

THE TRUTH ABOUT TRADEMARKS

Every attorney with a business client has a client with a potential trademark issue. This article is intended to help unravel some of the myths and complexities of trademark law and practice. Both attorneys and business leaders should find this article helpful.

I. DEFINING TRADEMARKS, SERVICE MARKS, AND OTHER MARKS

A “trademark” or “service mark” can be made up of any word, name, symbol, logo, color, sound, or product shape or any combination of these elements. Typically, a trademark is used to mark goods. Alternatively, a service mark is used when selling services. This article refers to trademarks and service marks synonymously.

A trade name, which is similar to a trademark, merely represents the name of a company. Similarly, a domain name is part of a unique address that identifies a particular web site on the Internet. Typically, trademarks trump trade names and domain names and, therefore, registering one’s trade name with the state is not good enough to protect rights in the name. The same is true of domain names.

II. PROTECTING ONE’S MARKS

Generally speaking, trademarks can be protected in four different ways. First, trademarks can be nationally registered through the United States Patent and Trademark Office. Second, trademarks can be registered on a state-by-state basis. Third, trademarks can be protected within specific geographic areas under the common law of particular states. Fourth, trademarks can be protected internationally. As an aside, charitable groups, non-profit corporations, professional and fraternal groups and educational and religious institutions receive the same protection against confusing use of trademarks and corporate names as for-profit business organizations.

III. BENEFITS OF FEDERAL TRADEMARK REGISTRATION

The benefits of federal trademark registration are immense. Some of the advantages are:

1. One registration covers fifty states;
2. One can use the ® symbol with one’s mark;
3. Once a federal registration is filed any common law rights being developed by competitors are stopped dead;
4. Federal trademark registrations add value to a company’s intangible asset portfolio;
5. Tactical and substantive advantages in domain name disputes are gained;
6. One gets international priority in many foreign countries when filing for additional trademark registrations;

7. Court ordered damages can sometimes be tripled for federally registered trademarks;
8. The federal court system can be used to stop infringement of one's marks;
9. A federal trademark registration can be entered into evidence in court to prove your trademark is valid and that you own the mark;
10. One gains potential future revenue from trademark licensing;
11. The United States Customs Service can be asked to stop goods marked with infringing trademarks from entering the United States; and
12. The registered mark will show up prominently in other people's trademark clearance searches (including the searches conducted by the Patent and Trademark Office) making it less likely that other businesses will chose to use your mark.

IV. IMPORTANCE OF TRADEMARK SEARCHING AND CLEARANCE

Before a company invests substantial money on advertising, business cards, store signs, customer recognition, etc. a comprehensive trademark search should be conducted and reviewed. A comprehensive trademark search will typically examine marks on the Federal Registry, all fifty state trademark registries, common law sources including business records and newspapers, and Internet sources such as domain name registrations. A comprehensive search will look for marks that are exactly the same as the suggested mark as well as "look alike" and "sound alike" marks. A full trademark search will also consider marks that share common elements with the suggested mark, even if the marks appear quite different. This is can be important in some cases. A written opinion interpreting the search results in light of legal trends and case law is also a must.

In some cases, the process of conducting a trademark search and reviewing the results with a knowledgeable attorney results in a business modifying their mark or identity. In these cases, an ounce of prevention is worth a pound of cure. No one wants to face expensive litigation that results in being forced to change one's mark, pay damages to the other side, and risk losing one's customer recognition.

In many cases a full trademark search and written opinion results in specific strategies that help mitigate the risks described above. Often these same strategies help in actually getting one's trademark registered with the Patent and Trademark Office as well.

V. CHOOSING A STRONG TRADEMARK

Choosing a strong trademark can be one of the most important decisions that a business owner makes. Sometimes businesses are wed to a particular mark — making no other choice available. In these cases it is important to understand the strengths and weaknesses of the mark from a protection and registration standpoint. Understanding one's mark in this way allows for the appropriate development of registration and protection strategies that can help make a weak mark stronger. The process of understanding the relative strength of an existing trademark is the same as the first step in choosing a new mark from scratch.

Whether one's mark has been predetermined or not, the first step in "choosing a strong mark" is to figure out where the mark exists on a spectrum of protectability. Trademarks range from very weak and non-registerable to very strong and easily registered. Obviously one end of the spectrum is highly

desirable while the other end is much less so.

On the weaker end of the spectrum one finds marks that are classified as “generic.” A generic mark is not protectable as a trademark. Use of such a mark is not recommended since anyone could use the same mark in the same way without legal consequence. A generic mark is one that has become so widespread that the consuming public no longer associates it with a particular company. Ironically, owners of some of the most famous marks have had to fight to keep their once unique marks from becoming generic. KLEENEX for tissues and JEEP for small four-wheel drive vehicles are examples of marks that have come dangerously close to becoming generic.

