# Trademarks 101

**September 25, 2019**

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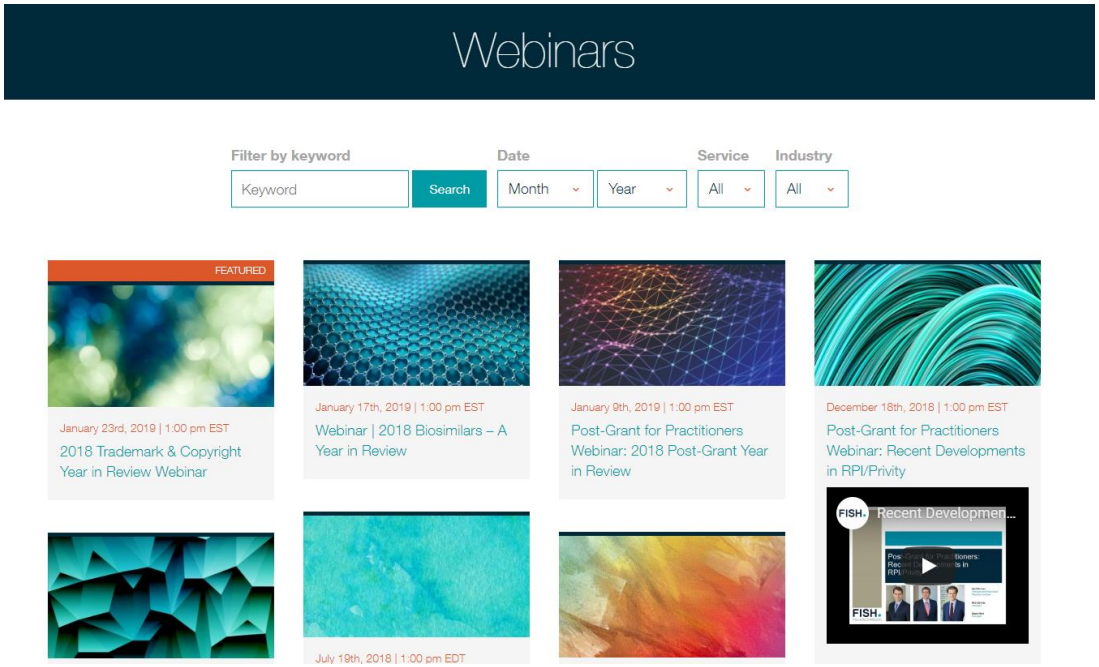
# Overview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January 23rd, 2019 | 1:00 pm EST
2018 Trademark & Copyright Year in Review Webinar
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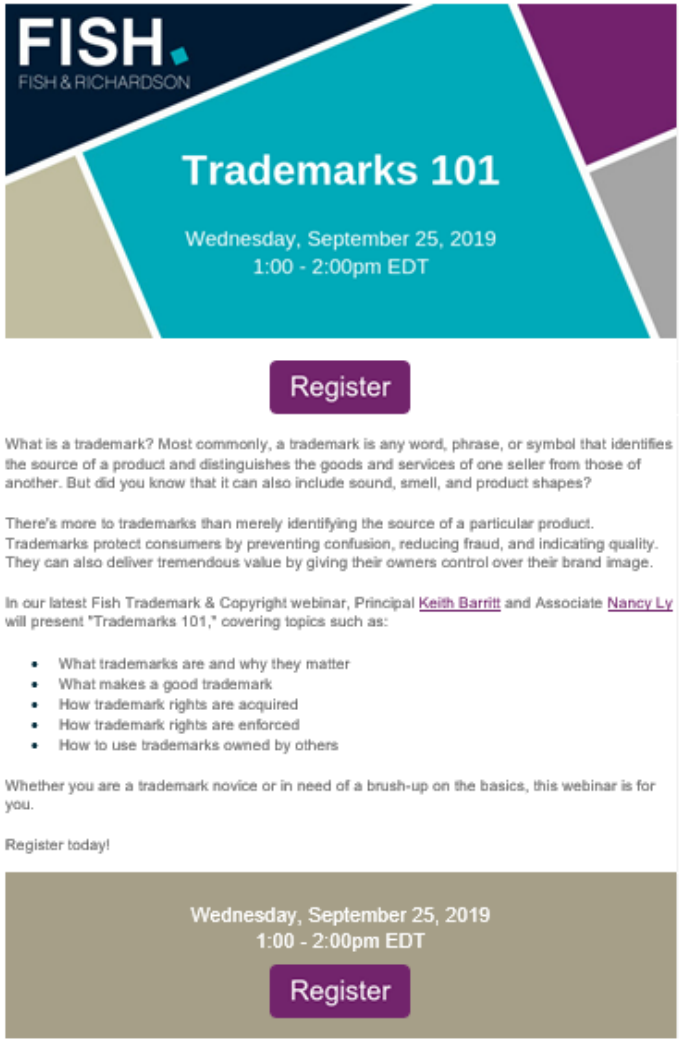
Webinar | 2018 Biosimilars – A Year in Review
January 9th, 2019 | 1:00 pm EST
Post-Grant for Practitioners Webinar: 2018 Post-Grant Year in Review
December 18th, 2018 | 1:00 pm EST
Post-Grant for Practitioners Webinar: Recent Developments in RPI/Privity
July 19th, 2018 | 1:00 pm EDT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Trademarks 101
Wednesday, September 25, 2019
1:00 - 2:00pm EDT
Register
What is a trademark? Most commonly, a trademark is any word, phrase, or symbol that identifies the source of a product and distinguishes the goods and services of one seller from those of another. But did you know that it can also include sound, smell, and product shapes?
There's more to trademarks than merely identifying the source of a particular product. Trademarks protect consumers by preventing confusion, reducing fraud, and indicating quality. They can also deliver tremendous value by giving their owners control over their brand image.
In our latest Fish Trademark & Copyright webinar, Principal Keith Barritt and Associate Nancy Ly will present "Trademarks 101," covering topics such as:
What trademarks are and why they matter
What makes a good trademark
How trademark rights are acquired
How trademark rights are enforced
How to use trademarks owned by others
Whether you are a trademark novice or in need of a brush-up on the basics, this webinar is for you.
Register today!
Wednesday, September 25, 2019
1:00 - 2:00pm EDT
Register

