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TRADEMARK BASICS AND TRADEMARK USE

What is a Trademark?

Legally, under United States law, a trademark (or service mark) is defined as any word, name, symbol, or device, or any combination thereof, which identifies and distinguishes the goods (or services) provided in conjunction with the mark from the goods (or services) of others. A mark also indicates the source of goods (or services), even if the source is unknown to consumers.

Grammatically, a mark is a proper adjective (for example, Rolex) which modifies the generic product name (a noun) (for example, wristwatch). A mark is not a noun—it is not the generic name of the product or of the service. A mark must not be used in a plural or possessive form, which would indicate improper use as a noun. A proper adjective, like a proper noun, is entitled to an initial capital letter. For example, “Rolex brand wristwatch” is proper trademark use, while “a Rolex” or “Rolexes” used without a generic term are not. Similarly, a mark is not a verb. For example, asking someone to “Instagram” a picture is improper use, while asking someone “to edit or post a photo through the INSTAGRAM app” is proper trademark use.

Functionally, a mark identifies a particular brand of a product or service and tells a consumer something about a product or service. For example, the mark Rolex used in conjunction with wristwatches tells a consumer about the expected quality of the product and the source of the product. A mark also allows consumers to quickly differentiate similar competing products. For example, a consumer facing the ice cream selections below would be able to immediately select the product of the source and quality that the consumer desires:



Categories of Trademarks and Service Marks

Fanciful (Coined) and Arbitrary Marks. Fanciful marks are “made up;” examples include KODAK, XEROX, and EXXON. An arbitrary mark is created when a common word is applied to a product or service unrelated to the meaning of the word; examples include NIKE (for sneakers), TIDE (for detergent), and PINCH (for scotch). Fanciful and arbitrary marks are the strongest marks.

Suggestive Marks. Suggestive marks act in the manner for which they are named—they suggest some characteristic of the associated goods or services, but require a consumer to use imagination to draw a conclusion about that characteristic. Examples of suggestive marks include SUNKIST for oranges and orange juice, PLAX for plaque removing dental rinse, WORD for word processing software, and COPPERTONE for suntan oil. Suggestive marks are strong marks, although typically not as strong as fanciful and arbitrary marks.

Descriptive Marks. A mark is descriptive if it describes any characteristic of the associated goods or services. Generally, descriptive marks cannot be protected unless the owner or user of the mark can prove that the mark has acquired distinctiveness—meaning that consumers associate the mark with the owner (as the source of the goods or services). Examples of descriptive marks that have acquired distinctiveness include MR. PEANUT peanuts, PARK-N-FLY airport parking, and COKE ZERO soft drinks. Descriptive marks are the weakest marks and may be difficult to protect.

Generic Terms. Terms that describe a category of product or service rather than a certain brand of product or service are generic terms. Generic terms can never acquire trademark significance and cannot be protected or infringed. Examples of generic terms are “microprocessor,” “ice cream,” and “shoes.” Marks that have lost trademark significance, no longer serving as an indicator of source or quality, become generic terms. Aspirin, escalator, cellophane, and videotape are former trademarks that lost trademark significance and became generic terms.

Obtaining Rights in a Mark

Rights in a trademark or a service mark are obtained by using the mark in commerce. Using a trademark “in commerce” means selling or transporting goods that have the trademark affixed to the goods or the packaging for the goods. Using a service mark “in commerce” means advertising or promoting services using the service mark, provided that the services have actually been rendered. Rights arising from use of a mark are known as common law trademark rights and are enforceable under both federal and state law. A federal trademark registration confirms trademark rights and provides favorable legal presumptions and additional legal recourse for enforcing those rights. A federal registration is not, however, a prerequisite to ownership of protectable and enforceable trademark rights.

The Value of Trademark Rights

In summary, the value of obtaining rights in a trademark or service mark lies in two areas: (a) the right to use a trademark to identify the source of goods or services (i.e. developing brand recognition and goodwill); and (b) the right to prevent others from using the same or a similar trademark in conjunction with the same or similar goods or services (i.e. protecting brand recognition and goodwill by eliminating confusion). The ultimate value of a mark is to enhance sales of the goods or services advertised, marketed, or sold with the mark through brand recognition and the expected quality of the good or service.

Is a Domain Name a Trademark?

A domain name is part of a Uniform Resource Locator (URL), which is the address of a site or document on the Internet. In general, a domain name is composed of a second-level domain, a “dot,” and a top-level domain (TLD). The wording to the left of the “dot” is the second-level domain, and the wording to the right of the “dot” is the TLD. For example, in the domain name www.xyz.com, the term “xyz” is the second-level domain and the term “com” is the TLD.

