

EMBRACING THE MIDDLE MAN – MAXIMIZING AND PROTECTING BRANDS

By: [Michael Krueger](#) and [Jonathan King](#)

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[Michael Krueger](#)

Contact

925.988.3237

michael.krueger@ndlf.com

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[Jonathan King](#)

Contact

925.988.3229

jonathan.king@ndlf.com

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On February 4, 2019 Chipotle’s subsidiary, CMG Pepper, LLC filed its trademark application with the United States Patent Trademark Office (“USPTO”) for “Chipotlane” for “restaurant services; take-out restaurant services; providing of food and drink via a drive-thru lane.” Shortly thereafter, Chipotle [announced](#) its plans to expand from ten test stores, to dozens more stores featuring its Chipotlanes service. Chipotlanes allow customers to order via the Chipotle app, an online form, or through food delivery apps like Grubhub, DoorDash and Uber Eats to pick up orders directly from these new age drive-thrus. According to Chipotle, Inc.’s [SEC Annual Report](#) dated February 8, 2019, “10.9% of Chipotle’s revenue was derived from digital orders, which was up significantly from prior years, and during 2018 the percentage of revenue derived from digital orders grew from 8.9% in the first quarter to 12.9% in the fourth quarter.”

Why is this important? Because in order for Chipotle to fully embrace the middleman it understands that protecting its brand is vital to growth through the Middleman Economy .

Why is Brand Protection Important in the Middleman Economy?

Brand recognition and brand protection are key elements in establishing a business’ competitive edge in its respective industry. Chipotle obviously saw value in establishing a new kind of drive-thru and coined a clever phrase “Chipotlane” to further distinguish itself from other restaurants. Keep in mind the term “chipotle” appears in over 100 trademark filings with the USPTO, but customers recognize Chipotle’s branding through its logos, color schemes and other distinguishing marks, which is very valuable for Chipotle because it relies on customers effortlessly locating their logo or related trademarks on a food delivery app to complete their orders. Chipotle restaurant locations are largely company owned, but a few franchisee-operated locations do exist. With that being said, franchisors have additional obligations to their franchisees to protect the brands of the franchise.

Thinking of Protecting Your Brand in the Middleman Economy?

The Lanham Act creates at least two adjudicative mechanisms to help protect your brand. First, a brand owner can register its trademark with the United States Patent and Trademark Office (“USPTO”). Second, upon issuance of federal trademark protection, the owner of a trademark can bring a lawsuit for trademark infringement in federal court. In order to protect your brand in the Middleman Economy, you should take the following

¹ *The Middleman Economy: How Brokers, Agents, and Everyday Matchmakers Create Value and Profit* by Marina Krakovsky 2013



necessary steps to protect your rights:

- 1. Conduct a trademark clearance search of your brand.** A trademark is any word, name, symbol, or design, or any combination thereof, used in commerce to identify and distinguish the goods of one manufacturer or seller from those of another and to indicate the source of the goods. (See 15 U.S.C. § 1127). However, in the event your mark is potentially similar to the trademark of third party, there are viable solutions as the Lanham Act will permit concurrent trademark registrations under certain situations (15 U.S.C. §1052(d)).
- 2. File an application.** Once you've determined your intended brand is available, or, alternatively, you have determined that concurrent registration is a viable option in your situation, you will file an application with the USPTO. This can be based on actual use in commerce (15 U.S.C. § 1051(a)) or based on a bona fide intent to use the mark in commerce (15 U.S.C. § 1051(b)).
- 3. Protect your brand.** Upon issuance of federal trademark protection by the USPTO, you then have an obligation to protect your registered trademark. For example, if you identify a third party that is infringing upon your federal trademark rights, you should immediately issue a cease and desist letter to any infringing parties. In the event the infringing party does not comply with your lawful demands, it then becomes necessary to consider the filing of a federal trademark infringement lawsuit in the appropriate United States District Court in order to pursue all available remedies provided by the Lanham Act.

If your business is interested in learning more about how you can protect your brand and compete in the Middleman Economy, please contact Jonathan King or Michael Krueger at Newmeyer & Dillion LLP.

[Michael Krueger](#) has represented clients in the food industry since 2010. Mike assists clients through all phases of restaurant and bar ownership including entity formation, financing and private equity, lease negotiations, liquor licenses, branding and trademarks, labor/employment, and franchising. To learn how Mike can set your company up for success, contact him at michael.krueger@ndlf.com.

[Jonathan King](#) focuses his practice on federal trademark protection and infringement issues. Jon assists clients with developing strategies to strengthen their brand presence in the marketplace, as well as the representation of clients in proceedings before the USPTO and TTAB. To learn how Jon can help you protect your brand, contact him at jonathan.king@ndlf.com.

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