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Protecting Your Company's Most Valuable Asset: Your Good Name

What Every Lawyer, Marketer, and Executive Should Know About U.S. Trademark Law

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Topics To Be Covered

- FR What is a trademark and why should I care?
- FR What makes a good trademark?
- FR How do I acquire trademark rights?
- FR What does registering a trademark mean?
- FR How do I protect my trademark rights?
- FR Can I use trademarks owned by others?
- FR How can I license or sell my trademark rights?



What Is A Trademark?

- ❖ Trademark (narrow and broad meanings)
 - Anything that identifies that goods bearing that mark come from a single source (even if the source is unknown)
- ❖ Service mark
 - Identifies a single source of services
- ❖ “Trade name” (company name) is technically not a trademark
 - Same trademark law generally applies
 - Can be the basis of infringement suits
 - Often used as a mark, but if only used as a trade name not registrable at the U.S. Patent and Trademark Office



What Is A Trademark? (*cont.*)

Certification Marks

- Certify that the goods or services comply with the mark owner's standards
 - GOOD HOUSEKEEPING seal of approval
 - UL for compliance with Underwriters Laboratories' electrical safety standards

Collective Membership Marks

- Identify membership in an organization
 - College fraternity marks

Collective Trademarks

- Used by members of collective to identify goods or services
 - PGA for golf lessons



Trademarks Are Not Patents or Copyrights

- ❖ FR Trademarks *identify source* of goods or services and, with continued use, can last forever
- ❖ FR Patents are government-issued monopolies for new and non-obvious *inventions* (functional features of processes, machines, manufactured items, or composition of matter) and last 20 years from date application filed
- ❖ FR Copyrights protect original *works of authorship* (literary, musical, sculptural, etc.) and have a long but limited life



Purpose of Trademark Law

FR Trademark Law Serves Two Basic Functions:

1) Protect consumer expectations

- Prevents consumer confusion, fraud, and “passing off”
- Lowers consumer search costs by enabling reliance on trademarks as indicators of consistent quality

2) Protect trademark owner’s investment

- Gives mark owner control over the “goodwill” or “reputation” represented by the mark



Types of Marks

 Word marks:

Panasonic®

Basic word mark

The word "Zilojian" in a stylized, cursive script font, set against a dark gray rectangular background.

Stylized word mark

zenith 

Word & logo combined



Types of Marks (*cont.*)

- FR Slogan: GE's "We bring good things to life"
- FR Symbol: Nike "swoosh" or the American Red Cross emblem





Types of Marks (*cont.*)

- FR Sound: The 3-note chime for NBC (Harley “vrooom vrooom”? Motorola “chirp”?)
- FR Color: The color pink for Owens-Corning’s fiberglass insulation
- FR Smell: Scented yarn
- FR Non-functional shape of packaging or of product itself (“trade dress”): The shape of the Coca-Cola bottle



Why Should I Care?

1. Google - \$66.4 billion
2. General Electric - \$61.9 billion
3. Microsoft - \$55 billion
4. Coca-Cola - \$44.1 billion
5. China Mobile - \$41.2 billion
6. Marlboro - \$39.2 billion
7. Wal-Mart - \$36.9 billion
8. Citigroup - \$33.7 billion
9. IBM - \$33.6 billion
10. Toyota - \$33.4 billion

Source: <http://www.millwardbrown.com/Sites/Optimor/Media/Pdfs/en/BrandZ/BrandZ-2007-RankingReport.pdf>



The “Spectrum” of Marks

- ❖ Four possible categories into which virtually all potential trademarks fall
 - 1) Arbitrary/Fanciful
 - 2) Suggestive
 - 3) Descriptive
 - 4) Generic
- ❖ Determines general level of protection
- ❖ Key aspect of U.S. trademark law



The “Spectrum” of Marks (*cont.*)