Generic TLDs are designated for use by the public. Unrestricted generic TLDs, available to any individual or entity, include COM, NET, and ORG. Restricted generic TLDs include EDU for degree-granting colleges/universities, GOV for federal government entities, INT for international organizations, and MIL for U.S. military organizations.

Traditionally, neither the beginning of the URL (http://www.) nor the TLD had any source-indicating significance. Those designations are devices that every Internet site provider must use as part of its URL. In 2011, however, the Internet Corporation for Assigned Names and Numbers (ICANN) launched a program to introduce new TLDs. The introduction of new TLDs made it possible for a TLD to have source-indicating significance. For example, if the wording after the dot is already used as a trademark or service mark the appearance of such marks as a TLD may not negate the consumer perception of them as source indicators. Nevertheless, it is the second-level domain that must be primarily examined when protecting or enforcing a trademark or service mark.

A mark composed of a domain name may be registered as a trademark or service mark only if it functions as a source identifier. The mark must be perceived by potential purchasers as indicating source and not merely as an informational indication of the domain name address used to access a website. A term that only identifies the applicant’s domain name or the location on the Internet where the applicant’s website appears, and does not separately identify applicant’s products or services, does not function as a trademark or service mark. Instances of a domain name used only as an Internet address include a domain name used in close proximity to language referring to the domain name as an address or a domain name displayed merely as part of the information on how to contact the applicant. For example, using the URL www.xyz.com in an advertisement that states “visit us on the web at www.xyz.com,” does not constitute use of the URL as a trademark or service mark. Similarly, listing the URL www.xyz.com on a business card below information such as a telephone and fax number would not constitute use as a trademark or service mark.

What is Trade Dress?

Trade dress refers to the non-functional physical detail and design of a product or its packaging or to the décor or atmosphere of a business. Trade dress must serve as a source identifier and distinguish a product or service from third-party products or services. Trade dress refers to the total image and overall appearance of a product or its packaging, including features such as size, shape, color, texture, or graphics, or to the décor, signage, menu, and general “atmosphere” of a restaurant or store. When assessing trade dress or considering whether a third-party product design, packaging, or décor infringes a trade dress, the elements of the trade dress (i.e. the features of its appearance) must be viewed together, rather than separately.

Trade dress rights only arise if a product design or packaging or the business décor is (1) nonfunctional and (2) distinctive (i.e. serves as a source identifier) rather than generic. Although product packaging can be inherently distinctive (and capable of trade dress protection), the design

of a product can never be inherently distinctive. A product design (or non-inherently distinctive product packaging) is only protectable if the owner can prove that the design (or packaging) has acquired distinctiveness (i.e. serves as the source of the goods).

As with trademarks and service marks, trade dress rights arise from use and are known as common law trade dress rights. Those rights are enforceable under both federal and state law. It is also possible, as with a trademark or service mark, to obtain a federal registration confirming trade dress rights. The process for registering a trade dress is slightly more rigorous than for a trademark because—in addition to other requirements—the applicant is required to demonstrate that the trade dress is nonfunctional and is either inherently distinctive or has acquired distinctiveness. Examples of registered trade dress include Maker's Mark's red dripping wax seal on its whisky bottles, the Coca-Cola soft drink bottle, and Chipotle restaurants' neo-industrial feel established through the use of unpainted galvanized or stainless steel.

Asserting Trademark Infringement

An assertion of trademark infringement is assessed on the basis of a likelihood of confusion analysis, the strength of the mark, and whether the mark is registered.

Enforcement. Enforcement is the ability of the owner of a mark to prevent others from using the same or confusingly similar marks and names. Trademark infringement claims are typically limited to uses by others of confusingly similar marks or names on the same goods as those of the mark owner, as well as related goods that consumers would reasonably think come from the same source. Enforcement is generally based on whether there is a “likelihood of confusion” among the purchasing public as between the allegedly infringing mark and the mark sought to be protected.

Likelihood of Confusion. A likelihood of confusion analysis is used by the courts to determine infringement of a trademark and also applied by the United States Patent & Trademark Office to determine if a mark may be registered. Some of the factors which are used to assess the likelihood of confusion are listed below. The factors are not listed in order of merit or importance, and each may, from case to case, play a more or less dominant role in the determination of the likelihood of confusion.

