

WHAT EVERY COMPANY SHOULD KNOW ABOUT TRADEMARKS

If you are launching a new product or service, the trademark attorneys at Simpson & Simpson, PLLC are skilled and experienced in advising how best to protect your intellectual property. It's what we do – and it's all we do! Our mission is simple, *"Protecting everything you can imagine![®]"*

Trademarks are extremely important to all businesses that provide a product or service. Whether you are an entrepreneur or established company, trademark protection should be a part of your business plan. You should be thinking about selecting strong trademarks and preventing others from using your marks or marks likely to be confused with your marks. You should be concerned about federally registering your trademarks when possible and you should make every effort to select trademarks that are not likely to be confused with marks of another.

Trademark law is very complex and subjective. To assist you in understanding this important area of the law and formulating your business plan to best protect your valuable intellectual property, we have compiled a list of "Frequently Asked Questions" culled from thousands of consultations our trademark attorneys have provided over the years.

Part 1 - The Basics

Question: What is a trademark?

Answer: A trademark is any name, logo, device, sound, color or design that identifies the source or origin of one's goods/products and distinguishes them from those of others.

Question: What is a service mark?

Answer: A service mark is any name, logo, device, sound, color or design that identifies the source or origin of one's services and distinguishes them from those of others. For purposes of this document we use the term "trademark" to include both trademarks and service marks.

Question: What is a trade name?

Answer: A trade name is a name that refers to a business entity, i.e., a company. A name can function as both a trademark and a trade name, depending on how it is used. For example, "*LegalStar[®]* intellectual property software" is use of the word *LegalStar* as a trademark, whereas, "This software was developed by *LegalStar* of Williamsville, New York," is use of the name *LegalStar* as a trade name to identify the company. Trade names

are not federally registrable although some states do permit registration of trade names.

Question: How does one obtain rights in a trademark or service mark?

Answer: Trademark rights arise from use in the United States, i.e., he or she who is first to use a trademark in commerce in a particular geographic area has rights superior to those who use the same mark, (or a mark which is so similar that it is likely to cause confusion among ordinarily prudent consumers), subsequently. In trademark law terms, the senior user has superior rights to the junior user. Thus, under the common law, where rights arise from use, businesses are in the often- untenable position of being in a race to use their trademarks in geographic territories before their competitors use competing marks in the same territories.



Question: What is meant by the phrase "using a trademark in commerce"?

Answer: Although the definition of use in commerce is defined by statute, clarified by case law, and not entirely dispute-free, the short answer is that use in commerce implies that the mark has been used in a trademark sense, i.e., placed on a tag, label, product, or literature accompanying a product, and then shipped to a bona fide customer. For federal registration purposes, "use in commerce" means commerce that Congress is empowered to regulate under the Constitution of the United States, i.e., commerce between states

(interstate commerce), commerce between one state and a foreign country, or commerce between a state and an Indian reservation. Use of a mark in advertising is not generally "use in commerce" for a trademark, although it may be "use in commerce" for a service mark. Use of a mark only in intrastate commerce (only within one state) will not suffice for federal registration of a mark, but such use would form the basis for a state registration of a trademark.

Question: What are the benefits of federal registration of a mark?

Answer: Federal registration of a mark with the United States Patent and Trademark Office (USPTO) serves as constructive use of the mark in commerce everywhere in the United States as of the filing date of the application for registration. Federal registration establishes the registrant's ownership of the mark, and the registrant's right to exclusive use of the mark in commerce. It also places the public on notice of the registrant's rights. A federal reg-

istration provides a basis for suing infringers in federal court. Registration also places the mark in a database searched publicly and privately by others, who may find your mark and avoid adopting the same or a similar mark for their goods or services. Federal registration also enables you to use the “circle R” (®) notice, which advises the public of your trademark rights and tends to legitimize your goods and/or services. Federally registered trademarks are important and valuable assets of a company.

Question: What are the requirements for federal registration of a trademark?

Answer: In order to be federally registrable, the trademark cannot mislead or deceive the public, and cannot be likely to cause confusion among an appreciable number of ordinarily prudent consumers in view of previously registered marks. The mark to be registered cannot be merely descriptive of the goods or services, cannot be primarily a surname, primarily geographically descriptive, or deceptively misdescriptive.

Question: What if I don't use my mark in "commerce" and don't qualify for federal registration – what protection is available?

Answer: If your use of your mark is merely intrastate, you can apply for state registration, which offers added protection to your common law rights. The state registration process is also usually faster and less expensive than federal registration – but – you get what you pay for, and federal registration should always be sought where available.

