Trademark Basics
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What is a Trademark?

“Trademark” is the legal name for a brand name. It is a word or symbol used to identify the source of particular goods or services. A trademark differs from a generic name in that a generic name is the common descriptive term for a type of product or service for example, “athletic shoe” is a generic term. A trademark, such as NIKE, signifies that the product or service comes from a particular company. Trademarks refer to words or logos that are used in connection with products (COKE and APPLE, for example), and service marks refer to words or logos that are associated with services (FEDEX and FACEBOOK). We generally use the term “trademark” to refer to both trademarks and service marks.

Trademarks protect both their owners and consumers by identifying the source of a product or service. Trademarks help owners establish goodwill in their company and in the products and services with which their marks are associated. Consumers are protected because trademarks help them identify the quality of a product or service associated with the mark.

The most common trademarks are word marks, such as ADOBE, eBay, and NBC. Tag lines and slogans, such as FLY THE FRIENDLY SKIES and DON’T LEAVE HOME WITHOUT IT are also trademarks. In addition, symbols such as the Nike “swoosh” or the Motley Fool “jester” can function as trademarks. The appearance of product or packaging, referred to as trade dress or product configuration, also may serve a source-identifying function and therefore be a trademark. Although more rare, color, sound and scent may also be trademarks.

Choosing a Strong Trademark

There are two key issues to keep in mind when choosing a trademark: (1) protectability – is the mark strong and distinctive? and (2) availability – is anyone else using the mark for related products or services?

Protectability

Product or service names range from highly distinctive, highly protectable trademarks to generic names.
Fanciful or arbitrary marks are invented terms (PENTIUM) or common words with no meaning relative to a feature or function of the product or service (APPLE for computers). These are the strongest trademarks in terms of distinctiveness and protectability.

Suggestive trademarks are marks that do not immediately describe the product or services, but suggest something about the goods or services such that there is some degree of imagination required to understand the nature of the goods or services. For example, PETSMART suggests a store related to pets and pet care. Suggestive marks are next on the spectrum of distinctiveness/protectability. While they are not as strong as arbitrary/fanciful marks, they are sometimes preferable from a marketing standpoint because they give customers a clue as to the nature of the goods or services.

Descriptive marks directly describe the product or service or characteristics or features of the product or service. Because descriptive terms should be available to all sellers in a market to describe their products or services, descriptive marks are not protectable until they have been widely used and marketed and the public comes to associate the descriptive trademark with a particular company or individual. Because extensive use is required for protectability and registration, upon adopting such a mark, the owner must be prepared to spend significant resources promoting the mark before protectability can be assured. For example, HOLIDAY INN initially might have been a merely descriptive mark but over time it has come to identify only one source of hotel accommodation services.

Generic terms are the names of products or services and a generic name can never function as a trademark. For example, tissue is a generic name, while KLEENEX is a brand name or trademark. Generic terms are never protectable as trademarks because they must be available for all to use.

Availability

Preliminary Search

Once a strong, protectable trademark has been selected, searches should be conducted to determine whether there are other companies or individuals using or holding rights in the mark. The test for availability is two-fold: 1) whether any senior marks exist that are so similar to the candidate mark that a likelihood of confusion would arise if both are in use in the marketplace and/or 2) whether the candidate mark would likely dilute the rights of any very well established, famous and distinctive senior marks. It is important to bear in mind that "similar" marks, not just identical marks, can present trademark infringement risks.

Preliminary on-line searches of the trademark registration in the United States and other jurisdictions are typically the first step in identifying existing trademark applications and registrations for marks identical or nearly identical to newly proposed marks. Our preliminary searches cover the records of (a) the U.S. Patent & Trademark Office ("PTO"); (b) the 50 state trademark registries; and (c) certain foreign trademark offices that make their information available on-line (including Canada, the European Community, and Japan).

Preliminary searches are, however, limited in several respects, particularly in that they cannot identify trademarks for which applications have not been filed -- what we refer to as "common law
trademarks.” In the United States, common law trademark rights can arise from mere use of a mark in commerce in connection with goods or services. Common law trademarks can present liability risks and it is therefore highly advisable to obtain a full trademark search for any mark in which a significant investment will be made. Preliminary searches should only be used as a "knock-out" step in assessing potential trademarks, and primarily function to avoid unnecessary expenditures on full trademark searches.

In addition, we also perform a search of the Internet for similar marks. These searches, too, are limited, in that it can be difficult to ascertain ownership and nature of use from a brief search of the Internet.

