

From Initial Concept Through Registration: Due Diligence In Trademark Protection

The Editor is fortunate to report on a discussion between Kimberly Wieland, Project Manager – Trademark Business; and Vanessa Saffold, Trademark Quality Analyst, Corporation Services Company (CSC) from the web program entitled Trademarks 101: Everything You've Always Wanted To Know About Trademarks But Were Afraid To Ask.

Editor: What are the current market trends for trademarks?

Saffold: The number of USPTO trademark application filings has gone up considerably. In 2001 there were just about 225,000 applications and that number has continued to rise. In 2006 the number had increased to nearly 275,000. The upward trend evidences the popularity of trademarks, the tremendous value that they bring to their owners, and the desire that owners have in protecting their brands.

Editor: Please discuss the steps a company should take before using a trademark to ensure it will not infringe on the rights of another party?

Wieland: Companies should engage in due diligence, which includes screening and clearing a trademark before it is used or registered. Failure to do so could result in infringement of another owner's mark. The infringing company may then be forced to cease use of the mark and to pay damages. Additionally, any marketing materials or packaging that uses that mark would have to be destroyed resulting in a very costly mistake.

Trademark screening typically involves online searching and an examination of federal and state trademark applications and registrations. The next step is to order a trademark clearance report from an organization like CSC that will engage in a much more in-depth look at federal and state trademarks and applications as well as trademarks being used under a common law right. A person may have a common law right to a mark if the mark has been used in interstate commerce even though the mark has not been registered. The search for these marks includes an examination of business listing databases, newspapers, and trade journals and a search for Internet domain names to find out what is being used. It is important to try to get the trademark and corresponding domain name to match. The final step would be to obtain a clearance opinion from a trademark specialist.

Editor: What other considerations should be taken into account when selecting a trademark?

Wieland: Trademarks can be any word, phrase, sound, color or distinctive "packaging" that is used to identify a product or a service. The success that a party will have in registering a trademark depends on the strength and uniqueness of the chosen mark. For example, NBC was successfully able to trademark the chimes that identify the network but Harley Davidson was unsuccessful in registering a trademark for the sound of its motorcycle exhaust system. One of the differences between the two is the distinctiveness of the chimes versus the commonality of the sound of a motorcycle engine. When dealing with common sound, colors or images, the U.S. Patent and Trademark Office (USPTO) will conduct a consumer survey to determine the association consumers make between the requested trade-

mark and the goods and services tied to the mark. If enough consumers are able to make the connection, the USPTO is likely to register the mark.

Saffold: As Kimberly mentioned, the key to a successful trademark is its distinctiveness. The spectrum of distinction ranges from very strong trademarks to the weakest and hardest to protect. The first category includes words with no dictionary meaning aside from the product they are associated with such as Verizon. Second, there are words with a common meaning but the trademark is a word that has no relationship to the product or service being sold. Third there are suggestive marks that hint at the product but do not describe the quality or characteristics of the products or services. Fourth, we have descriptive marks that simply describe the function or characteristics of a product or service. These are one of the weakest forms of trademarks and should be avoided when possible. Protecting a descriptive mark requires persistent advertising, lengthy use and a high volume of sales resulting in acquired distinctiveness among consumers. Changing the spelling in a descriptive mark such as the use of e-z for easy does not result in additional protection.

Editor: Can two products exist with the same trademark?

Saffold: Yes, as long as the products are not confused in the marketplace. For example, Dove soap and Dove chocolate are allowed to coexist because it is unlikely that consumers will be confused about the origins of those two products. The key in deciding trademark conflicts is the likelihood of confusion in the marketplace caused by coexistence. For example, if I were to create Palmolive shoestrings the issue would be whether consumers would believe that the shoestrings were coming from the producer of Palmolive dishwashing liquid. The exception to this analysis is a famous mark. With the trademark Kodak it would be hard for someone to develop another Kodak product without creating confusion in the marketplace. In evaluating the potential consumer confusion a company should evaluate whether the goods and services that are represented by the marks are related, whether they compete with one another, whether the marks are similar in sight, sound and meaning and whether the owner of the existing mark uses it on several different products or services.

Editor: Do trademarks have to be registered at the federal level?

Wieland: In the U.S. a trademark right can be obtained either through common law usage or through registration. Absent registration by anyone, first use in interstate commerce generally provides a superior right. You should use the symbol TM on your goods to put the public on notice that you believe that the trademark is yours. You also want to note the date of first use in interstate commerce in your records in case there is ever litigation. The rights obtained through common law use are limited to the geographic territory of use.

Companies may also register their trademarks at either the federal or the state level. State registration gives you the right to use the trademark in that state but is limited in scope. Federal registration offers nationwide protection and allows the owner to sue in federal court.

