
SHORT COURSE IN TRADEMARKS

What is a Trademark?

A trademark is a word, name, phrase, or symbol used to identify the origin of goods or services. (Technically, a service mark applies to services and a trademark applies to goods, but for the sake of simplicity I will use the term trademark to refer to both goods and services in this article.) Under the right circumstances, a trademark can be a product name, a service name, a business name (when used as more than just a business name), a logo, a character, a domain name (when used as more than just a domain name), a tagline, a sound, a color, or a shape. Examples of some well known trademarks include: the word EXXON, the phrase “WE BRING GOOD THINGS TO LIGHT,” the curvy shape of a Coca-Cola bottle, the McDonald’s golden arches, the color PINK for insulation, and the sound of the NBC chimes (trivia – the chimes are the musical notes G-E-C, which stand for “General Electric Corporation”).

How Are Trademark Rights Acquired?

Common Law Rights. Generally, you gain common law rights to a trademark just by beginning to use it on goods or in connection with performing services. In other words, a “common law trademark” is a trademark that hasn’t been registered with the USPTO or with a state. Generally speaking, common law rights only extend to the geographic area of the use of the trademark (let’s leave use on the Internet alone for now). Also, you must be the first in that geographic area to use that trademark. If another entity began using a confusingly similar trademark for similar goods and services before you begin using your trademark, then that other entity may have superior rights to the trademark, thereby preventing you from using your trademark. You can generally provide notice that you are claiming your common law rights in a trademark or service mark by using the TM or SM symbols.

State Registration. Statewide trademark registration is obtained by registering your trademark with your applicable state agency. In most situations, you might seek state trademark registration only when federal trademark registration is unavailable for some reason or if your state provides some special protection in the statute or by case law. In most states, to obtain a state trademark registration, you must be actually using your trademark to promote the sale of your goods or services (federal registrations can be based on a bona fide intent to use). Similar to common law trademarks, you can generally provide notice that you are claiming your state’s trademark rights by using the TM or SM symbols.

Federal Registration. Federal registration is obtained by filing an application with the USPTO. You can file an application for a trademark already in use or for a trademark you intend to begin using. A federal registration carries far more power than a state registration. When you have obtained a federal registration you can then use the ® symbol. Until you actually receive the federal registration, you can use the TM or SM symbols. Use of the ® symbol before you have an actual federal registration has been determined to be false advertising.

My Company Has Registered Corporate/LLC/Business Name – Does That Protect Me?

No. A business name issued by a state is not a trademark and does not create any trademark rights. Even “trade names” that can be registered with a state or on the local level are not trademarks. Only a trademark (re: used on or in connection with goods and services) allows you to prevent others from using a confusingly similar name for similar goods and services.

My Company Has Registered A Web Domain Name – Does That Protect Me?

No again. “Registering a domain name” means securing the right to use it, usually from an entity such as Network Solutions or Register.com. All that a domain name registration does is rent usage of the domain name for a period of time. A domain name registration by itself does not create trademark rights. Operating a Web page at a domain name under the same name as the domain name might create trademark (or trade name) rights if you promote the sale of goods or services there. It is then used on or in connection with your goods and services.

Tips for Choosing a Sturdy Trademark

Choose a Strong Trademark. A pecking order exists for the strength of trademarks. All other things being equal, choosing a trademark higher in the pecking order will allow you to keep your competitors further away from imitating your trademark:

- The strongest trademarks are *fanciful* trademarks, which are made-up words (for example, EXXON for gasoline and XEROX for photocopiers).
- The next strongest trademarks are *arbitrary* trademarks, which are words that have nothing to do with the product or service (for example, AMAZON for book selling and APPLE for computers).
- The next strongest trademarks are *suggestive* trademarks – words that suggest attributes of, but don't describe, the goods or services (for example, CHAMPION for sporting goods).
- Next in the order of strength are *descriptive* trademarks – words that describe the goods or services (for example, U.S. NEWS AND WORLD REPORT for a news magazine). Descriptive trademarks do not afford any trademark protection, and cannot be registered in the Principal Register of trademarks maintained by the USPTO, unless you can prove your trademark has acquired *secondary meaning*; that is, consumers recognize that trademark as identifying your goods or services.
- Next come *generic* words – words that state what the goods or services are (for example, CAR for an automobile). You cannot have trademark rights in a generic word or phrase and, accordingly, you cannot register such a word or phrase as a trademark.