- the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression;
- the similarity or dissimilarity of the nature of the goods or services;
- the similarity or dissimilarity of established trade channels, and the likelihood that the owner of the mark will expand into the trade channels used by the alleged infringer;
- the conditions under which buyers purchase the goods or services, i.e., “impulse” v. careful, sophisticated purchasing;
- the strength of the asserted mark (ascertained through sales, advertising, and length of use);
- the number and nature of similar marks in use on similar goods (i.e., is there a crowded trademark market);
- the nature and extent of any actual confusion;
- the length of time during and the conditions under which there has been concurrent use without evidence of actual confusion;
- the intent of the second user in selecting its mark; and
- the variety of goods on which a mark is or is not used.

Protecting Corporate or Business Names. When evaluating likelihood of confusion with respect to corporate or business names, a determination of whether the name at issue was known to the relevant class of buyers must be made. Thus, use of a name similar to another entity's name will not cause confusion unless the relevant consumer/customer group is familiar with the other entity's name.

Strength of Mark. The relative strength or “distinctiveness” of the mark or name sought to be protected, which often influences the outcome of the “likelihood of confusion” test, is measured in the minds and perception of the relevant consumer or customer group. Marks or names that are in a crowded trademark market, including similar marks or names—similarity of appearance, meaning, and sound (pronunciation)—used in conjunction with similar goods or services, cannot be exceptionally “distinctive.” In a crowded field of marks or names, each mark or name in the crowd is relatively “weak” in its ability to prevent use by others in the crowd. The scope of protection afforded to each mark in a crowded field is thus narrowed to very similar or substantially identical marks applied to very similar or substantially identical goods or services.

Other Trademark Claims

Famous marks can also be enforced through the federal anti-dilution statute. Trademark infringement claims are generally limited to goods/services that are the same as or related to the goods/services of the mark owner. Claims of trademark dilution may be asserted more broadly against use of a confusingly similar mark on any good/service that is likely to dilute or tarnish the senior mark. The test for likelihood of dilution is similar to the test for likelihood of confusion, except with a focus on association between the marks rather than confusion.

Mark owners can also bring state-law claims for trademark infringement, trademark dilution, and unfair competition under the common law and state statutes. These claims generally mirror federal trademark claims and turn on the same tests for likelihood of confusion or dilution.

U.S. Trademark Registration

A term that functions as a trademark or service mark may be registered, unless the mark falls into certain categories specified by the trademark statute (15 U.S.C. § 1051 et. seq., commonly referred to as the Lanham Act). Both the ability to use a mark and the ability to protect a mark may be affected by the issuance of a federal registration. A federal registration provides the owner of a mark with evidence of the prima facie right to use the mark—meaning a presumption of ownership that must be disproven or rebutted—throughout the United States for the goods/services specified in the registration. A federal registration of a mark may also prevent others from registering confusingly similar marks for similar goods or services and is a useful tool for preventing others from using confusingly similar marks. If the mark has not been used in interstate commerce, an entity may file an intent to use application, if there is a bona fide intention to use the mark within three years of filing the application. A registration will not issue on an intent to use application until the Trademark Office is provided with proof that the mark has been used in interstate commerce.

For purposes of registering a mark, only registered marks can be cited as being confusingly similar marks preventing registration. Marks which are the subjects of pending applications can be cited only after they mature into registrations. The Trademark Office will often delay consideration of an application pending the outcome of an earlier-filed application for a similar mark for the same or related goods. Nevertheless, since rights in a trademark are created by using the mark rather

than by registering the mark, the fact that a mark is not registered does not prevent the owner of the mark from enforcing its rights in the mark.

International Trademark Rights and Registration

Trademark rights are territorial in nature and must be acquired and/or protected on a country-by-country basis. Unlike copyright rights, a party does not obtain reciprocal protections for its trademark rights in foreign countries solely by obtaining those rights in the United States. Most countries handle the protection of trademark rights differently. For instance, countries vary in how long a trademark registration persists before it must be renewed. There are also some groups of countries, such as the European Union, that allow for a collective or community trademark registration covering a collection of countries rather than requiring an applicant to file in each member country. Generally speaking, countries fall categorically into two larger buckets for trademark protection purposes: use-based countries and first-to-file countries. And the majority of countries fall into the first-to-file bucket. The United States is an example of a use-based country where trademark rights arise from use of the trademark in that country. In first-to-file countries (e.g., China), on the other hand, trademark rights are acquired by whomever applies to register a trademark first in that country.