**Full Trademark Search**

Full trademark searches provide three significant benefits as compared to preliminary trademark searches. First, they cast a much broader net in that they are constructed to attempt to identify marks that are "similar" to the searched mark -- preliminary searches attempt to identify "identical" and "nearly identical" marks only. Second, full searches cover various proprietary databases consisting of trade publications, journals, and business directories in an attempt to identify common law trademarks. Third, full searches can be viewed by courts as appropriate "due diligence," and therefore are helpful in warding off a plaintiff's charge of willful trademark infringement.

Third party search companies such as Thomson CompuMark and CT Corsearch perform full trademark searches intended to cast a broader net across the registries for marks appearing there and also to search a wide variety of databases in an effort to identify common law mark of interest. We analyze the results of those searches and prepare assessments of the risks entailed in adopting a particular mark.

The goal of the search and clearance process is to put you in a position to make an informed, educated decision as to whether to commit resources to a particular mark, considering the possible strength of the mark and the apparent infringement risks associated with adopting it.

**Other Considerations**

Apart from strictly legal considerations, adoption of a mark should take into account the likelihood that the mark will be used outside the United States and/or be used in the context of other languages. Translations and pronunciations in other languages are important to assess. In addition, the availability of the corollary domain name and related domain names, including misspellings and domains which include the mark in connection with generic terms, should be checked.

Selection of a brand or trademark might also be made in the context of the owner's overall brand strategy and brand architecture. Foundational considerations include whether a business name and product or service brand will be the same, how many brands the owner intends to adopt, whether those brands will be related or distinct, and whether features will be branded. All of these considerations will impact on the cost of brand protection as well as related costs such as advertising.
How Trademark Rights Are Acquired?

In the United States and some other countries (Canada, the UK and former British Commonwealth countries, among others) trademark rights are acquired through use of a mark. This means that a company or individual has rights in a mark as soon use of the mark begins. While a trademark registration provides valuable benefits to its owner, a registration or application is not a prerequisite to use or ownership of a trademark.

In addition, in the United States a company or individual may reserve rights in a trademark by filing an “intent-to-use” application. The registration for a mark filed based on and intent to use issues after the mark is actively used by the owner and proof of that use is submitted to the registration authority.

In many other countries, however, rights in a trademark may only be acquired with the filing of an application with the trademark registration authority in the country.

Formal Brand Protection

Once selected, any important trademark should be formally protected by registering it in all countries where it is intended to be used. The strength or uniqueness of the brand selected will directly impact on the cost and efficiency of obtaining registrations for the mark.

Filing and Prosecuting U.S. Trademark Applications

A federal trademark registration is a valuable intellectual property asset, as it provides several advantages in the protection and enforcement of your trademarks. Among other things, a registration creates statutory presumptions as to the ownership and validity of your mark; provides access to statutory damages in the event of infringement litigation; establishes a nationwide date of first use of your mark; and enables you to use the "R in a circle" federal registration symbol.

One can file a trademark application based upon either use of a mark or intent to use a mark in commerce. One also has the option of filing single-class applications or multi-class applications. A primary benefit of filing separate, single-class applications is timing. With a multi-class application, if the Examining Attorney raises an issue with the specimens of use or the description of goods/services in one class, the entire application will be held up until the issue is resolved even if the Examining Attorney has not raised any issues with respect to other classes.

Applications cannot be relied upon to enforce rights in marks until they mature to registration, so there is something to be gained by moving applications through to registration as quickly as possible. On the other hand, all of the rights afforded by a trademark registration ultimately date back to the filing date of the application, so the fact that an application takes longer to prosecute does not diminish the rights that ultimately attach to the registration.

Ultimately budget concerns must be weighed against the benefit of obtaining registrations in multiple classes and countries.

In the best case scenario, in which the PTO raises no substantive objections to the applications and the application is not opposed by a third party, registration will likely be obtained in
approximately twelve months. If the PTO raises substantive objections to an application, briefs must be submitted to attempt overcome such objections. If the application is opposed by a third party, litigation ensues before the Trademark Trial and Appeal Board. Of course, one may always choose to abandon an application at any time.

Foreign Trademark Clearance and Registration

To pursue international clearance and registration of marks, the trademark owners or counsel for the owner must coordinate with affiliate foreign counsel located in the countries in which a client intends to register a mark. If the owner is working with U.S. counsel, the owner can expect their U.S. counsel to have relationships with counsel in foreign countries to obtain and assess the results of trademark searches and to prepare and file applications. Counsel in the U.S., being more familiar with their client’s products and services, typically (i) provide general recommendations on overall foreign trademark strategy, and (ii) serve as the coordinator and contact point for your foreign trademark efforts.