The Importance of Trademark Clearance Research

Don't Skip It! It's tempting for the budget-conscious to skip trademark clearance or to not do a full trademark clearance. Skipping clearance research almost always is risky and a mistake. You might save \$1,000-\$1,500 in the short run by skipping clearance research, but you run the risk of picking and building goodwill in a name that you may be forced to drop later. You might even have to pay damages to the entity that forces you to change your name, not to mention potential litigation, court costs, and attorneys' fees you may incur in examining and initially resisting the demand for a name change.

Do It Even for Existing Trademarks. Even if you are seeking registration of a trademark you already are using, usually you should perform trademark clearance research. Doing so may uncover an obstacle to registration that otherwise might not come to the surface after you have spent a couple or several thousand dollars and many months in the registration process. Also, the earlier you uncover a trademark problem, the cheaper and less painful it is to fix it. A thorough trademark search would include federal trademark registrations and pending applications at the USPTO, state trademark registrations, domain names, common law uses (business names, trade publications), foreign marks seeking U.S. registration, and a search of the Internet.

Priority Among Conflicting Trademarks or Applications

It is the use or intended use of a mark that confers upon the mark federal trademark protection. The first to use a mark will normally be given rights over the mark. Although this rule seems clear cut, demonstrating first use or first intended use can often prove difficult in court. Consequently, the law gives businesses incentive to register their marks by presuming that registered marks have been in continuous use from the date the trademark application was filed and, with some exceptions, by prohibiting court challenges to trademarks that have been in continuous use for five years from the date of registration. Registration also demonstrates to a court that the user has done everything to protect its mark.

There are two principal issues involved in evaluating possible trademark conflicts. First, the presence of a prior federal USPTO filing may lead the USPTO to reject or suspend a new application for a similar mark. Second, a prior user of a mark may bring a legal action for infringement against a subsequent user of a similar mark, seeking an injunction and/or an award of damages. It is important to note, however, that in its conflict review, the USPTO considers only prior federal filings, including pending applications and issued registrations. Conflicting state registrations or common law uses are not taken into account in this review. A prior user without a federal registration may, however, oppose the application after the USPTO review is complete, or may seek cancellation of the federal registration after it is granted. An unregistered prior user may also claim infringement in a legal action, or assert a right to continue its use of the name, even though the subsequent user has a federal registration. Thus,

while being the first the file does not necessarily affect your rights as the first user of a trademark, it is still prudent to file your application as soon as possible rather than go through this potentially expensive process.

What determines trademark infringement?

Evaluation of trademark conflicts is inherently fact oriented and inexact. The ultimate question is whether there is a “likelihood of confusion” between the marks. This analysis involves the consideration of a variety of factors including the similarity of the marks in sound, appearance, and meaning, the similarity of the products or services identified by the marks, the similarity of the customer groups to which the products or services are marketed, the level of sophistication of the customers, the extent of attention given to the decision by buyers between competing suppliers, and other factors.

Additional protection for “famous” trademarks

The Federal Trademark Dilution Act of 1995, as amended by the Trademark Dilution Revision Act of 2006 (the “TDRA”), expanded rights granted to “famous” trademarks. Dilution differs from normal trademark infringement in that there is no need to prove “likelihood of confusion” to protect a famous trademark. Instead, all that is required is that use of a “famous” mark by a third party causes the dilution (blurring) or harms the reputation (tarnishment) of the “distinctive quality” of the trademark. The TDRA, however, establishes a high standard for fame.

In the TDRA, Congress defines a trademark as “famous” if it is “widely recognized by the general consuming public,” rather than recognition within only a niche market. The TDRA also explicitly recognizes a cause of action for “tarnishment,” a form of dilution that is often easier to measure than blurring.

The TDRA goes on to define “blurring” as an association arising from the similarity between the famous mark and the diluting mark “that impairs the distinctiveness of the famous mark.” Conversely, the TDRA defines “tarnishment” as an association arising from the similarity between the famous mark and the diluting mark “that harms the reputation of the famous mark.”