Question: Who decides if my trademark is federally registrable?

Answer: Initially, a trademark examining attorney at the USPTO decides whether your mark is federally registrable, after conducting a search of previously registered marks, and considering other legal requirements. Refusals to register can be appealed to the Trademark Trial and Appeal Board and, ultimately, to a federal district court or to the Court of Appeals for the Federal Circuit.

Question: Who decides if my trademark is available for use?

Answer: The right to use a trademark in commerce is decided by a court of law. In the case of common law rights and state trademark registrations, disputes may be decided by state courts. Disputes involving federal registrations and other federal questions under the Lanham Act are decided by federal courts.

Part 2 – Selecting a Trademark

Question: Are there different categories of marks according to distinctiveness and strength?

Answer: Trademarks are categorized in descending order of distinctiveness as follows:

Arbitrary or Fanciful: These are the strongest marks. An arbitrary mark is a mark that has nothing to do with the goods it is used to identify (e.g., “Apple” for computers). A fanciful mark is a made-up word (e.g., “Kodak” for film). While arbitrary and dis-

tinctive marks are the strongest, they are also the most expensive from a marketing and advertising perspective, as great effort and expense must be incurred to educate the public as the relationship between the mark and the goods.

Suggestive: A suggestive mark is a mark that suggests, but does not describe, the goods (e.g., “Sea Breeze” for air conditioners, suggests the goods without actually describing them.) These are probably the most popular trademarks as they strike a compromise between legal strength and marketing/advertising value and expenditure.

Descriptive: A descriptive mark describes some characteristic, ingredient or function of the product (e.g., “Super Steel Radial” describes steel-belted radial tires). Little is left to the imagination with a descriptive trademark. Marketing and advertising

departments in companies typically love descriptive trademarks as they immediately tell the world what the product is. Legal departments (trademark attorneys) dislike descriptive marks because they offer little legal protection. It is difficult to obtain exclusive rights in descriptive marks. Moreover, if a mark is held to be “merely descriptive” it is not federally registrable, which means that anyone can use the mark. Descriptive marks are not federally registrable on the Principal Register unless the applicant can

demonstrate secondary meaning, i.e., that the consuming public has come to associate the mark with a source or origin of the goods.

Generic: Generic terms cannot be reserved as trademarks. You can't reserve the term “race car” for race cars and prevent others from using the term to describe race cars. It is very important that trademark owners protect their rights by policing use of their trademarks to avoid generic use. It is possible for a descriptive, suggestive, arbitrary or fanciful mark to become generic through improper use, resulting in a total loss of trademark rights (e.g., “yo-yo” was adjudged generic in 1963; others trademarks adjudged generic include linoleum, aspirin and cellophane.) Ever wonder why restaurants and drive-through attendants always ask you, “Is Coke® O.K.?” or “Is Pepsi® O.K.?” It's only partly that they care about your sensitive taste buds! It's mostly that the trademark attorneys don't want the famous soft drink trademarks Coke and Pepsi to become generic for cola flavored soft drinks.

Question: What's better – a word mark, a logo/design mark, or a composite mark (word + logo/design)?

Answer: It's not possible to say that one is better than the other, they are just different! In general, word marks often, but not necessarily, offer the strongest legal protection, followed by composite marks, and then by logos/designs. If your budget is limited, and you have to choose which mark to register first, we would generally advise registering in the order described above, but every case is different, and there are exceptions to every rule. The rationale for the priority described above is that it is usually easier for competitors to create logos and designs that won't infringe your mark than it is for them to find a word mark that doesn't

THERE ARE DIFFERENT CATEGORIES OF TRADEMARKS, VARYING IN DISTINCTIVENESS AND STRENGTH.

infringe. Since composite marks by definition have multiple components, your competitors usually have an easier time avoiding infringement of a composite mark than a word mark.

Part 3 - The Search and Opinion

Question: How do I determine if the trademark I have in mind is available for use and registration?

Answer: You should have a search done and an opinion rendered by a competent trademark attorney. You should understand that there are two different rights at issue – the right to register your mark, and the right to use your mark. These are separate and distinct issues and you should be concerned with both of them. It may be possible to use a trademark in commerce but not to be able to federally register that mark, and vice versa.

Question: How do I know if my trademark is federally registrable (if I have a right to register my mark)?