Registration of a trademark in the United States will not protect use of the mark in other countries. In most foreign countries, trademark rights are afforded purely on a "first to file" basis - in other words, there is no equivalent of U.S. "common law" trademark rights, which are created through the use of a mark. Fortunately, an international treaty with over 155 countries grants any U.S. trademark applicant a priority filing date as of the date of its U.S. trademark application, provided that the applicant files in the foreign country within six months of the U.S. filing date. Trademark applications can still be filed in foreign countries after the six-month window but they will not date back to the U.S. filing date.

For most geographic locations, a trademark owner must proceed with trademark clearance and registration on a country-by-country basis. The most notable exception is the European Union ("EU"), which has established one trademark office covering all member countries and you therefore have the option of filing one "Community Trademark" (or "CTM") application. It is also possible, however, to still file country-specific trademark applications with the national trademark offices maintained by each of the EU member countries. The fees associated with registering a mark with the EU trademark office are roughly equivalent to the fees associated with registering a mark with the trademark offices of three EU member countries, and therefore a CTM application may be the most cost-effective option available. It is important to be aware that a mark registered in one EU member country could block efforts to obtain a CTM registration, and therefore in certain circumstances it makes sense to pursue trademark registrations in individual EU member countries as an additional or alternative trademark protection strategy.

There is also the option of filing one International Registration ("IR") application under the terms of a treaty known as the Madrid Protocol and designating multiple foreign countries for protection. IR applications are filed with the World Intellectual Property Organization, which then distributes the application to the trademark offices of the designated countries for examination. The costs of using the Madrid Protocol system are usually slightly lower than the costs associated with filing separate foreign trademark applications because you may not have to engage local counsel in each designated country. Often, however, IR applications may result in narrower descriptions of goods and services in the individual foreign trademark registrations (assuming that the U.S. is the "home country").
Brand Policing and Enforcement

From the outset, brand owners must take care to enforce their rights in the trademark. A trademark which is not policed to prevent infringing and dilutive uses will over time erode in distinctiveness and possibly become polluted via association with lower quality goods or services. As a result, the brand will lose value. As with formal protection, the strength or uniqueness of the brand selected will directly impact on the cost and efficiency of policing and enforcing rights in the mark.

At the outset, trademark owners should articulate a policing and enforcement strategy. This strategy will likely change over time as the brand is disseminated in the marketplace and perhaps encompasses a broader scope of goods and services. However, the initial strategy must take into account the vision of the brand as successful across the current scope of goods and services and those that are reasonably anticipated to be within the scope of the company’s business over time.

As one part of the enforcement strategy, trademark owners typically obtain a trademark watching service. Third party companies offer the service of monitoring trademark registries around the world and providing notice of any application or registration of a mark that is similar to the mark being monitored. These services are quite inexpensive and represent a basic means of policing the registries to prevent conflicting marks from achieving formal protection.

As another part of the enforcement strategy, internal education is key. The person or team responsible for trademark management needs to disseminate guidelines and policies for use of their marks, including by licensees or partners who are granted the right to use them. Such trademark usage guidelines can be simple or complex depending upon the nature of the mark and the number of marks owned. However, trademark use guidelines should be an integral part of the trademark owner’s overall style and usage guidelines for presenting the owner’s names, logos, colors and other identity indicia.

Part of the internal education process will be to alert employees, particularly those who are active in the marketplace or otherwise interfacing with customers and third parties, to be alert to potential infringing uses and to report those uses to the appropriate internal business contact. Periodic searches of the Internet for potential conflicting uses can also be made as a means of identifying potential issues at an early stage.

Where infringing uses are proliferating, coordination with outside counsel to develop appropriate ‘cease and desist’ letters and, where necessary, to file suit is important. Where a company faces repeated infringement via knock-off product, preparing forms for complaints and consent judgments may make the enforcement effort more efficient.

Illegal use of brands on counterfeit product has become an enormous problem for many companies. For those companies facing this issue, a robust anti-counterfeiting program must be instituted. That program will entail consulting with counsel experienced in anti-counterfeiting matters, retaining investigators also experienced specifically with counterfeiting and developing solid relationships with law enforcement and custom officials. Assembling a team with these components and educating that team on a company’s products, its manufacturing process and distribution network, is key to ultimately effectuating a successful anti-counterfeiting program.
Working with this experienced group will generate specific techniques which can be employed to assist in tracking and distinguishing counterfeit goods from genuine goods, including the use in code or on packaging or elsewhere of non-obvious indicia of authenticity. Similarly, educating and implementing standards for means of investigating, tracking, identifying, seizing and preserving evidence are critical.

Summary

A successful brand embodies goodwill and is the repository of an enterprise’s investment in bringing to the marketplace quality products and services. Properly cared for, the brand is an intellectual property asset that will last for the life of the enterprise. A well thought out and carefully implemented brand protection program to protect this asset will return its cost many times over as the brand prospers in the marketplace.