# Agenda

- What is a trademark and why should I care?
- What makes a good trademark?
- How are trademark rights acquired?
- What does registering a trademark mean?
- Protecting your trademark rights
- Using trademarks owned by others
- Licensing or selling trademark rights

# What is a Trademark?

# What Is A Trademark?

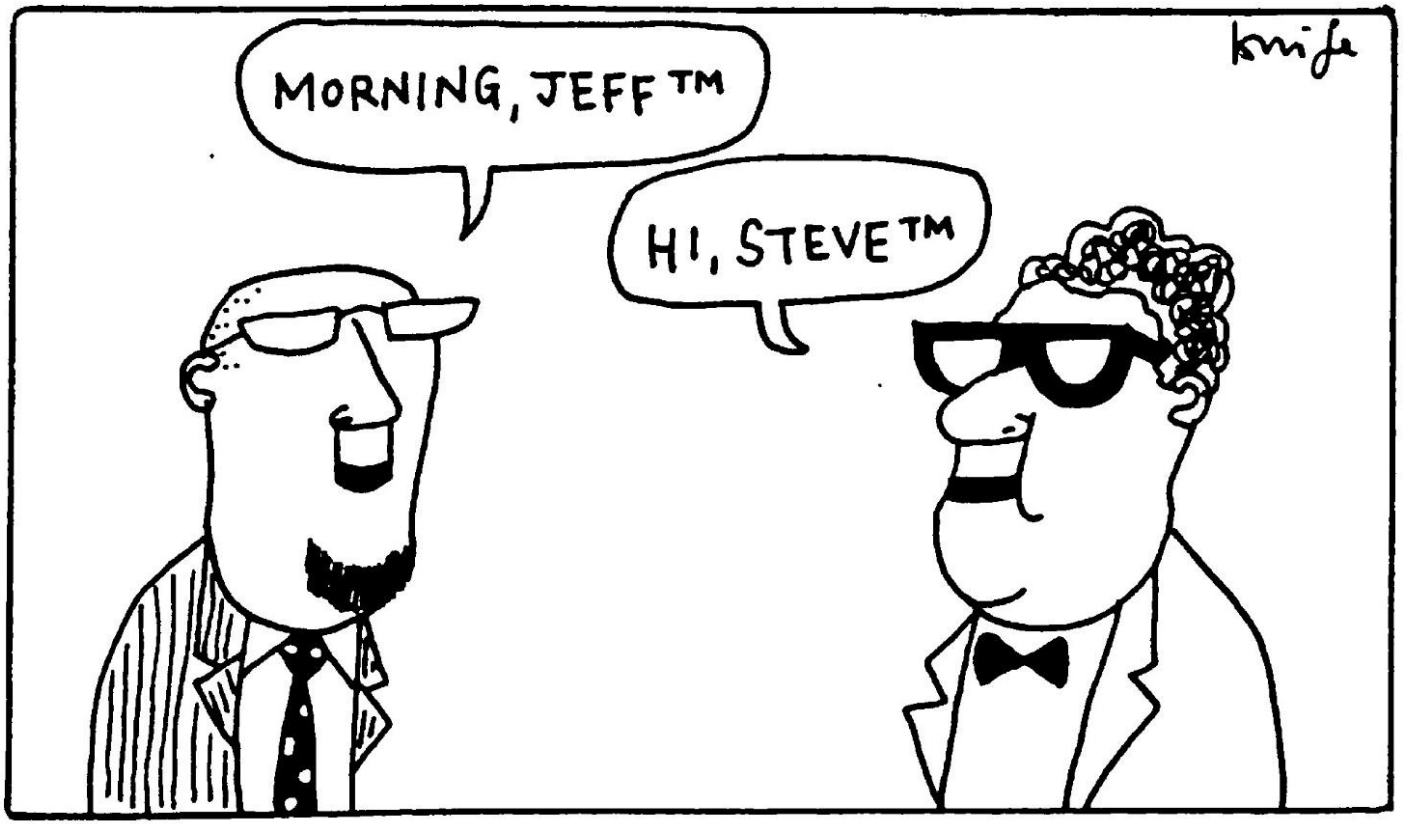
- **Trademark**
  - Anything that identifies that goods bearing that mark come from or have quality controlled by a single source (even if the source is unknown)
- **Service mark**
  - Identifies a single source of services
  - “Trademark” often used for marks used on *goods* or *services*

# Trademarks Are Not Patents or Copyrights

- **Trademarks *identify source* of goods or services and with continued use can last forever**

- **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**

- **Copyrights protect original *works of authorship* (literary, musical, sculptural, etc.) and have a long but limited life**




**THE DAY BEGINS AT A COPYRIGHT LAW OFFICE**

# Purpose of Trademark Law

- **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:**

Uber

# Types of Marks (*cont.*)

- **Symbols**

# Types of Marks *(cont.)*

- **Slogans: "Finger Lickin' Good"**
- **Sound: The 3-note chime for NBC (Harley "vrooom vrooom"?)**
- **Color: The color pink for Owens-Corning's fiberglass insulation**
- **Smell: Scented yarn**
- **Non-functional shape of packaging or product itself ("trade dress"): The shape of the Coca-Cola bottle or Hershey's Kisses**

