

TRADEMARKS OVERVIEW



LEGAL AND REGULATORY AUTHORITY FOR TRADEMARKS

Trademarks are protected in the United States at the federal level under the Lanham Act and at the state level by common law unfair competition principles and state trademark statutes. Trademarks eligible for federal protection may be registered with the United States Patent and Trademark Office (the “USPTO”). The USPTO Trademarks website provides legal and regulatory information, as well as procedural guidance, relating to trademark protection. Every state also operates a trademark office that, with varying requirements, provides for registration in that state.



TRADEMARK SUBJECT MATTER

Trademarks are used to identify and distinguish the particular source or origin of goods and services in a relevant marketplace and may take the form of: names, brands, symbols, slogans, colors, sounds, package or store design, and other devices. Trademarks are considered to represent the goodwill that trademark owners have earned by marketing their products and services.

TRADEMARKS VERSUS SERVICE MARKS

A distinction is sometimes made between trademarks and service marks. A service mark identifies and distinguishes the source or origin of services instead of goods and is treated the same as a trademark under the Lanham Act. Most often, the term trademarks (or marks) is used to refer to both trademarks and service marks.

COLLECTIVE MARKS AND CERTIFICATION MARKS

In addition to regular trademarks, two special types of marks can be registered in the USPTO:

- Collective marks. These marks are owned by groups and organizations (such as charitable organizations, labor unions, and college fraternities) for use by individual members of the group or organization. For example, UNITED WAY is a collective mark used by individual charities under the United Way of America organization.
- Certification marks. These marks are owned by organizations that can authorize use of the mark by individual businesses that meet certain standards or requirements. For example, Underwriters Laboratories Inc. owns the well-known certification mark UL.

DOMAIN NAMES

- Website domain names can be protected as trademarks, to the extent that they are used to identify the source or origin of particular goods or services (including e-commerce services). In addition, a company can rely on its trademark rights to cancel or obtain the transfer over of a domain name registration from another user (registrant), if the other party's continued use of the domain name infringes the trademark or if the domain name was registered in bad faith.

HOW TRADEMARK RIGHTS ARE SECURED AND MAINTAINED

Trademark rights are secured and maintained through commercial use of the mark (for example, on the goods or their packaging) whether or not the mark is registered. Unregistered trademark rights are limited to the territory in which the mark is actually used. Although not required for the acquisition and protection of trademark rights, federal registration of trademarks through the USPTO confers significant benefits. In addition, individual states have implemented trademark registration procedures as a means to secure statewide trademark rights. While state registrations generally grant rights no greater than those obtained under common law, they also provide certain advantages.

PROSECUTION OF APPLICATIONS FOR FEDERAL TRADEMARK REGISTRATION

Applications for federal trademark registration can be filed on the basis of either: actual use of the trademark in commerce or a bona fide intent to use the trademark in connection with the goods or services listed in an intent-to-use application even though actual use has not yet taken place.

The Lanham Act and related federal regulations and USPTO rules specify the eligibility of marks for federal registration on the principal trademark register (Principal Register), including these criteria:

- Only distinctive marks are eligible for registration. A mark may either: be inherently distinctive; or acquire distinctiveness through use and promotion over time.
- Terms that are generic names for particular products or services are not registrable.
- Unless a mark has acquired distinctiveness through secondary meaning in the relevant marketplace, a party may not register it if it is: "merely descriptive or deceptively misdescriptive" of the goods or services; primarily geographically descriptive; or primarily merely a surname.
- Product or package design elements that are functional are not registrable. For example, the shape of a bottle that makes it easier to hold.
- Marks, including slogans, that falsely suggest a connection with any persons or institutions are not acceptable for registration.
- The USPTO may refuse registration if it finds that the applied for mark, when used for the goods or services covered by the application, is likely to be confused with a prior registered or applied for mark.
- A registration may be obtained only for marks used in commerce, which is bona fide use in the ordinary course of trade. Typically, this requires use of the mark in connection with the sale of products or rendering of services in at least two different states.