Arbitrary or Fanciful Marks

- Inherently distinctive = Immediately protectable
- Do not have any connection with the nature of the goods or services
 - Arbitrary mark examples: APPLE computers; BIRDS’ EYE frozen vegetables; CAMEL cigarettes
 - Fanciful mark examples: KODAK film; EXXON oil



The “Spectrum” of Marks (*cont.*)

FR Suggestive Marks

- Inherently distinctive = Immediately protectable
- Suggest or “hint at” the nature of the goods or services
 - Examples: CHICKEN OF THE SEA tuna; COPPERTONE suntan lotion; CARAVAN minivans



The “Spectrum” of Marks (*cont.*)

Descriptive Marks

- Merely describe a quality or feature of the goods (including geographically descriptive marks and surnames)
 - Examples: SUDSY soap; TEXAS INSTRUMENTS electronics; MRS. FIELD’S cookies
- Require “acquired distinctiveness” in order to protect to demonstrate public now perceives the descriptive term as a source-identifying mark



The “Spectrum” of Marks (*cont.*)

FR Demonstrating “Acquired Distinctiveness”

- Substantially exclusive and continuous use as a mark
 - 5 years use alone may be enough, maybe more, maybe less
- Evidence of extensive advertisements using the descriptive term as a mark
- Customer declarations or surveys
- Evidence of consumer confusion
- Evidence of copying by competitors
- Owner’s intent or commercial success is not enough
- Example: HEARTWAVE cardiac disease diagnosis equipment; WINDOWS software



The “Spectrum” of Marks (*cont.*)

FR Generic Terms

- Unprotectable
- Common English (or foreign language) words for the goods or services
 - Examples: SERVICE STATION for gasoline stations; YELLOW PAGES for yellow-colored telephone directory books; KAVA (Serbian for coffee)
 - Think “ADVIL” (trademark) and “ibuprofen” (generic)



The Spectrum of Marks Summarized

Strong

Weak



| Inherently Distinctive/ Immediately Protectable | Requires “Acquired Distinctiveness” In Order To Protect | Unprotectable/ Unregistrable |
|--|--|--|
| Arbitrary/Fanciful Suggestive | Descriptive Primarily a surname Primarily geographically descriptive Deceptively misdescriptive Color Product configurations Ornamental | Generic Flag/Coat of arms Immoral/Scandalous Deceptive Functional shapes |



Special Rules for “Trade Dress”

- ❖ Trade dress is the image created by the product or packaging, including size, shape, color, texture, graphics, etc.
 - Must be “non-functional” to protect (i.e. no competitive advantage to design)
- ❖ Product Configuration vs. Product Packaging
 - Product configuration always requires “acquired distinctiveness” to protect
 - Product packaging may be inherently distinctive

Special Rules for “Trade Dress” (*cont.*)

- FR Examples of trade dress:
- Coca-Cola bottle
 - Campbell’s soup can
 - The shape of a Ferrari automobile
 - Restaurant/retail store/pool hall layout
 - “Marlboro Country” advertising campaign



Special Rules for “Trade Dress” (*cont.*)

- ❖ Trade dress in shape, color, and configuration of container “cap” found protectable and infringed:



Special Rules for “Trade Dress” (*cont.*)

❖ But trade dress in product packaging found not infringed:





Do's & Don'ts for Selecting a Trademark

- ❖ DO choose a mark that is arbitrary, fanciful, or suggestive (inherently distinctive)
- ❖ DO choose a mark that is easy to pronounce and remember
- ❖ DO consider developing a “family” of related marks
- ❖ DO NOT choose a mark that is merely descriptive or generic
- ❖ DO NOT choose a mark that has negative connotations in English (ENTERON) or foreign languages (NOVA)
- ❖ DO NOT choose a mark that may become passé in a few years (GATEWAY 2000)



Trademark searching

- ❖ Search not legally required, but advisable
 - “In-house” search
 - “Full” search
- ❖ Limits of searching
 - Unregistered users may be hard to find
 - Subjectivity of comparing trademarks
 - Conflicts based on meaning
 - Foreign mark owners entitled to file in U.S. within six months of foreign application and get earlier priority date



