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US: TRADE MARKS

Disputes in the financial service industry

The hedge fund industry has become big business in recent years and funds have tried to distinguish themselves for investors by choosing unique names to serve as source identifiers for the particular financial services they offer. As the hedge fund industry expands, financial service providers doing business in the United States offering investment opportunities often come into conflict with similar companies domiciled overseas using confusingly similar names. However, the unique regulations that apply to the hedge fund industry may, under certain circumstances, alter the traditional trade mark analysis applied when a trade mark dispute arises.

Specifically, because certain financial service companies are strictly limited in their ability to advertise to the public, prospective investors may be unlikely to perceive the particular mark prior to becoming familiar with the service provider or their business, thereby minimizing any likelihood of confusion. Moreover, an analysis of the proximity of services offered in trade mark disputes

between financial service companies is often highlighted by the differences in the types of investment opportunities offered and the types of investors targeted. Similarly, the sophistication of consumers in the highly specialized financial service industry is often seen as a factor which obviates what would otherwise be deemed to be confusion in other industries.

In view of the modified approach to trade mark infringement analysis in the highly specialized financial service industry, hedge fund operators and managers are advised to give careful consideration to specific underlying facts prior to taking particularly aggressive enforcement action. Nonetheless, significant goodwill can be developed in a name used to identify a hedge fund (or other financial or investment service or product). Therefore, it continues to be recommended that counsel be consulted to search and clear prospective names and marks prior to adoption and that immediate steps to register new names and marks be taken as both a preemptive measure and for enforcement.

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