



TRADEMARK BASICS

WHAT IS A TRADEMARK? WHAT IS A SERVICE MARK?

A trademark is a word, phrase, design or symbol, or combination thereof, that identifies the source of the goods of one party and distinguishes those goods from the goods of others. A service mark identifies and distinguishes the source of services rather than goods. The term “trademark” is often used to refer to both trademarks and service marks. In practice, almost any “device” can be a trademark (or service mark), including sounds, smells, color, trade dress and moving images, limited only by creativity and acceptance as a source identifier in the marketplace. Trademarks and service marks are an integral part of our consumer market, and if properly used and protected, may become tremendously valuable assets.

SELECTING STRONG MARKS

In order to distinguish the goods of one party from those of another—and to function as a trademark—a word, phrase, design or symbol must be distinctive. A mark’s distinctiveness determines, in part, the overall strength of a mark and the degree to which it can be protected.

Trademarks can generally be categorized into one of four categories of distinctiveness, from most to least distinctive: coined, arbitrary, suggestive and descriptive. Words and designs that lack any distinctiveness fall into a fifth category, “generic,” and cannot function as trademarks.

1. COINED MARKS

Coined marks are at the top of the scale in terms of distinctiveness and strength. A coined mark (also referred to as a “fanciful” mark) has no meaning at all apart from its association with a product or service—it is a “made-up” word (or design). Examples of coined marks are KODAK® for photography products and GOOGLE® for Web browser services.

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2. ARBITRARY MARKS

Arbitrary marks are second on the scale of distinctiveness and strength. An arbitrary trademark is a word that has an ordinary dictionary meaning, but has no special meaning in relation to the goods or services to which it is applied, other than its source-identifying function. An example of an arbitrary mark is APPLE® for computers.

3. SUGGESTIVE MARKS

Suggestive marks are not as distinctive as coined or arbitrary marks, but may still be considered strong marks. A suggestive mark hints at some function or property of the product or service, but does not directly describe it. A consumer is required to use a degree of thought or imagination to ascertain the exact nature of the goods. Suggestive marks often comprise words that embody desirable qualities or characteristics associated with a product or service—such as efficiency, speed, accuracy, comfort or elegance. Examples of suggestive marks include GREYHOUND® for bus services and CARESS® for body soap.

4. DESCRIPTIVE MARKS

Descriptive marks are among the least distinctive and weakest marks. A descriptive mark is a word or design that directly describes the product or service in a manner that does not require any imagination. Companies may be tempted to use descriptive marks because they want consumers to immediately know the nature of the product or service upon seeing the mark. The trade-off is that descriptive marks may be difficult to protect and to register in the U.S. Patent and Trademark Office (USPTO) because they are not particularly distinctive relative to the product or service. Words or designs that start out as merely descriptive marks can acquire distinctiveness, or “secondary meaning,” over time if consumers eventually learn to recognize them as trademarks. However, it may take five years or more and millions of dollars in advertising and promotion before consumers will recognize the words or designs primarily as trademarks rather than just ordinary words or designs with no special meaning. Examples of descriptive marks that have acquired distinctiveness include COMPUTERLAND® for computer store services and VISION WORLD® for optical store services.

5. GENERIC TERMS

The generic or common name of a product or service can never function as a trademark. For example, the term “grocery store” can never function as a service mark for grocery store services. A generic term cannot be registered with the USPTO and cannot be protected. A word that initially functions as a trademark can lose its trademark significance and become a generic term if consumers improperly use the mark in a generic sense to identify a particular type of product or service regardless of source. This phenomenon is sometimes called “genericide.” The former trademarks “kerosene,” “escalator,” “aspirin,” “linoleum” and “kitty litter” all met this fate. While a trademark owner may initially be delighted if the public adopts its trademark as the common name for the product or entire product category, the result may be loss of control over the use of the mark and loss of trademark rights. Consistent and proper use of trademarks and consumer education can help combat genericide. For example, the Xerox Company has successfully protected its XEROX mark from genericide by investing in special advertising to educate the public about the proper use of the mark.