Acquiring Trademark Rights

- ❖ Rights arise by use – The “first user” principle
- ❖ “Use” of a mark in the “ordinary course of trade”
 - Use on goods
 - Use with services
- ❖ Without federal registration, rights limited to territory where mark actually used/reputation extends
 - Multiple parties in areas remote from each other can develop rights in the same mark, if the second user adopted the mark in “good faith”



10 Benefits of Federal Registration of Trademark Rights

- ❖ FR Nationwide “constructive use” as of application date
 - But prior user retains rights in established geographic area
- ❖ FR Nationwide “constructive notice” of ownership as of registration date
 - Prevents others from claiming their adoption/expansion of use of mark was in “good faith”
- ❖ FR Evidence of validity and exclusive ownership of mark
- ❖ FR Heightened protection after five years, with possibility of becoming “incontestable”
- ❖ FR Listing on registry discourages others from using a similar mark



10 Benefits of Federal Registration of Trademark Rights *(cont.)*

- FR Protection against registration of similar marks
 - USPTO can cite prior registrations against applications for similar marks
- FR Right to use ®
- FR Right to sue in federal court and possibly obtain treble damages and attorney fees
- FR Basis for foreign registrations
- FR Right to block imports that infringe the mark or are counterfeits
 - Must “record” the trademark registration with U.S. Customs and Border Protection



Bases for Filing U.S. Trademark Applications

FR U.S. Applicants:

- Use-based trademark applications
- Intent-to-use (“ITU”) applications

FR Foreign Applicants may also file based on:

- Ownership of a pending foreign application
- Ownership of a foreign registration
- by treaty, use in U.S. commerce not required if U.S. registration based on ownership of foreign registration



Filing a Trademark Application with the USPTO

- ❖ Application must contain:
 - drawing of the mark
 - identification of goods/services
 - eventually a “specimen” showing mark as actually used in U.S. commerce with goods/services (except foreign applicants relying on foreign registration)
- ❖ Application review by attorney at USPTO
- ❖ Publication and potential opposition by third parties
- ❖ Issuance of registration (renewable every 10 years with continued use)
- ❖ Supplemental Register available for merely descriptive marks



Unregistrable Marks

- ❖ FR Flag or other official insignia of the U.S., any state, or any foreign country
- ❖ FR Name/likeness/signature of any (publicly recognized) living individual without written consent
- ❖ FR A term that is deceptive, immoral, scandalous, disparaging, or which falsely suggests a connection with any person, place, or thing



Unregistrable Marks (*cont.*)

- ❖ Other U.S. Government regulation of “deceptive” or confusing marks:
 - FDA regulates drug and dietary supplement names for deceptiveness, unauthorized drug claims, and potential confusion (e.g. ROGAIN and HERBAL PROZAC)
 - FTC has issued guidance on trademarks for dietary supplements (e.g. ARTHICURE may improperly imply product provides a cure for arthritis and be deceptive)
 - EPA has proposed formal regulation of trademarks for pesticides to prohibit “misleading” marks (e.g. GERM SHIELD improperly implying 100% effectiveness)



Foreign Trademark Registration

- ❖ Under Paris Convention, foreign filings made within 6 months of first filing are entitled to “priority date” based on first filing date
 - Not a “bar date”; applications filed after six months simply treated as filed on actual date of filing
- ❖ Costs vary (\$1,000 - \$3,000 per country)
- ❖ Single European Community trademark registration available



Foreign Trademark Registration (*cont.*)

Madrid Protocol

- Single filing through USPTO designating multiple member countries in which protection is sought, based on ownership of U.S. registration or application
- “International registration” issued by World Intellectual Property Organization, reviewed by national trademark offices under normal trademark law standards
- Single filing through WIPO for renewals, change of ownership
- May limit the scope of protection otherwise available under direct national filing



Foreign Trademark Registration (*cont.*)