Although trademark rights are territorial, there are certain treaties signed by most countries around the world that provide pathways to extend protection of a trademark from one country to another. For example, under the Paris Convention, signatory countries (including the United States) grant applicants a six-month priority window after filing a domestic trademark application to file an identical application in other signatory countries benefiting from the domestic application's filing date. This means that U.S. applicants have a six-month window during which to strategize regarding international trademark protection and file foreign trademark applications without risking the possibility that a third party can file a blocking foreign trademark application in the time between when the U.S. application is filed and when the foreign application or applications are filed.

The Madrid Protocol is another trademark treaty. Under the Madrid Protocol, a trademark applicant can file a single application in a single language based on its domestic trademark application (the base application) and pay a single set of fees to apply to register its trademark in any signatory country. An international trademark registration under the Madrid Protocol is renewable every ten years through a single transaction. The alternative filing approach is for an applicant to file individual national trademark applications in each foreign country, which would need to be renewed individually. It is generally considerably less expensive to file foreign applications under the Madrid Protocol rather than filing national applications. That said, the Madrid Protocol does involve certain limitations. For example, an applicant who files foreign applications under the Madrid Protocol must pay additional fees to convert its foreign applications to national applications if the base application fails to register (for whatever reason) or is cancelled within the first five years after the application for international registration is filed. The Madrid Protocol also limits assignment and transfer of trademarks applied for thereunder (i.e. an international registration may only be assigned or transferred by merger to a party whose home country is a Madrid Protocol member country).

When developing an appropriate and tailored strategy for international trademark production, companies often consider criteria such as (1) countries in which the company is currently doing business; (2) countries in which the company plans to do business; (3) countries in which the company's competitors are doing business; and (4) countries in which there is a risk that another

entity might attempt to block the company’s right to use its trademark or otherwise “squat” on the company’s trademark rights. For example, companies need to consider seeking protection from the outset in all key markets to avoid being blocked from expanding into those markets based on a prior-filed application for the same mark by a “squatter.”

Marks That May Not Be Registered

Several categories of marks may not be registered—some of the commonly experienced categories in the United States are as follows:

- (1) marks which are found to be confusingly similar with a registered mark either by the Examining Attorney at the Trademark Office examining the application or in an opposition proceeding brought by the owner of an previously-existing mark (either registered or unregistered);
- (2) marks which are merely descriptive or deceptively misdescriptive of the goods or services with which the mark is used, or if the mark is primarily geographically descriptive or geographically deceptively misdescriptive of the goods or services with which it is used (e.g., ORGANIK for clothing made of cotton that is neither made from an organically grown plant nor free from chemical treatment, KUBA KUBA for cigars and tobacco products not originating in Cuba nor made from Cuban seed tobacco). As noted above, marks which are descriptive of the goods or services with which the mark is used may be registered if the mark has become distinctive of the owner’s goods or services. Five years of continuous use of a mark or evidence of extensive consumer recognition may be accepted as evidence of distinctiveness;
- (3) marks which are primarily a name, portrait, or signature identifying a living individual, except with his/her written consent (e.g., OBAMA PAJAMA without consent from President Barack Obama);
- (4) marks consisting of a flag or coat of arms of any country, state, or municipality;
- (5) marks comprising immoral, deceptive, or scandalous matter;
- (6) trade names and company names used only as a noun to identify an entity (Xerox may be registered based on use of the mark in conjunction with photocopies, but not based on the use of Xerox to identify Xerox Corporation)

Proper Trademark Use

A mark should always be accompanied by the generic name for the product or service with which the mark is associated.

Trademark	Generic Name
NIKON®	cameras
CHEVROLET®	automobiles
LEVI’S®	jeans and sportswear
SCHWAB®	financial services

The word “brand” may also be used to reduce the possibility that a mark will be thought of as the generic name for the product or service.

BAND-AID® brand adhesive bandages

SCOTCH® brand transparent tape

PYREX® brand heat-resistant glassware

A mark should always be used consistently in the specific form or style selected for a mark.

STARBUCKS® coffee

Google™ maps



A mark should, whenever possible, be used with a proper notice—®, ™, or ℠.

Use ® only if the mark has been registered with the United States Patent and Trademark Office (e.g., PAMPERS® diapers).

Use ™ or ℠ if the trademark or service mark is not yet registered.

A mark is not a noun or a verb.

A mark is not the name of the product.

A mark cannot be plural.

A mark cannot be possessive.

A term is not “trademarked”— rather, the owner acquires rights in the mark.