Answer: In general, your mark is available for federal registration if it is not likely to deceive, mislead or cause confusion among ordinarily prudent consumers in view of previously registered trademarks. Moreover, the mark cannot be merely descriptive, generic, primarily a surname, primarily geographic, or deceptively misdescriptive, nor can the mark be scandalous or immoral.

**YOUR MARK IS
AVAILABLE FOR
FEDERAL REGISTRATION
IF IT IS NOT LIKELY TO
DECEIVE, MISLEAD OR
CAUSE CONFUSION**

Question: How do I know if my trademark is free for me to adopt and use (if I have a right to use my mark)?

Answer: In general, your mark is available for use if it is not likely to cause confusion among ordinarily prudent consumers in view of marks previously used in the geographic territory where you plan to use your mark. Remember that a mark that has been federally registered is considered to have been constructively used throughout the United States as of the date the application for federal registration was filed.

Question: How does the United States Patent and Trademark Office assess likelihood of confusion in a “right to register” proceeding?

Answer: The Examining Attorney considers likelihood of confusion against the backdrop of the so-called *duPont* factors, recited herebelow:

- The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation, and commercial impression;
- The similarity or dissimilarity and nature of the goods or services as described in an application or registration in connection with which a prior mark is in use;
- The similarity or dissimilarity of established likely-to-continue trade channels;
- The conditions under which and buyers to whom sales are made, i.e., “impulse” vs. careful, sophisticated purchasing;
- The fame of the prior mark (sales, advertising, length of use);
- The number and nature of similar marks in use on similar

- goods;
- The nature and extent of any actual confusion;
- The length of time during and conditions under which there has been concurrent use without evidence of actual confusion;
- The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark);
- The market interface between applicant and the owner of a prior mark: (a) a mere “consent” to register or use, (b) agreement provisions designed to preclude confusion, i.e., limitations on continued use of the marks by each party, (c) assignment of mark, application, registration, and good will of the related business, (d) laches and estoppel attributable to the owner of the prior mark and indicative of lack of confusion;
- The extent to which the applicant has a right to exclude others from use of its mark on its goods;
- The extent of potential confusion, i.e., whether *de minimis* or substantial; and
- Any other established fact probative of the effect of use.

Question: How do the courts assess likelihood of confusion in a “right to use” proceeding?

Answer: In assessing likelihood of confusion, it is important to know that there are thirteen different Circuit Courts of Appeal in the United States, and the federal district court where the case is brought determines which Circuit’s law applies.

Although the laws of each circuit are similar, there are some subtle and important differences from circuit to circuit, and these differences may be important in deciding where to commence litigation. Every circuit has its own version of the *duPont* factors for likelihood of confusion. The Second Circuit assesses likelihood of confusion according to the so called *Polaroid* factors, recited herebelow:

- The strength of the mark;
- The degree of similarity between the two marks;
- The proximity of the products;
- The likelihood that the prior owner will bridge the gap;
- Actual confusion;
- The reciprocal of defendant’s good faith in adopting its own mark;
- The quality of defendant’s product; and
- The sophistication of the buyers.

Question: Why should I do a search and have an opinion rendered on trademark availability for use and registration?

Answer: There are two main reasons why a company should have a search conducted and an opinion rendered on the availability of a trademark for use and registration:

1. Before product launch, you should know if the mark you have selected is free for you to use and register. If you don’t have a right to use the mark in commerce, another may sue you for trademark infringement, collect money damages and/or force you to change your product name. If you don’t have a right to

federally register your mark, absent common law rights, you may not be able to prevent others from using a confusingly similar mark in commerce.

2. If, in the worst case scenario, you are sued for trademark infringement, you may be susceptible to paying an increased damage award if the plaintiff can prove that your infringement was intentional. One of the best defenses to a claim of intentional trademark infringement is an opinion letter from competent trademark counsel advising that the selected mark is available for your use.

Question: What is the difference between a preliminary screening search and a full trademark search?

Answer: A preliminary screening search is conducted on the USPTO web site and seeks to determine identical marks already registered for the same or very similar goods. This search is relatively inexpensive to conduct. The trademark attorney is looking for what we call “an exact knock-out”, but we are not searching for similar marks, only identical marks. The point of this type of search is to save the expense of a full search and opinion if possible. No competent trademark attorney would ever render an opinion on the positive availability of a mark for use and registration based on a preliminary screening search. The preliminary screening search considers only federally registered marks or applications therefor. A full trademark search, on the other hand, is conducted by an independent search company, and includes not only identical marks, but similar marks as well. A full search includes federal marks (applications and registrations), state marks, common law marks (marks in use but not registered), trade names, domain names, and marks litigated in courts of law.