- ❖ In many countries use not required for registration, but registration may be cancelled for non-use
- ❖ The same general examination and opposition procedures exist in most foreign countries
- ❖ Connotation considerations
 - “bite the wax tadpole”
 - “leaky” PARKER pens



Protecting Trademark Rights

- FR Infringement
- FR Counterfeiting
- FR Dilution
- FR Cybersquatting
- FR Generification
- FR Abandonment



Trademark Infringement

- ❖ Is the mark *likely to cause consumer confusion* as to the goods' or services' *source/sponsorship/affiliation*?
- Strength of the plaintiff's mark
 - Similarity of the marks (sight/sound/meaning and doctrine of foreign equivalence)
 - Proximity of the goods (DELTA and DOMINOS)
 - Likelihood of expansion of the product lines
 - Evidence of actual confusion
 - Marketing channels used
 - Purchaser sophistication/degree of care
 - The second user's intent in selecting the mark

Trademark Infringement (*cont.*)

FR Red Cross enforcement examples:

buy  aid

BrandAids
Promoting healthy images everywhere

 Prime Health *Plus*

PRO child **TECH**
Safety Solutions



POLYMED
Healthcare Disposables

HELP  CALL

 **K9 Scratch Guard**
www.K9ScratchGuard.com



Counterfeiting

- ❖ Counterfeit mark defined as a “spurious mark which is identical with, or substantially indistinguishable from, a registered mark” (i.e. an intentional copying of someone else’s trademark to defraud consumers)
- ❖ Courts may issue orders authorizing pre-suit seizure of suspected counterfeits
- ❖ Federal criminal penalties and mandatory monetary remedies
- ❖ Use of genuine label on fake goods can still be counterfeiting (e.g. refilling Coke bottles with another beverage, or using GE packaging for non-GE parts)



Trademark Dilution

- FR The lessening of the capacity of a “famous mark” (widely recognized by the consuming public) to identify and distinguish goods or services
 - Goldfish-shaped crackers in snack food mix - yes
 - GREATEST SNOW ON EARTH for tourism – no

- FR “likelihood of dilution” is sufficient

- FR Forms of dilution
 - Blurring (BUICK aspirin; TIFFANY sneakers)
 - Tarnishment (YARDMAN’S use of scared JOHN DEERE deer logo)



Cybersquatting

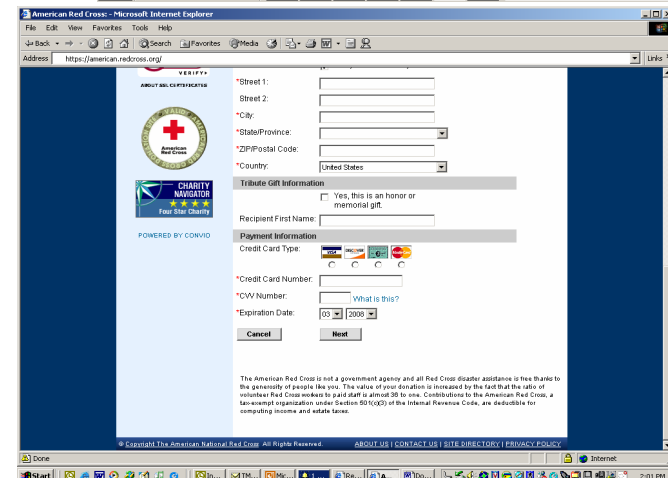
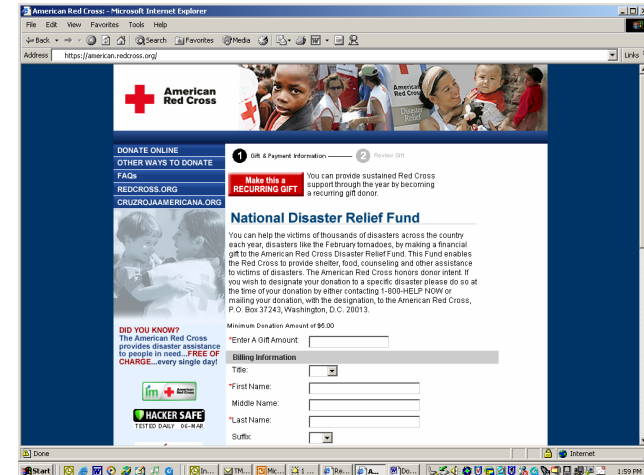
- ❖ U.S. law: Bad faith intent to profit resulting from “registering, trafficking in, or using” a domain name confusingly similar to the trademark of another
 - Allows recovery of up to \$100,000 in statutory damages per domain name, in addition to transfer or cancellation of the domain name

