



# SMART THINKING TO BEAT THE DOWNTURN

## Discretion is essential when acquiring and registering trademarks, trade names and domain names on behalf of organisations that are rebranding their products and services, explains Ross Bulla.

As the severity of the economic downturn became apparent, many of Treadstone's corporate clients, particularly those in the financial, banking and insurance industries, were acquired or began to evaluate ways to mitigate and manage reputational risks. As part of their crisis response plans, some chose to launch informational websites targeting individual or institutional investors and borrowers, while others chose to rebrand key business units, products or services. A few rebranded entirely.

When government leaders, regulators and consumers were questioning perceived extravagances and wasteful spending, any attempt to clear, acquire and register trademarks, service marks, trade names, corporate names, domain names and vanity telephone numbers required absolute discretion and frugality.

When clients identified potential conflicts or blocks to registering their proposed corporate or trade names, domain names or vanity telephone numbers (e.g. 800-NEWNAME), Treadstone directly, or indirectly through holding companies, contacted the owners and negotiated the acquisition of the rights. In some cases, it was necessary to acquire homophone (sound-alike) trademarks or typographical error equivalents (for example, [www.treadstonegroup.com](http://www.treadstonegroup.com) or [treadstonegroupcom.com](http://treadstonegroupcom.com)), too.

Because the intent was to keep secret our clients' current and proposed corporate or brand names until they were ready to be launched, and to prevent price gouging, at no time were our clients' identities or purposes disclosed to owners. Where previous publicity or open source information might have enabled owners to identify Treadstone as our clients' investigation and acquisition firm, we created and incorporated IP holding companies that nearly or completely veiled any affiliation with The Treadstone Group, Inc. or its principal officers. We then created business cheque accounts, Internet presences, telephone numbers and email addresses for each entity.

In cases where our client or a third party had already attempted to acquire an IP asset, such as a domain name, we instructed our client to terminate negotiations. This was necessary to prevent us from

bidding against our own client and increasing the perceived value or actual purchase price. We advised our clients to defer to legal counsel for how best to end negotiations in order to avoid claims of fraud—a risk if they simply informed the owner that they no longer desired the asset, and yet we subsequently acquired and assigned it to them.

We found that, in some instances, several registrars had been retained first to negotiate the purchases of domain names, but were forced to withdraw offers after our clients learned that negotiations were conducted using pretext identities that could not enter into legal contracts. In these situations, the registrars also had to terminate negotiations in ways that would mitigate the owners' perceptions of increased values and prevent bidding wars.

Because experience has taught us that acquiring trademarks and corporate names is more difficult than acquiring domain names, we cautioned our clients that owners might fear potential fraud or be reluctant to assign rights because of sentimental attachment, particularly when a trademark or name is family owned. When an owner refused or was reluctant to respond, we knew that fear of fraud was most often the reason (a low-ball offer is the next most often cause, generally). Often in these situations, we would obtain permission from our client to approach the owner under our 'true' identity, enabling the owner to Google search for "The Treadstone Group, Inc." and verify our integrity and good faith. (Creating a back story for a newly created holding company is possible, but is time-consuming and has no 'history' on the Internet.) This, more often than not, relieved the owners' concerns over 'money from heaven'.

When an owner was reluctant to negotiate or counter our offer, we knew that they were fearful that their own ignorance of the law would cause them irreparable harm. For these unique situations, we would offer to reimburse the owner for legal fees up to a certain amount, regardless of their decision to assign rights. It was nearly always effective. In extreme circumstances and in a limited number of instances where the owner refused to negotiate in good faith, we travelled to their doorsteps with draft and final copies of sales agreements and assignments in hard copy, with laptops and portable printers

(for real-time editing), and a cheque book. For critical acquisitions, this tactic was unavoidable, but normally successful.

If an owner absolutely ruled out selling an IP asset, we counselled our clients and sought permission to offer to license the trademark back to the owner or to temporarily redirect an email address or web traffic for domain names. For those clients that consented, we were able to acquire many trademarks or domain names that were otherwise unavailable.

While domain names were generally acquired relatively quickly, negotiations for some trademarks and domain names lasted months. In the end though, all were acquired within an acceptable budget.

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**Ross Bulla** is president of The Treadstone Group, Inc., which investigates and anonymously acquires trademarks and domain names on behalf of many of the world's largest brand owners and law firms. Bulla has managed complex, international investigations in more than 42 countries, including the Middle East, and has negotiated the acquisition of thousands of trademarks, domain names and patents. Actively involved in many professional organisations and committees, Bulla is on the forefront of establishing industry best practices. He is an active member of INTA, for which he serves on the INTA Internet Committee and Internet Governance and Contractual Relationships Subcommittee.