

Trademarks: Valuable Intellectual Property Assets

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What is a Trademark?

The U.S. Patent & Trademark Office, the government agency which administers the federal registration of trademarks and service marks, defines a trademark as a word, phrase, symbol or design, or combination thereof, which identifies and distinguishes the source of the goods or services of one party from those of others. Service marks are essentially the same as trademarks. They differ in that they identify and distinguish the source of a service rather than a product or goods. Service marks usually appear in advertising for the service or on materials ancillary to the performance of the service, while trademarks usually appear on a product or its packaging. (Trademarks and service marks are each referred to as "trademarks" or "marks.")

How Does One Obtain Trademark Rights?

Trademark rights arise automatically under common law as a result of using a mark in commerce. Registration is not necessary. However, generally speaking, without obtaining federal registration of the mark, the owner's rights are limited to the geographic area in which the mark has actually been used. Thus, it is possible that two or more parties can simultaneously use the same mark for the same goods or services in different parts of the country without infringing each other's rights.

One of the principal benefits of federal registration is that the owner is afforded nationwide priority rights, i.e. the ability to prevent anyone else in the country from using the mark for similar goods or services, except in any area where the other party used the mark first. Another benefit of federal registration is that the registrant is presumed by law to be the owner of the mark, thus affording a considerable advantage in any contest over trademark rights.

In order to obtain federal registration, a mark must first be used in commerce. However, one can file an application to "reserve" the right to use a particular mark by stating in the application that one has a bona fide intention to use the mark. The applicant then has six months from the date the Trademark issues a Notice of Allowance to actually begin using the mark in commerce and file a Statement of Use with the Trademark Office. This deadline can be extended for up to three years from the Notice of Allowance date. The filing fee for a trademark application is \$325.00 (if filed online) and \$100 for the required Statement of Use for each class of goods or services. Once the mark is registered, the owner has the right to use the "®" symbol.

A federal trademark registration, unlike copyrights and patents, can last indefinitely as long as the owner uses the mark continuously in commerce and makes the necessary filings with the Trademark Office to maintain and renew it. The term of a federal registration is 10 years, with 10-year renewal terms. However, between the fifth and sixth year of the initial term, the registrant must file an affidavit with the Trademark Office stating that the mark has been in continuous use. The registration will be canceled if no affidavit is filed.

What Kinds of Marks are Protectable?

Trademarks fall into four general categories: arbitrary (or fanciful), suggestive, descriptive, and generic. Arbitrary or fanciful marks are considered the strongest because they typically have no meaning in the English language, or if they do, have no obvious relation to the product or service with which they are used. Examples include XEROX, EXXON, KODAK, APPLE and BLUETOOTH.. Suggestive marks bring to mind attributes of a product or service without describing it. For example, the marks WORDPERFECT suggests accuracy without describing the product – a word processing software program – with which it is used. Descriptive marks are weaker and are generally poor choices for trademarks. A mark is descriptive if it indicates what the product or service is, such as ELECTRONIC DATA SYSTEMS. Finally, a generic mark is a term that has lost any trademark significance. It no longer describes the particular goods or services of a single source, but has come to be used by the public as the term describing an entire class of items. Classic examples include ASPIRIN and CELLOPHANE, each of which used to refer to products originating from a single source.

What Constitutes Infringement?

Trademark rights are infringed when another party uses a mark that is likely to cause consumers to be confused as to which party is the source of the goods or services in question. In determining whether two marks are "confusingly similar," courts look to the overall commercial impression made by the two marks from the standpoint of a reasonable customer. For example, do they look alike or sound alike? (CITIBANK v. CITY BANK; TRAK v. TRAQ.) Do different words have a similar or identical meaning? (PLAYBOY v. PLAY MEN; AQUA-CARE v. WATER CARE.)

The Patent & Trademark Office does nothing to monitor the use of trademarks to determine whether registered marks are being infringed. It is up to the owner of a registered mark to police and enforce its rights. Once the owner determines another party is infringing, a simple "cease and desist" letter may be sufficient to end the infringement. If it is not, the registrant can sue the infringer in federal court, typically a costly proposition. The owner needs to assess the commercial value of the mark and the possible economic loss that would result from the dilution of the mark's distinctiveness caused by the infringer. It's important to note that an infringer will be much less likely to succeed in litigation if it has infringed an arbitrary or fanciful mark because of the inherent distinctiveness of that type of mark. Conversely, rights in a descriptive marks are more difficult to enforce against an infringer due to their inherent weakness in distinguishing the products or services they denote.

Policing One's Trademark Rights to Maintain Value

A trademark's value can be determined by the extent to which it has become identified in the public mind with the goods or services, and quality, of a specific source. The goodwill and allegiance associated with a mark can be among a company's greatest intellectual property assets. Protecting one's trademarks by using them properly, promoting them, and policing one's rights by challenging infringers, are essential to maximizing their value.

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