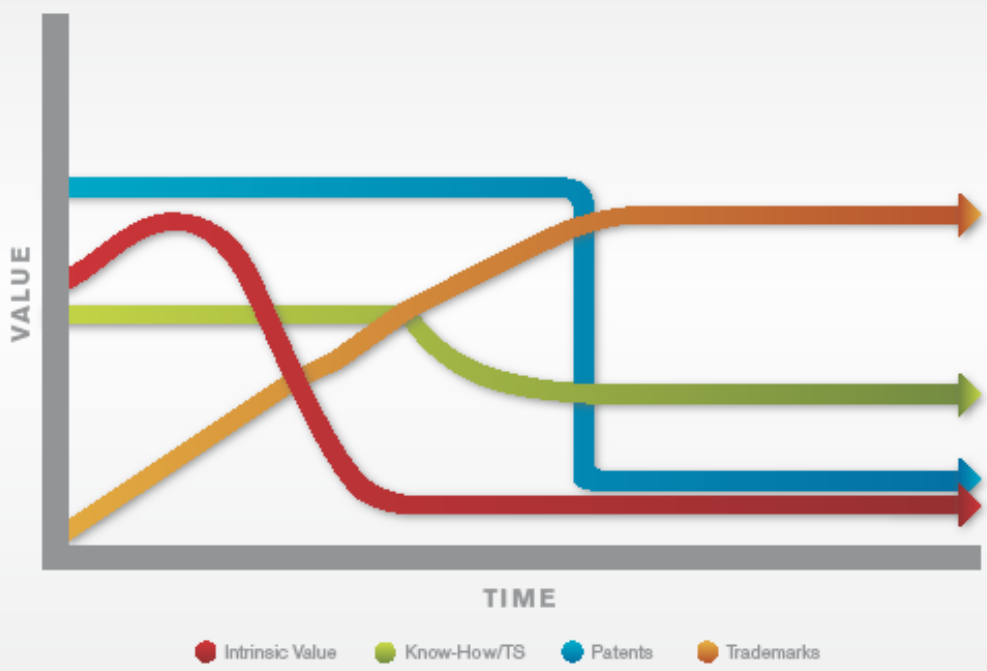
# Why Should I Care?

1) Apple - $316 B
2) Google - $313 B
3) Amazon - $279 B
4) Microsoft - $215 B
5) Visa - $163 B
6) Facebook - $161 B
7) McDonald's - $124 B
8) AT&T - $106 B
9) IBM - $95
10) Mastercard - $92 B

Source: https://brandz.com/admin/uploads/files/BZ-US-Top-100-Report-DL.pdf.

Effective Brand Protection:

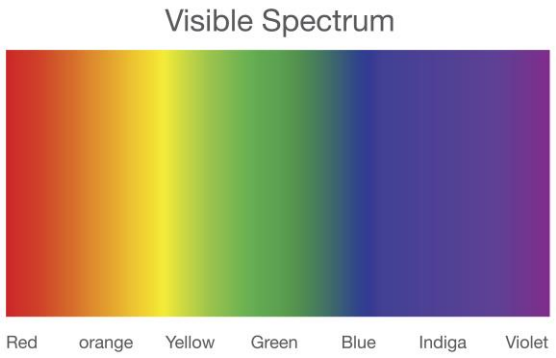
# A LIFECYCLE APPROACH



# What Makes a Good Trademark?

# The “Spectrum” of Marks

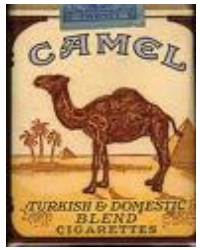
- **Four possible categories into which virtually all potential trademarks fall, based on relationship to goods/services**
  1) Arbitrary/Fanciful
  2) Suggestive
  3) Descriptive
  4) Generic
- **Determines general level of protection**
- **Key aspect of U.S. trademark law**



# Arbitrary or Fanciful

- **Inherently distinctive = Immediately protectable**
  - Do not have any connection with the nature of goods/services

- **Arbitrary:**




- **Fanciful:**

# Suggestive

- **Inherently distinctive = Immediately protectable**
  - Suggest or “hint at” the nature of the goods or services

Public Storage®

MATCHBOX®

# Descriptive

- **Not Inherently distinctive, and not immediately protectible**
- **Merely describe a quality or feature of the goods/services (including geographically descriptive marks and surnames)**

  - Requires “acquired distinctiveness” in order to protect to demonstrate public now perceives the descriptive term as a source-identifying mark

# Demonstrating “Acquired Distinctiveness” of Descriptive Marks

- **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

# Generic Terms

- **Unprotectable**
  - Common English (or foreign language) words or symbols for the goods or services