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A mark's distinctiveness determines, in part, the overall strength of a mark and the degree to which it can be protected.

TRADEMARK SEARCHING AND CLEARANCE

Legal clearance of a new trademark is an important step in developing a strong brand and may prevent surprises and substantial costs in the future. Before a mark is adopted and used, an evaluation of its availability for use and if desired, federal registration, should be completed. Legal clearance searches help assess the level of risk that may be associated with the adoption and use of a mark. Trademark availability searches are typically conducted in two stages: a preliminary or “knock out” search followed by a comprehensive or “full” search.

PRELIMINARY SEARCHES

Preliminary availability searches are typically conducted in a USPTO federal trademark register database with a focus on registered marks and pending applications. The search may also include state trademark register databases to identify marks that are registered only at the state level. Additional databases may be accessed in a preliminary search such as business name directories and domain name “whois” databases. The decision to include these additional sources may depend on whether a comprehensive search will be conducted. Consultation with a trademark attorney regarding the best approach is recommended.

COMPREHENSIVE SEARCHES

If the results of a preliminary search are inconclusive or “clear,” a comprehensive search is typically recommended. A comprehensive search includes a more in-depth analysis of USPTO and state trademark records, as well as business directories, media databases, trade directories, domain name registries and other sources. Industry-specific resources such as insurance industry directories or pharmaceutical reference materials can also be searched.

The comprehensive search can identify “common law” trademarks, that is, trademarks that are in use but not registered anywhere. In the United States, trademark rights are acquired based on use of a mark, not registration. Therefore, a company or individual may have trademark rights even if the mark is not registered—and it may be important to identify these rights during the legal clearance process.

Neither a preliminary nor a comprehensive search will guarantee that all relevant references have been located. However, the search process is a cost-effective method to manage the risk involved in adopting a new mark.

SEARCHES IN FOREIGN JURISDICTIONS

In general, trademark rights must be secured on a country-by-country basis. If there are plans to use a mark outside the United States, foreign availability searching can be conducted. Preliminary searches in some countries can be conducted using readily available online databases. More comprehensive searches can be carried out with the assistance of local counsel in the relevant jurisdictions. Local counsel can also assess whether a proposed mark has any undesirable meaning or connotation in the local language and culture.

PROPER USE AND MARKING OF TRADEMARKS

Once a mark has been selected, it is important to use it properly and consistently in order to maintain strong rights in the mark.

CLEARLY IDENTIFY TRADEMARKS

Trademarks should be clearly identified as such so that they do not blend in with surrounding descriptive text. Set a mark apart from any surrounding text by using all caps, initial caps, quotes around the mark, and/or a different font, size or color.

USE TRADEMARKS AS ADJECTIVES

A trademark is not a noun or a verb. In advertising copy or other text, a trademark should be used as an adjective followed by a descriptor or generic term for the goods or services. For example, “I like the GOOGLE® search engine” is appropriate, but “I like GOOGLE®” or “I googled him on the Internet” is not and may ultimately lead to a weakening or loss of trademark rights. A trademark should not be used in plural (e.g. “GOOGLES”) or possessive (e.g. “GOOGLE’S”) form.

To check for proper trademark use, insert the word “brand” after the mark. If the phrase makes sense with the word “brand” inserted, then the trademark use is proper. For example, “I use the GOOGLE® brand search engine to find information” makes sense, but “She GOOGLES brand her friends to find information” does not.

MARKING

A trademark should be used with appropriate marking, either ®, TM or SM. In written materials, marking should appear with the first and most prominent use of a mark. The registration symbol, ®, should only be used with a federally registered mark when the mark is used on the goods or services recited in the registration certificate. It is not appropriate to use the registration symbol when a federal application for the mark is pending or when the mark appears on goods or services not covered by the federal registration.

The TM and SM designations may be used with a mark that is not federally registered, or when a federally registered mark is used in connection with goods or services not covered in the registration. These symbols can also be used with a mark that is the subject of a pending federal application.