Editor: So are there benefits to registering in each state versus a federal registration?

Wieland: Each state has its own laws that will govern a trademark and the prescribed rights that would accrue to the state registrant. Typically state registrations are beneficial for those who only plan on using a trademark locally.

Saffold: Companies need to carefully plan their business strategies and where their trademark rights will fit into their objectives. If a company foresees future growth outside its geographic location, it should consider either registering in multiple states or a federal registration. There was a recent conflict regarding the trademark rights of two companies to use the names "Cheeburger Cheeburger" and "Cheesborger Cheesborger." Two unrelated restaurants in Florida and Chicago had been using the line for years. The Florida company had a federal registration and the Chicago company had Common Law rights to the mark in Illinois. In the end, the company in Illinois was able to maintain its rights in Chicago, but outside of Chicago, the Florida restaurant has the right to use the motto. This result could be very challenging to a company planning to expand nationally.

Editor: Even if a trademark is properly registered, do companies still face the potential loss of that mark?

Wieland: Unfortunately trademarks can be vulnerable in many stages of the process. During the application examination period, it is possible that the examiner will find a problem with your application. You can also be vulnerable after your mark is published in the U.S. Official Gazette if someone raises opposition to it. Once a trademark is registered there is a possibility of it being cancelled if the mark is not used on the goods or services that were covered in your application. It is also possible that an owner will lose a mark if it becomes diluted or generic. It is possible if your mark is moving toward becoming generic to rescue it if a company takes steps to ensure that people do not confuse their trademark with a generic product or service.

Saffold: Use is important to prevent a trademark from becoming generic so companies need to train consumers on how to use a trademark properly. For example, one of the dangers of people referring to all Internet searches as "Googling" is that it increases the potential that the trademark Google will become generic. To protect their trademarks, companies should never leave their trademarks without the appropriate TM or ® because using the trademark indicators puts the industry on notice and prevents someone from raising a defense that they did not know that you owned the mark. Next, you want to distinguish your trademark in your marketing materials with bold, italics, all capital letters, or underlining. Finally, you want to use the trademark exactly as registered. Any material alteration makes your trademark vulnerable to attack because it is not being used exactly in the manner for which it was registered. This gives a third party the opportunity to argue that the mark has been abandoned.

Editor: What advice do you have for companies to protect their trademarks?

Wieland: Post-registration protections, policing and enforcement is something that people need to be proactive about. Trademark owners need to use reasonable efforts including trademark and domain watching to police unauthorized and improper use of their marks. However, trademark owners are not required to aggressively seek out infringement but they cannot disregard infringement that should reasonably come to their attention in the normal course of business. Companies have a 30-day window to oppose a trademark in the U.S. once it is published in the U.S. Official Gazette. Trademark watching services, such as the one offered by CSC, will alert you of trademarks published in the U.S. Official Gazette so that you may file an opposition if necessary.

Internet policing is important and you should look for things like trademark infringement, trademark disparagement and counterfeiting. Some other good methods of monitoring are training your employees and sales people to make them aware of what your trademarks are and having them help you scour the Internet and marketplace for things that might infringe on your trademark. If you do not protect or police your mark, it can be weakened and its value could be diminished.

Editor: How can common law trademarks be monitored?

Wieland: Even for trademarks that have not been registered, there are ways of discovering if they are being used. Similar to a trademark watching product, CSC also offers a common law watching service. We would monitor the same information that we would examine for the clearance reports. We monitor business listing databases, newspaper articles, the Internet, and other places where we would find usage that was not filed for.

Editor: How can a company protect itself if a third party has registered a domain name of one of its trademarks?

Wieland: The Uniform Domain Name Dispute Resolution Policy allows owners to initiate administrative proceedings in those situations. In order to prevail they need to show that the trademark owner owns the trademark, the party that registered the domain name has no legitimate right or interest in the domain name and that the domain name was used and registered in bad faith. It is also very important when clearing a trademark to consider acquiring the matching domain name concurrently. As most consumers will go to *.com to attempt to find a brand on the web, securing the domain name proactively is an important step in the trademark and brand lifecycle.

Editor: If a company discovers that its trademark rights are being infringed, when should notification go out to get them to stop?

Saffold: As soon as the company discovers infringement has occurred. If a company knows about infringement and does nothing, a court may determine that it acquiesced in use by the third party. As soon as improper use is determined, the onus is on the trademark owner to contact the infringer to request that the cease and desist from using or misusing their trademark. If the infringer does not comply, then the company may consider pursuing litigation as the next step.

Please email the interviewees at kwieland@nameprotect.com or vsaffold@nameprotect.com with questions about this interview.