Question: Why can't I rely on a preliminary screening search as a basis for registering and using my mark?

Answer: Because the preliminary screening search only considers identical federally registered marks or applications therefor – it does not consider marks that are similar to the proposed mark, nor does it consider state registrations, common law marks, domain names, or trade names.

Part 4 – The Application/Registration Process

Question: How much does it cost to file an application for federal registration of a trademark?

Answer: The USPTO charges a filing fee of \$325 per class. Our legal fee is disclosed upon an initial consultation.

Question: How long does it take, and how much does it cost, to prosecute a trademark application before the United States Patent and Trademark Office?

Answer: It generally takes between 1-2 years to prosecute a trademark application. Prosecution expense varies, depending upon what resistance is encountered during prosecution, but it may cost hundreds of dollars from beginning to end, assuming that no

appeal is necessary, and no third party opposes the registration.

Question: What is the difference between a conventional trademark application and an intent-to-use (ITU) application?

Answer: Prior to November 16, 1989, an applicant for federal registration of a trademark had to first use the mark in commerce. A so-called conventional trademark application is filed after the applicant has already used the trademark in commerce. If the mark has not yet been used in commerce, the applicant can file an intent-to-use (ITU) application, as long as the applicant has a bona fide good faith intent to use the mark in commerce. ITU applications are examined in the same manner as conventional applications, i.e., the examining attorney does a search and examines the application to determine if the subject mark of the application is likely to cause confusion in view of previously registered marks, and also considers the other statutory requirements for registration. However, before an ITU application can mature to registration, the applicant must use the mark in commerce and submit a statement with the USPTO attesting to such use. The PTO charges a fee to receive this statement of use.

Question: Are there due dates associated with trademark prosecution? If so, how does my trademark attorney ensure that all due dates are met, that everything proceeds smoothly, and that my rights are protected?

Answer: Yes – there are many deadlines associated with the prosecution of a trademark application, some prescribed by the Code of Federal Regulations, others by statute, and still others by treaty. Our firm uses a sophisticated docketing software application to track these due dates and keep our clients informed of progress with their applications. We use experienced paralegals to keep track of the due dates and generate correspondence to keep our clients informed.

Question: What happens during prosecution of a trademark application?

Answer: The application is first assigned a serial number and then assigned to a law office for examination. Within the law office, an examining attorney is assigned to examine the application. The examining attorney conducts a search and evaluates the trademark in view of the law and previously registered trademarks. The examining attorney may issue an office action refusing registration on any of several grounds. If this happens, the applicant has 6 months to file a timely response to the office action. This process may be repeated until a final determination is made by the examining attorney to either allow the application to mature to registration, or be denied registration. The applicant can appeal a final decision to refuse registration to the Trademark Trial and Appeal Board. If the examining attorney decides the mark is registrable, the mark is published in the Official Gazette of the PTO, and third parties have 30 days from the date of publication to oppose the proposed registration. If opposed, a proceeding takes place before the TTAB to resolve the opposition. This is essentially a litigation within the Patent Office, and can be expensive to carry

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out. If unopposed after publication, the application matures to registration.

Question: What's the main difference between prosecution of a conventional "use" application and an "intent-to-use" application?

Answer: An intent-to-use application can't mature to registration until a statement of use is filed with the PTO, attesting to use of the mark in commerce. In an ITU application, the examining attorney issues a Notice of Allowance, and the applicant is given 6 months to file a statement of use. The applicant can buy five 6-month extensions of time to file the statement of use, for a total of 3 years after the Notice of Allowance to file the statement. The first extension of time is given freely, but subsequent extensions are given only when the applicant has shown good cause for the extension.

Question: What's a cancellation proceeding?

Answer: A cancellation proceeding is a proceeding similar to an opposition proceeding, except it seeks to cancel an existing registration. There are several grounds for commencing a cancellation proceeding, including an allegation that the registrant has abandoned the registered mark, or that the petitioner enjoys rights in the mark superior to those of the registrant.

Question: How do I protect my trademark in foreign countries?

Answer: Each country has its own trademark law and procedures. Our firm maintains a relationship with a network of international law firms, and we work cooperatively to secure trademark rights for our clients in foreign countries.

Question: Are there time limits and deadlines associated with foreign filing?

Answer: Yes – the United States is a member of the Paris Convention, and applicants for federal registration in the United States have six months to file a corresponding application in a member country and enjoy the benefit of the U.S. filing date.