  - Think “ADVIL” (trademark) and “ibuprofen” (generic)
  - PILATES vs. ZUMBA

# The Spectrum of Marks Summarized

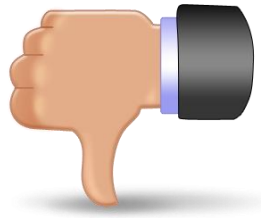
Strong → Weak

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

# Do's & Don'ts for Selecting a Trademark

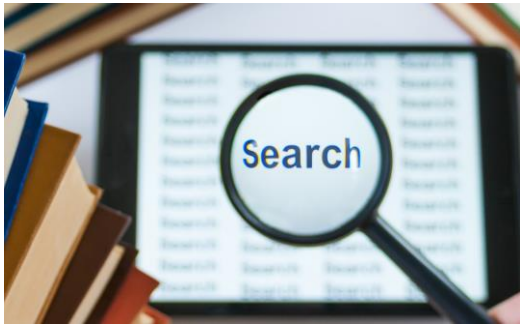
- **DO:**
  - choose a mark that is arbitrary, fanciful, or suggestive (inherently distinctive)
  - choose a mark that is easy to pronounce and remember
  - consider developing a "family" of related mark

- **DO NOT:**
  - choose a mark that is merely descriptive or generic
  - choose a mark that has negative connotations in English (ENTERON) or foreign languages (NOVA)
  - 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



# How Are Trademark Rights Acquired?

# Acquiring Trademark Rights

- **Some rights arise by use – the "first user" principle**
- **"Use" in the "ordinary course of trade"**
- **Use in preparation to do business may be sufficient**
- **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"

# What Does Registering A Trademark Mean?

# 10 Benefits of Federal Registration of TM Rights

- Easy for others to learn of your mark, preventing problems before they begin
- Trademark Office will block registration of confusingly similar marks without you having to do anything
- Nationwide rather than limited territorial “common law” rights
- Nationwide notice of ownership, preventing others from claiming their subsequent adoption of the mark was in “good faith”
- Evidence of the validity and exclusive ownership of the mark, useful in “cease and desist” letters to avoid need for litigation

# 10 Benefits of Federal Registration of TM Rights *(cont.)*

- **Right to use the ® symbol**
- **Right to sue in federal court and, in certain cases, obtain treble damages and attorney fees**
- **Entitles you to certain statutory damages in the case of counterfeiting**
- **Basis for foreign registrations**
- **Right to block imports that infringe the mark or are counterfeits**

# Bases for Filing U.S. Trademark Applications

- **U.S. Applicants:**
  - Use-based trademark applications
  - Intent-to-use ("ITU") applications
- **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 if continued use)**
- **Supplemental Register available for merely descriptive marks**

# Unregistrable Marks

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

# Unregistrable Marks *(cont.)*

- **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. ROGAINE 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.)*

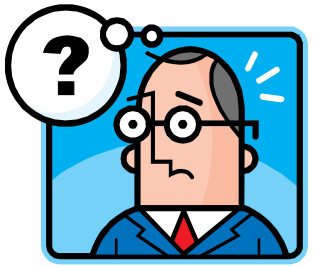
- **In many countries use not required for registration, but registration may be cancelled for non-use**
- **The same general examination and opposition procedures exist in most foreign countries**
- **Connotation considerations**
  - "bite the wax tadpole"
  - "leaky" PARKER pens

