s trademark rights. In other cases, the trademark owner has a well-founded assertion of infringement. In still other cases, infringement claims are unclear and could go either way.
5. **Consider your options.** Having determined the risk level of infringement, balance the business value of the mark against the risk of infringement and downstream costs of the various options. Your trademark attorney can assist you in determining the best course of action based on the risk of infringement and downstream costs.

For matters of trademark or other intellectual property infringement, consult the attorneys at Mesmer & Deleault, PLLC. Whether you are accused of infringement or discover infringement of your own intellectual property rights, please call the attorneys at Mesmer & Deleault, PLLC, today at (603) 668-1971 or send an email to mailbox@biz-patlaw.com.

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