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June 3, 2016

VIA E-MAIL

To Our Investment Adviser Clients and Other Friends

Re: Trademark Protection

Summary. We encourage you to consider obtaining federal trademark protection for the names and logos of your advisory firm and investment funds as part of your overall marketing and intellectual property strategy. We are happy to assist you in this process. Some basic considerations when choosing and protecting a name or logo are addressed below.

The Importance of Trademark Protection. The name of your firm and/or investment funds, and logos you use in connection with your services, may be trademarks¹ and may become valuable intellectual property. Trademarks carry the goodwill and reputation of the business and the services you provide. Accordingly, it is important for you to choose a name or logo that trademark law will protect, and obtain broad protection for the mark to prevent others from using confusingly similar marks and potentially capitalizing on your goodwill.

Federal registration of a mark provides the most efficient and only practical means to obtain nationwide rights in a mark to prevent others from using similar marks to identify their investment services. Federal registration also reduces exposure in case a competitor challenges your use of a mark. Federal trademark registration establishes legal presumptions that can eliminate or limit the need for costly legal battles over who has the right to use a name or logo. Federal registration is not mandatory, but the scope of protection a registered mark enjoys is significantly greater than that afforded an unregistered mark.

Typically, vetting a mark, filing a federal trademark application and obtaining a registration is relatively inexpensive, costing between five and seven thousand dollars (depending on the type of mark and number of names reviewed prior to filing), inclusive of attorneys' fees and filing fees charged by the U.S. Patent and Trademark Office (PTO).

¹ Technically, a trademark is used to identify the source of goods, while a service mark is used to identify the source of services. The term *trademark* is generally understood to refer to both trademarks and service marks and is used in this letter for simplicity; we also sometimes use *mark* as shorthand for *trademark* or *service mark*.

Considerations for Evaluating Whether Registration Can Be Filed For a Mark. Your mark can be registered only if it is available for use and protectable.

Availability. A mark is available for use if it is not so similar to other marks already in use for the same or similar services that confusion, mistake or deception is likely to result in the minds of the public when they encounter the mark. Under U.S. law, an earlier user of a mark in commerce generally can stop a later user if the marks are similar and it is likely that consumers will be confused. We can conduct searches to examine whether other marks or company names are already in use that might impede your use of the mark. Please be aware that searches are imperfect and there is always a possibility that a search may miss a user with superior rights. Availability or reservation of a name in Delaware or California does not mean that name has trademark protection.

Protectability. Generally, the more distinctive a mark is, the stronger it is. Although almost any word, phrase, design or symbol can potentially serve as a trademark, not all marks are entitled to protection under trademark law. For example, a mark that merely describes the goods or services being offered is not entitled to trademark protection. In the realm of investment advisory and financial services, the term “Capital Management” is descriptive and therefore not by itself capable of protection.

Adding a word capable of protection, however, can result in a protectable mark. Made up or fanciful words, such as XEROX or FLIVVER, are entitled to the strongest level of trademark protection, because they have meaning only in relation to the products and services with which they are used. Thus the mark “FLIVVER Capital Management” would be protectable to the extent it uses the term FLIVVER.

Likewise, marks that consist of recognized words that have no natural association with the goods and services with which they are used are entitled to strong protection. “PINEAPPLE Capital Management” would, for instance, be protectable due to the use of “PINEAPPLE” as part of the mark.

Finally, words that suggest, but do not describe the primary characteristic of the goods and services being offered are also protectable. “COMPOUND Capital Management” would likely be found to be at least suggestive of the services being offered, and therefore be protectable.

Numerous guidelines and restrictions apply in determining whether a mark is sufficiently distinctive to be protectable. For instance, marks that include the names of well-known places or landmarks (such as, WALL STREET Capital Management) are unlikely to be protectable under most circumstances. A mark that includes a person’s proper name (JOHN SMITH Capital Management) will only be protectable if certain criteria are met.

Conclusion. Investment advisers face unique challenges with respect to brand development and trademark protection due to the limited scope of permissible marketing. We provide an array of services concerning selection, clearance, registration (both United States and

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international) and enforcement of trademarks and service marks. We can assist you in analyzing potential new marks, prosecuting registration applications with the PTO and overseeing the prosecution of registrations in foreign countries. Our services include branding, providing opinions of counsel, managing trademark portfolios, and counselling regarding domain names.

Our trademark attorneys are James Martin, Erick Howard, Joseph Mauch, and Cristina Rubke. If you would like to discuss trademark and brand management further, please contact John Broadhurst, Geoff Haynes, Chris Rupright, Carolyn Reiser, Neil Koren, Jim Frolik, Christina Hamilton, Joan Grant, Lyn Roberts, Anthony Caldwell, David Suozzi or Kathryn Miller for a referral to the appropriate trademark attorney.

Previous letters to our investment advisory clients and friends and additional discussions of topics relevant to private fund managers, investment advisers and private investment funds can be found at our insights page: www.sflaw.com/blog/investment-funds-advisers-insights.

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