One step up from a generic mark is a group of marks referred to as “descriptive” or “merely descriptive.” Descriptive marks are exactly what their name implies - descriptive of particular goods or services. The fictional trademark CANNED GOODS for canned food products would be considered descriptive of canned goods. This mark might also be considered generic. Using the same mark to sell books, however, would be considered arbitrary (which is a good thing, as described later).

The mark TIMCO for a company selling services by someone named Tim might also be considered descriptive. Sometimes descriptive marks can be registered and protected when one can show that the mark has become well known or, in other words, has “acquired distinctiveness.” A descriptive mark can often be placed on the supplemental federal registry and after five years it can often be registered as having become “distinctive,” and therefore no longer “descriptive.” Marks that are merely descriptive of goods and services should be used with caution and avoided when there is a choice. It is also important to note that even a mark that has a weak placement on the trademark spectrum can be considered strong if the mark is widely recognized and has “commercial strength.”

One step up from descriptive marks are marks referred to as “suggestive.” Many times one can argue that a mark appearing to be descriptive is actually suggestive. A suggestive trademark, while not being the strongest of marks, is registerable. A suggestive mark is one that requires some degree of imagination to associate the mark with the goods and services. An example of a suggestive mark would be Technology for mechanical parts and computer hardware. The word technology describes the goods (to some extent) but the exact nature of the goods is not clear from the mark alone. Of course, as a practical matter, the further away one gets from generic, descriptive, and suggestive marks the stronger the resulting mark will be.

The best kind of mark one can have is described as “arbitrary or fanciful.” An arbitrary mark is made of common words, like “CANNED FOOD,” but applied to goods and services where there is no rational connection between the goods and the mark (like CANNED FOOD for the sale of paperback books). In an etymological sense, the association between the goods and the mark is “arbitrary.”

A fanciful mark is one that has no current existence in our lexicon (it is simply “made up.”) Obviously, one’s intellectual property rights will be the strongest in marks that did not exist before they were “invented.” So, whether one has a mark or is thinking of a new mark, try to conceptualize where on the generic-descriptive-suggestive-arbitrary-fanciful spectrum the mark might fall. The further away from fanciful one gets the more important it will be to consult a trademark attorney about trademark searches, trademark registrations and, in some cases, trademark and/or advertising insurance.

VI. OBTAINING A FEDERAL REGISTRATION

Filing for a federal trademark registration can be an involved and lengthy process. A complicated trademark might take up to five years or more to register. With the right planning the process can be cut down to a little as six months in some cases. Obviously, quicker turn around time results in lowered costs and increased business certainty.

Once one's trademark application is filed, the Patent and Trademark Office will assign a Trademark Examining Attorney to review the application. If the mark passes first muster it will be published for opposition in a government publication called the "Official Trademark Gazette." Once the mark is published anyone wishing to oppose the mark will have thirty days to do so (unless they ask for an extension).

If the Trademark Examining Attorney, on the other hand, identifies issues that need to be addressed then an "Office Action" will be issued. Some Office Actions are pro forma and others are quite substantive. The timeline for responding to an Office Action is six months. Once all outstanding Office Actions are properly addressed then the application will be published for opposition, as described above. Complicated cases can take years to resolve. Simple cases can be taken care of in as little as six months. In both simple and complicated cases, one's federal trademark rights will be backdated to when the application was filed.

VII. TRADEMARKS AND THE INTERNET

In the United States trademark protection emanates from both state statutes and common-law and federal statutes. Trademark rights can be enforced for two primary reasons. First, trademark rights can be enforced to avoid consumer confusion as to the source or sponsorship of goods and services.[1] Secondly, trademark rights can be enforced to avoid dilution of famous trademarks.[2] Both Washington state law and the Federal Lanham Act offer protection to unregistered famous marks.[3]

Trademark infringement is another common area of dispute on the Internet. Trademark infringement actions can cover everything from domain name disputes and improper use of a company's name, mark or symbol to infringement of the distinctive elements used to distinguish one's web site on the Internet. Some trademarks are registered with the federal government. Some trademarks are registered on a state-by-state basis. Still other trademarks are protected without any registration at all under state common law. In comparative advertising it is usually acceptable to use another's trademark so long as the advertisement does not cause consumer confusion as to the source or sponsorship of goods.

VIII. TRADEMARKS "TRUMP" DOMAIN NAMES

Trademark law also applies to the Internet and domain names. Domain names are important marketing devices for corporations or businesses using the Internet, because customers and search engines use domain names to locate on-line businesses.

A growing number of domain name trademark cases suggest that a trademark holder has no absolute right to use its trademark as a domain name. The test for determining whether a trademark holder will be able to stop someone from using a similar domain name is the Likelihood of Confusion test. The Likelihood of Confusion test embodies the primary principle of traditional trademark law, namely that consumers should not be confused or deceived into buying goods or services based on false or confusing sponsorship. Other recent trademark cases suggest that a trademark holder might have an advantage in a domain name dispute.