PROSECUTION OF APPLICATIONS FOR FEDERAL TRADEMARK REGISTRATION

The Lanham Act also prohibits registration of disparaging, immoral, and scandalous matter. However, the Federal Circuit has held that the prohibition on disparaging marks violates the First Amendment and has called into question the constitutionality of the prohibition on immoral or scandalous marks. Effective March 10, 2016, the USPTO will suspend examination of applications for marks that include disparaging, immoral, or scandalous matter until the constitutionality issues are resolved.

The secondary trademark register (Supplemental Register) is reserved for certain nondistinctive marks that do not inherently qualify for registration on the Principal Register but are capable of distinguishing goods or services. If a mark on the Supplemental Register acquires distinctiveness through use and promotion over time, its owner may file a new application to register the mark on the Principal Register.

Once filed, applications are assigned to a USPTO trademark attorney for examination. The examining attorney:

- Reviews the application to ensure that formal requirements are met.
- Determines whether the mark is eligible for registration on the Principal Register in accordance with the Lanham Act, federal regulations, and USPTO rules, including the above criteria.
- Searches USPTO records to identify any similar marks previously registered or applied for with respect to the same or related goods or services.

The examining attorney can refuse registration by issuing an office action on the basis of:

- Any formal defect in the application.
- Ineligibility of the mark itself, for example, if it is generic or merely descriptive.
- Likelihood of confusion with any similar registered or applied for marks that have priority.

PROSECUTION OF APPLICATIONS FOR FEDERAL TRADEMARK REGISTRATION

The applicant must then answer the examining attorney's objections by filing a response to the office action within a specified period of time, typically six months from the mailing date of the office action.

When an application to register a mark on the Principal Register passes the examining attorney's review (without being refused outright or abandoned by the applicant), the proposed trademark is published by the USPTO in its Official Gazette for a one-month public review and opposition period. If there is no opposition (or application for extension of time to oppose) filed by another party against the trademark application during the publication period, the USPTO issues either a: certificate of registration, in the case of an application based on actual use of the mark, or notice of allowance, for intent-to-use trademark applications.

The applicant has six months to respond to a notice of allowance by filing either: an affidavit of use or a request for a six-month extension. The applicant may request up to five extensions. After the applicant files an acceptable statement of use, the USPTO issues a certificate of registration.

Applicants can appeal adverse decisions on applications to the USPTO's internal Trademark Trial and Appeal Board (TTAB). TTAB decisions may be appealed to a US district court or the US Court of Appeals for the Federal Circuit.

MAINTENANCE OF TRADEMARK RIGHTS

Common law rights in a trademark are maintained through bona fide use of the mark in commerce as a source identifier for goods or services. To maintain federal registration of a trademark, the registrant must file a declaration of continued use or excusable non-use during the year after the fifth anniversary of registration.

If the registrant has used the trademark continuously for at least five years after registration, a declaration of incontestability can also be filed at such time. Incontestable status provides some additional evidentiary advantages in litigation. In addition, trademark registrations must be renewed every ten years. Filing procedures and applicable fees are listed on the USPTO website.

Under the Lanham Act, a registered trademark can be deemed abandoned if the owner discontinues use with an intent not to resume use, or if the owner's course of conduct causes the mark to lose its significance as a trademark. Such course of conduct can include, for example:

- Inappropriate use of the mark by the owner, such as using the mark as a generic name for the goods and services, rather than to identify the owner's particular goods and services.
- Failure to control use of the mark by a licensee.
- Neglecting to assert rights against infringers.

Trademark owners can identify potentially conflicting applications or registrations by using the USPTO's searchable online database. Businesses can also subscribe to commercial watch services, which alert them to potentially infringing uses of marks or conflicting applications and registrations as they occur. Domain name registrations and ownership can be searched by use of the "Whois" feature on the websites of private domain name registrars, such as InterNIC.

The Lanham Act and USPTO rules permit, but do not require, the owner of a registered trademark and any licensees to use the "®" designation with the mark, but only when the mark is used in connection with the particular goods and services identified in the registration. Unregistered marks (including marks for which an application has been filed) can be designated by the symbol "TM" (or "SM" for a service mark), to give notice of the user's claim of common law rights in the mark.