- ❖ International arbitration (“UDRP”): bad faith resulting from “registering and using” a domain name confusingly similar to the trademark of another
 - No monetary damages, only transfer or cancellation of the domain name

Cybersquatting (cont.)

FR Red Cross enforcement efforts:

- www.katrinaredcross.com
- www.red-cross-help.com
- www.donateredcross.com
- www.americaredcross.org
- www.american-redcross.org





“Generification” of a Trademark

- ❖ If consumers regard a term as primarily referring to a type of goods or services rather than as a mark, it can become generic and unprotectable
 - Examples: aspirin, dry ice, cellophane, nylon, kerosene, lanolin, milk of magnesia, escalator, thermos, shredded wheat
 - On the edge? XEROX, KLEENEX, JELLO, JEEP, FREON, MACE, etc.



Avoiding “Generification”

- ❖ FR Ensure proper use of a mark by the mark owner
 - Use marks as adjectives, not as nouns (VASELINE petroleum jelly; SCOTCH brand adhesive tape)
 - Don’t use marks as verbs, plurals, or possessives
 - Be wary of using two adjacent marks
- ❖ FR Use a trademark notice
 - Unregistered marks use TM or SM
 - Federally registered marks use ®
 - Lack of notice can preclude recovery of monetary damages in an infringement suit
- ❖ FR Correcting improper use of marks by others



Avoiding “Generification” (*cont.*)

FR Adopt and Use Guidelines For Trademark Usage

- Mark should be prominently placed on goods and packages
- Use only approved typography, color, graphics, placement, style, etc.
- Usage should be consistent
- Advertising and product labeling should be routinely reviewed to ensure that each mark is in fact properly used



Avoiding Abandonment

- ❖ Non-use for significant period of time with intent not to resume use
- ❖ Non-use for three years without reasonable excuse creates presumption of abandonment
- ❖ Declaration of use required for federal registrations between the 5th and 6th year of registration and at 10 year renewals
- ❖ De minimis use merely to maintain rights in the mark may not be sufficient (use “in the ordinary course of trade” required)



Using Trademarks Owned By Others

- ❖ Comparative ads/compatibility claims are generally permissible
- ❖ Be fair and truthful and avoid disparagement
- ❖ Give proper attribution of others' ownership of their marks
- ❖ Avoid implied endorsement of your goods/services by others
- ❖ Avoid stylized forms of others' marks
 - “COCA PUFFS made with real HERSHEY'S chocolate”



Trademark Licensing

- FR License agreement must contain quality control measures, or else licensor risks loss of all rights in the mark
- FR Other elements:
 - The mark (stylized? design logo?)
 - Trademark usage/approval requirements
 - Field of use (goods/services)
 - Geographic scope of license
 - Exclusivity
 - Royalty and accounting provisions
 - Term of license/renewal
 - Termination clause



Trademark Licensing (*cont.*)

- FR Use by licensee inures to the benefit of the licensor
- FR License may need to be recorded in some countries
- FR It is vital to monitor quality control or risk abandonment of the mark



Assignment Considerations

- FR Trademarks can be assigned with the “goodwill” of the business associated with the mark (i.e. the ability to carry on prior owner’s business under the mark)
- FR Assigning intent-to-use application without the goodwill of an ongoing business to which the mark pertains will invalidate the application
- FR Assignment must be in writing
- FR Assignments should be recorded with USPTO



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