IX. INTERNATIONAL TRADEMARK LAW STRATEGY

International trademark strategy has two primary components. The first component involves acquiring and protecting trademark rights. The second component is making sure that one's trademarks are not infringing a mark protected in a foreign jurisdiction. An international trademark strategy should reflect the concerns and conditions of one's company, one's target markets, and one's industry. Company concerns involve considerations such as: marketing strategy, budget, distributor relationship, and risk management.

Understanding and refining an international marketing plan is critical to developing an effective international trademark protection strategy. The following five steps should be considered when refining an international marketing plan. First, define the geographic area of the target market. Second, identify the target markets of immediate importance. Third, identify target markets of secondary importance. Fourth, develop a timetable for entering into specific target markets. Fifth, create a budget to spread costs over time, if possible. When defining target markets, don't forget to account for worldwide Internet sales if appropriate.

X. TRADEMARK LAW IN OTHER COUNTRIES

Because of the national, regional, and international components of international trademark protection strategy, local and national laws as well as international agreements and treaties must be considered. Other relevant factors relate to a particular country's intellectual property trends, culture, and local policy.

Trademark law throughout the world can be grouped roughly into two categories. The first category is based on what is called the "first-to-use" rule. The second category is based on what is known the "first-to-file" rule. The United States follows the first-to-use rule. China, for example, uses the first-to-file rule.

In first-to-use countries, trademark priority is given to the first party that actually uses the mark in that particular country. In first-to-file countries, on the other hand, trademark use alone will not establish any rights to a mark. As a matter of practical importance, consider the risk that a junior user will register "your" mark and prevent you or your client from using it in many first-to-file countries (this might happen even though your client was the first one to actually use the mark).

Sometimes, strategic trademark filings can be used to minimize the risk posed by "mark sharks." Additionally, some countries offer what is known as a defensive mark filing. When allowed, an applicant does not need to intend use of the defensive mark in the filed for country if use of the mark by another party in the country, even on dissimilar goods, would be likely to cause confusion. In many cases, strategic filings and defensive marks can be used to preserve rights in countries where future use and marketing is anticipated, but where there is no immediate intention or ability to enter a particular market.

XI. TAKING ADVANTAGE OF INTERNATIONAL TREATIES AND CONVENTIONS

There are a variety of international trademark treaties and conventions. Different conglomerations of countries around the world have joined various collections of trademark treaties and conventions. The Paris Convention and the Madrid Protocol are among the more famous of these trademark treaties.

The Paris Convention allows one to use a filing date from an earlier application on a new application when both countries are members of the Paris Convention and when the second filing occurs within six months of the first filing. The United States is not part of the Madrid Protocol. However, if the United States does become a member, United States companies will be able to take advantage of new rules and procedures for some international trademark matters. Some United States companies incorporate a foreign subsidiary in a Madrid Protocol country when they anticipate filing large volumes of trademark work in the countries that are members of this protocol. The European Union also has special rules and regulations for registering European wide trademarks. Of course there are different costs, benefits and strategies involved with taking advantage of different international trademark treaties, conventions and agreements.

A. INTERNATIONAL TRADEMARK MARKING REQUIREMENTS

In many countries around the world, use of the ® is either optional or there is no provision for marking. In some countries, like the United States, specific benefits are offered for using the ® appropriately, such as eliminating certain damages defenses. In other countries, like China, Chile and Costa Rica for example, a proper registration notice is required in order to maintain the registration and trademark rights. There is a danger, however, of using the ® too freely on one's international packaging. In some countries false or misleading use of the ® can result in fines, imprisonment, and other liability. Germany is one example.

B. INTERNATIONAL STRATEGY AND RECOMMENDATIONS

If cost is not an issue, business owners doing substantial international business should consider filing trademark applications in all target countries at the same time using the broadest possible description of goods and services allowed in each country. When cost is an issue, Paris Convention priority filings can be used to help spread costs over a six-month period. Lastly, business owners should consider evaluating marketing plans in light of the advantages and disadvantages of filing for trademark protection under particular trademark conventions, treaties, and agreements, such as the Madrid Protocol and the trademark regulations of the European Union.

XII. CONCLUSION

A trademark can be almost anything, including words, logos, colors, and sounds. The benefits of properly protecting one's trademark rights are huge. All businesses should protect their trademarks (advise your clients: "don't get caught with your pants down"). In the United States federal trademark protection is the best. It is recommended that a trademark search and written opinion interpreting the same be prepared for all businesses with important trademarks.

The first component of international trademark strategy involves acquiring and protecting trademark rights. The second component of international trademark strategy is making sure that one's trademarks are not infringing a mark protected in a foreign jurisdiction. An international trademark strategy should reflect the concerns and conditions of one's company, such as marketing strategy, budget, distributor relationships and risk management. In addition, one's international trademark strategy should reflect the conditions of one's industry and one's target markets, including the laws, policies and cultures of one's target countries.

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