Part 5 – Post Registration Issues

Question: When am I legally entitled to use the "circle R ®" designation in association with my mark?

Answer: You may use the ® designation once the registration issues. You may not use it prior to registration.

Question: Does the law require that I continue to use my trademark in commerce after registration?

Answer: Yes – registrants must file a declaration of use between the 5th and 6th year after registration in order to keep the registration from being cancelled. Another declaration must be filed within a year of each renewal (between the 9th and 10th year after registration.)

Question: How should I use my mark in commerce?

Answer: You should always use your mark as an adjective, never as a noun. Your mark should be affixed to your goods, or to labels affixed to your goods, or to literature accompanying your goods. The mark should be prominently displayed on or proximate the goods. You should remember that use of a trademark in advertising is probably not use of a mark in commerce (unless it's a service mark), so you should be sure to properly mark your goods with your mark as they are shipped in commerce.

Question: How long does a federal trademark registration last and can it be renewed?

Answer: Federal trademark registrations now last for 10 years, and are renewable indefinitely, so long as the registrant continues to use the mark in commerce.

Question: What's a "Section 8" Declaration?

Answer: The Section 8 Declaration is a declaration of use filed between the 5th-6th and 9th-10th year after registration, and between the 9th-10th year of each subsequent term.

Question: What's a "Section 15" Declaration?

Answer: The Section 15 Declaration of Incontestability may be filed anytime after the mark has been registered for 5 years and after the mark has been in use in commerce for 5 consecutive years. Incontestability of a mark provides significant legal benefits.

Question: How can I police my mark to ensure that no one else adopts, uses, or registers a mark likely to be confused with mine?

Answer: Several companies offer "watch" services to monitor use and application activity of others. We can arrange to engage these services for you.

**YOU MUST FILE A
"DECLARATION OF USE"
IN ORDER TO PREVENT
YOUR REGISTRATION
FROM BEING
CANCELLED.**

Part 6 - Infringement and Enforcement Issues

Question: What is trademark infringement?

Answer: Trademark infringement occurs when a junior user uses a trademark, service mark or trade name in a way which is likely to cause confusion among an appreciable number of ordinarily prudent consumers in violation of the rights of a senior user.

Question: What should I do if I discover that another is infringing my trademark?

Answer: You should immediately consult trademark counsel to discuss strategy in resolving the matter. You should not attempt to resolve the matter without benefit of counsel as doing so may jeopardize your valuable intellectual property rights.

Part 7 – Miscellaneous Issues

Question: When can I use the notice TM in association with my mark, and what is the significance of this notice?

Answer: You may use the TM notice at anytime. The notice has no statutory basis, but is commonly used to notify the public of your trademark. It is not clear what legal significance the notice has.

Question: Where can I get additional information on the trademark process?

Answer: Visit the United States Patent and Trademark Office web site at www.uspto.gov; or the International Trademark Association's web site at www.inta.org.

Question: I have looked at the USPTO website and it seems like applying for a federal trademark registration is easy – shouldn't I try to do it myself?

Answer: No, no and no! The online trademark application forms are deceptively simple. They make it look easy – like it's just a matter of filling out some forms and submitting them to the Patent and Trademark Office. But the process is anything but simple. There are pitfalls for the unwary in filling out the application itself – how the goods or services are described, for exam-

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ple. Even if your application passes the minimum requirements, how will you handle your first Office Action, when the Examining Attorney refuses registration based on a likelihood of confusion or because she feels your mark is merely descriptive? Some experienced trademark attorneys won't take over a case filed *pro se*. Others charge a premium for doing so. Some *pro se* trademark application filers do so without benefit of a search or opinion.

This is almost always a bad way to proceed. Trademark law is so subjective, and so laden with pitfalls for the unwary, that it is always a good idea to entrust this part of your business to a professional.

Question: How do I find a good trademark attorney and what are the criteria?

Answer: Experience, experience, experience!!! In selecting trademark counsel, you should ask how many trademark applications, opinions, searches, oppositions, cancellations, and litigations the attorney has handled, and the attorney's success rate. You can check out the attorney yourself at the Patent Office web site, by searching by attorney name or firm name among trademark applications and registrations. Ask to speak to clients of the attorney you are considering. Ask general attorneys in your area who they would recommend for trademark work.

Conclusion

We hope this brief primer on trademark law and procedure is helpful to you in formulating your business plan to protect your intellectual property. Please don't hesitate to call if we can be of further assistance.

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