# Protecting Your Trademark Rights

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

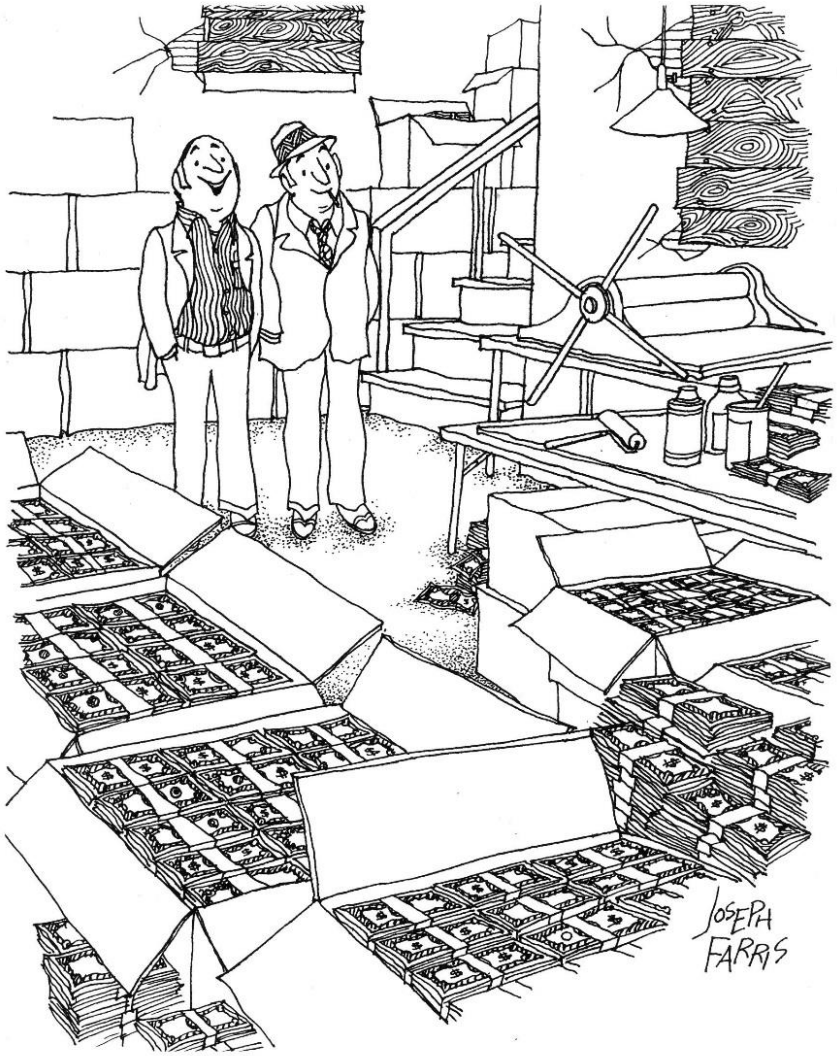
# Trademark Infringement

- **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)
  - Evidence of actual confusion
  - Marketing channels used
  - Purchaser sophistication/degree of care
  - The second user's intent in selecting the mark



# Remedies for Trademark Infringement

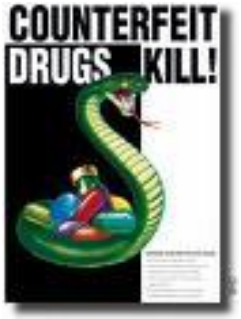
- **Injunctions, not monetary awards, are the norm**
  - Courts vary on when to award monetary awards
- **No automatic statutory damages as in copyright law**
- **Typically no "reasonable royalty" damages as in patent law**
- **May need to file action in bankruptcy court if outcome will have material impact on debtor's estate**




"It's a living."

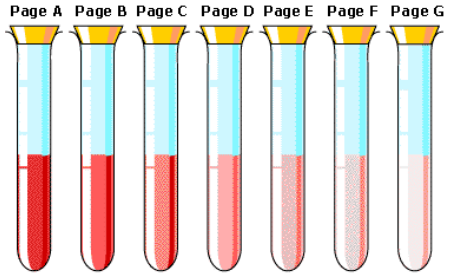
# Counterfeiting

- 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

- **The lessening of the capacity of a "famous mark" (widely recognized by the general consuming public) to identify and distinguish goods or services**
  - Goldfish-shaped crackers in snack food mix – dilution found
  - GREATEST SNOW ON EARTH for tourism – no dilution
- **"Likelihood of dilution" is sufficient**
  - Blurring (BUICK aspirin; TIFFANY sneakers)
  - Tarnishment (THIS BUGS FOR YOU; ENJOY COCAINE in Coca-Cola script)



# 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

# “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, zipper, escalator, thermos, shredded wheat, trampoline**
  - On the edge? XEROX, KLEENEX, JELLO, JEEP, FREON, MACE, etc.

# Avoiding “Generification”

- **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
- **Use a trademark notice**
  - Unregistered marks use ™ or SM
  - Federally registered marks use ®
  - Lack of notice can preclude recovery of monetary damages in an infringement suit
- **Correcting improper use of marks by others**

# Avoiding "Generification" *(cont.)*

- **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

# 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"

# Licensing or Selling Trademark Rights

# Trademark Licensing

- **License agreement must contain quality control measures, or else licensor risks loss of all rights in the mark**
- **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.)*

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

# Assignment Considerations

- **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)**
- **Assigning intent-to-use application without the goodwill of an ongoing business to which the mark pertains will invalidate the application**
- **Assignment must be in writing**
- **Assignments should be recorded with USPTO**

# Thank You!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