It is important to note that foreign marking requirements may be different. For instance, designations in a different language may be required or some marking designations may be optional. An experienced trademark attorney can help you develop a single marking scheme that will be acceptable to use on packaging and marketing materials distributed worldwide.

Legal clearance of a new trademark is an important step in developing a strong brand and may prevent surprises and substantial costs in the future.

USE TRADEMARKS CONSISTENTLY

It is important to use trademarks in a consistent manner. Consistent use of a trademark sends a clear message to consumers and competitors regarding the exact mark that is being claimed and may minimize possible loss of rights due to inadvertent misuse. For example:

- Always spell the mark the same way.
- Always use the mark exactly as it appears in the registration certificate. Promptly seek advice from trademark counsel if the form of the mark changes in any way.
- Always set off the mark from surrounding text (using upper case lettering is one way to achieve this).
- Always use appropriate marking, e.g., PERRIER® sparkling water, GLURPY™ galoshes and SPEEDYDUDESM courier service.
- Do not use the mark in possessive or plural form.
- Use attribution statements in advertising, marketing materials and on packaging, e.g., “COKE® is a registered trademark of The Coca Cola Company.”

DESIGNATE A TRADEMARK MANAGER

In order to ensure consistent and proper trademark use, it may be advisable to designate a person or group of people to monitor all advertising and promotional materials, packaging, Web pages, and other company communications. This person or group may also help identify uses of new trademarks that have not yet been searched and cleared, or new variations of existing marks that may need to be protected. In addition, a designated person or group can serve as a resource to the rest of the company if questions arise. The designee can also monitor deadlines associated with pending trademark applications and maintenance of existing trademark registrations.

TRADEMARK REGISTRATION

UNITED STATES

Federal trademark registration provides a number of significant advantages. These include the right to use the ® symbol with the mark, constructive notice to third parties of the registrant's trademark rights and the presumption that the registrant has exclusive rights to use the mark nationwide.

An application for federal registration can be based on a bona fide intent to use a mark in connection with the goods and services recited in the application in the future and thus can essentially function as a placeholder provided that a registration ultimately issues. If a mark is already in use in interstate commerce, an application can be based on actual use of the mark.

Both intent-to-use and use-based applicants must specify the following in the application:

- Name of applicant (which must be the trademark owner)
- State of incorporation or citizenship
- Principal business address
- Goods and/or services that are or will be offered under the mark
- Signature of an authorized representative of the applicant
- Payment of the requisite government filing fee

Consistent use of a mark sends a clear message to consumers and competitors regarding the exact mark that is being claimed and may minimize possible loss of rights due to inadvertent misuse.

A use-based application also requires the submission of specimens showing actual use and specification of the date of first use anywhere and the date of first use in U.S. commerce.

In an intent-to-use application, specimens and dates of first use are filed later in the application process; the applicant typically has three to four years after filing the application to begin using the mark and to submit the specimens and dates of first use. An intent-to-use application will not mature to registration until specimens and dates of first use are submitted.

A U.S. registration is valid for an initial 10-year term and can be renewed for additional 10-year terms so long as the mark remains in use on the goods/services recited in the registration. The USPTO also requires the filing of a Declaration of Use between the fifth and sixth years after registration in order to confirm that the mark is still in use. This is primarily a mechanism to remove “dead wood” from the Register.

If a mark is continuously used for a five-year period following registration, and certain formalities are met, a registrant may file a Declaration of Incontestability along with the Declaration of Use. The Declaration of Incontestability confirms the registration has achieved an “incontestable” status and can be challenged only on certain limited grounds.

In order to ensure consistent and proper trademark use, it may be advisable to designate a person or group of people to monitor all advertising and promotional materials, packaging, Web pages, and other company communications.

FOREIGN JURISDICTIONS

Trademarks and service marks may also be registered in most foreign jurisdictions. Protection of a mark in connection with goods or services sold outside the U.S. may be beneficial depending on a company’s business plans. Prompt registration in foreign jurisdictions of interest, even before sales begin there, can be particularly important because most foreign countries do not recognize “common law” trademark rights based solely on use of a mark, but rather, recognize trademark rights only upon registration.