TRANSFER OF TRADEMARK OWNERSHIP

Ownership of a pending trademark application and any registration that results from it, initially vests with the applicant. However, the owner of an application or registration can transfer (assign) title or grant a security interest for value, and documents evidencing such transfers and grants can be recorded with the USPTO.

The transfer of an unregistered mark or a trademark registration or application must be accompanied by the goodwill associated with the mark. If goodwill is not transferred, the assignment is deemed invalid and the trademark may be abandoned. In addition, an intent-to-use trademark application can only be assigned to a successor of the applicant's business or that portion of the business to which the trademark pertains, if the business is ongoing and existing, unless the applicant has filed a verified statement of use or an amendment to allege use.

SCOPE OF TRADEMARK RIGHTS

The first to use a trademark in commerce as a designation of source for its goods and services generally has the right to preclude others from using that mark or a similar mark in a way that is likely to either: cause confusion in the relevant marketplace about the source of competing goods or services or create a false impression that the users are associated or affiliated.

Federal registration on the Principal Register under the Lanham Act provides many benefits, including:

- Constructive notice to the public of the registrant's claim to the mark and a presumption of ownership.
- A presumption of the registrant's exclusive right to use the mark nationwide in connection with the goods or services specified in the registration.
- The ability to use the registration as a basis for priority registration in other jurisdictions.
- The ability to record the registration with the United States Customs Service to prevent importation of infringing goods (counterfeit uses of the mark).

The duration of trademark rights is indefinite. Federal registration is renewable for ten-year periods as long as the registrant continues to do all of the following:

- Use the mark appropriately and control use of the mark by its licensees.
- Diligently enforce its rights against infringers.
- Comply with USPTO filing requirements with respect to affidavits of use and renewals and pay the applicable fees.

Trademarks may be licensed on either an exclusive or non-exclusive basis. The scope of rights granted to a licensee can be limited or restricted based on: time, territory, goods and services, markets, and other criteria that the parties may agree to.

Trademark licenses need not be written, unless otherwise required by state law, but are strongly recommended to be in writing. Trademark licenses can be recorded at the discretion of the USPTO as constructive notice of the licensee's rights. Domain names can also be licensed.

Trademark licenses should not include any license or transfer of interest in the goodwill associated with the licensed mark. Trademark licenses should provide that any goodwill arising from the licensee's use of the mark will inure to the benefit of the trademark owner.

The owner of the mark as a licensor is required to control the use of the mark by any licensee with respect to the nature and quality of the licensee's goods and services for which the licensed mark is used. Accordingly, trademark licenses should provide for the licensor's right to exercise such control.

TRADEMARK ENFORCEMENT

The owner of a trademark generally has a cause of action for infringement against a defendant who uses a mark that is likely to cause confusion in the relevant marketplace about the source of goods or services, or likely to cause consumers to falsely infer some association or affiliation between the trademark owner and the defendant.

The owner of a famous trademark may have a dilution claim against a user of a trademark that is likely to dilute the famous mark either through blurring or tarnishment. Infringement and dilution actions can be brought under the Lanham Act in federal or state court, although most actions are brought in federal courts because federal judges have greater familiarity with trademark law.

A defendant in a trademark infringement action can assert various defenses and counterclaims, including:

- The defendant has a superior right to use the mark.
- No actual confusion or likelihood of confusion (consumer surveys are admissible as evidence).
- Exhaustion of the owner's rights with respect to trademarked goods legally acquired by the defendant.
- Descriptive, or classic fair use, meaning that the defendant's use is in good faith, in its primary sense and not as a trademark, and to describe the defendant's goods or services or their geographic origin.
- Nominative fair use, meaning that the defendant has used the plaintiff's mark only to the extent reasonably necessary to identify the plaintiff's goods or services, which are not readily identifiable without use of the mark, and the defendant's use does not suggest sponsorship or endorsement by the plaintiff.
- A counterclaim for invalidity of the plaintiff's mark, including that the mark has been abandoned.
- The defendant used the mark for the purpose of parody.

Remedies available in trademark infringement actions include: preliminary and permanent injunctions (including destruction of infringing articles) and monetary relief including: actual damages; accounting of the defendant's profits; costs; attorneys' fees; and prejudgment interest.