The first party to file an application is typically awarded the rights. This “first to file” system can complicate matters for a company that has used a mark in the U.S. for several years and tries to expand sales outside the U.S. only to find that another company has already registered the mark in foreign countries. In some cases, an innocent party may have registered the mark, and in other instances it may be a case of “trademark piracy.” In either situation, the U.S. trademark owner may be precluded from using or registering its mark in foreign countries without first acquiring rights from the registrant.

In order to help secure early trademark protection in foreign jurisdictions, a company that files a U.S. federal trademark application can take advantage of an international treaty whereby corresponding applications filed in most foreign countries will be assigned the same filing date as the U.S. application if the foreign applications are filed within six months of the U.S. filing date. Thus, the applicant can receive a filing date advantage of up to six months in foreign countries,

possibly giving it an important head start in the race to the foreign trademark office. In countries that are not party to this international treaty, there may be more urgency in filing applications for registration in order to secure the earliest possible filing date. It is a good idea to consult a trademark attorney in order to develop an appropriate foreign filing strategy.

If registration in a number of European countries is of interest, it may be advisable to file a Community Trademark application which provides coverage in the 27 countries of the European Union. U.S. companies can also take advantage of the Madrid Protocol filing and registration system which allows for the streamlined filing of a single application through the USPTO designating a number of different countries (currently more than 75) for registration. A trademark attorney can provide further details about these and other filing options.

DOMAIN NAME REGISTRATIONS

In addition to filing for trademark registration, it is advisable to consider registration of domain names that incorporate your important trademarks. Early domain name registration may prevent another party from registering the domain names and blocking you from using those domain names in your business. In some instances, companies will also register domain names that are similar to their trademarks or slight variations as a defensive measure to discourage cybersquatters and typosquatters who often seek payment for the transfer of such domain name registrations. While it is possible to file a complaint to have a domain name transferred to the rightful trademark owner, it is typically much less expensive to register domain names early in order to “lock up” the rights.

TRADEMARK LICENSING/FRANCHISING

In addition to use of a trademark by the trademark owner, trademark rights may be maintained through a licensee’s controlled use of the mark. One familiar example of a licensing relationship is that of a franchisor–franchisee, such as McDonald’s® and other fast-food restaurants. Your attorney can advise you on the technical rules and requirements that pertain to trademark licensing and franchise relationships.

POLICING AND PROTECTING TRADEMARKS

In order to build and protect the value of your company’s trademarks, it is important to police the use of the marks by authorized and unauthorized parties. For example, licensees or independent salespeople who are authorized to use your company’s trademarks under license must be monitored to ensure their use is proper, does not damage the value of the mark and is within the parameters allowed by the agreement. You should also make sure that authorized third-party use is accompanied by an attribution statement such as “COKE is a registered trademark of The Coca Cola Company, Inc., used here by permission [or under license].”

It is critical to watch for, and take action against, unauthorized or infringing third-party use. Failure to take action against infringers may result in the loss of some or all of your rights. In some instances, it may be necessary to file suit in court in order to enforce your rights against a third party, and quick action may be required to obtain a temporary restraining order or a preliminary injunction. Another potential enforcement forum is the Trademark Trial and

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Appeal Board (TTAB) of the USPTO where you can file an opposition to a published federal application for a mark that is confusingly similar to a prior mark you own. In some instances, the TTAB may be an efficient and cost-effective forum to initially address an infringement matter.

Effective tools for policing your trademarks include media clipping services and subscription trademark watching services. Subscription watching services can be set up in a number of ways, but typically monitor new applications and published applications at the USPTO, published applications in other countries and new domain name registrations.

Watching services provide periodic reports of any third-party marks or names that are similar to your mark. This information can provide early warning of potential infringers. Depending on the scope of the watch, the annual cost of a watching service subscription may be around \$350 per mark for a basic U.S. application/publication watch to around \$1,000 per mark for a worldwide watch package.

USEFUL LINKS

Additional information about the federal trademark application and registration process may be found on the Web site of the U.S. Patent and Trademark Office:

<http://www.uspto.gov/main/trademarks.htm>

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