



TIP SHEET™

an informational newsletter on intellectual property matters

OCTOBER 2008

INTELLECTUAL PROPERTY PRACTICE GROUP

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Top Ten Trademark Tips for Every Business

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Whether your business is a “mom and pop” operation or a Fortune 500 company, it owns valuable trademarks. In fact, your company’s trademarks could be some of its most valuable assets. The “COCA-COLA®” trademark has been valued in excess of \$70 billion. Even a service mark stemming from a business at a single location can transform into a very valuable asset. Who hasn’t heard of “BELLAGIO®” in Vegas? Your trademarks are important assets. Here are ten trademark tips to help you make and keep them valuable.

1 Use your trademarks properly. Are you aware that you can actually dilute the value of your company’s trademarks by improperly using them? If a mark is not federally registered, use the “TM” or “SM” designation with the mark until it achieves registration. Once it’s registered, always use the ® designation. If you use the mark in a textual sentence, place it in all caps, surround it with quotations, and use the proper designation to the right of it. By doing this, everyone who sees it will know that you claim trademark rights and others should choose a different mark. Also, never use your trademark as a product descriptor. In so doing, you will give an infringer an argument that you have admitted that your mark is descriptive and of limited scope. If the mark has a propensity to be used as a product descriptor, it is a good idea to follow the mark with the generic name of the product. For example, instead of saying, “Our Poppers are spectacular,” say, “Our ‘POPPERS’ brand cheese bites are spectacular.” To prevent its mark from becoming generic, Kimberly-Clark refers to its products as “KLEENEX® tissues” or even “KLEENEX® brand tissues.”

2 Keep your trademark portfolio updated. An increasing number of registrations in the Trademark Office are being cancelled due to inaccurate descriptions of goods/services, inaccurate dates of first use, and other relevant information included in the application, registration and post-registration process. For example, in one recent case, *Hachette Filipacchi Presse v. Elle Belle LLC*, U.S.P.Q.2d 1090 (TTAB 2007), the Trademark Trial & Appeal Board (TTAB) cancelled a registration based on an

inaccurate statement of use that included clothing items for men, women and children when, at the time the applicant filed the statement of use, the mark was only being used on women's clothing and accessories. Although the registrant attempted to eliminate the erroneous goods at a later date, the TTAB still found fraud against the Trademark Office stating that a subsequent attempt does not remedy the fraud at the time the statement of use was filed. Therefore, before signing any paper in the Trademark Office, be certain that all information is accurate and current. Conduct a thorough investigation to ensure the mark is actively being used on each and every good and service listed in the application or registration and that the first use date is accurate.

3 Keep records of relevant information relating to your trademarks. If your mark is ever challenged, it will be helpful to have evidence of use and records relating to the first use date for each of the associated goods/services. "First use" has a legal definition. With respect to goods, "first use" means the date when the goods bearing the mark are actually sold or transported in commerce. "First use" with respect to services means the date the mark is used or displayed in the sale or advertising of services *and* the services are rendered in commerce.

4 Police your trademarks against infringement. When you have a successful product or service, it is inevitable that others will try to reap the benefit of the associated goodwill that you have developed. For example, competitors may try to imitate your company's name, the name of the product, or even the colors of packaging and marketing materials. You must *do* something if you know an infringer is using your mark or a confusingly similar mark. If you allow others to use your mark, over time the mark may lose its ability to indicate origin and become unenforceable. Inaction can also lead to an acquiescence or estoppel defense by the infringing party as well as third parties if rights are ever asserted against your mark in the future. As part of your trademark enforcement program, you should consider having a commercial watch service monitor at least your most valuable trademarks. Using a watch service to monitor others' federal registrations or general use which may be relevant to your protected marks is relatively inexpensive (typically a few hundred dollars per year).

5 Never allow others to use your mark without a license agreement. Allowing others to use your mark, even if you are amenable to the arrangement, requires a written license by which the trademark owner controls the quality of the goods/services on which the mark is placed. "Naked licensing" or licensing without quality control by the trademark owner will lead to dilution of your trademark and potential invalidation of all trademark rights.

6 Consult a trademark attorney prior to use. No one wants to invest money and resources in a trademark or service mark only to receive the dreaded "cease and desist" letter from a competitor a few weeks, months or years down the road, or to find out that the mark cannot be protected. But it happens all the time. Often, if you've created a catchy, marketable trademark or tagline, you weren't the first person to think of it. In other instances, the trademark or tagline may be too descriptive to be of any value. Consultation with a trademark attorney at an early stage can prevent these types of problems. Assuming that the mark has the potential to be a good trademark, the attorney will want to carry out a trademark search and analysis to make sure the mark is available for use and registration in all markets of interest.

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7 Understand that trademarks are not limited to words and names. A trademark may include not only word marks, but also logos, taglines, designs, jingles, sounds, colors, characters and even fragrances. The Trademark Act defines a mark as “any word, name, symbol, or device, or any combination thereof” that is used to identify and distinguish goods or services from those of others. You might be surprised to know that NBC owns a federal registration for the sound of its three chimes and Kellogg owns a variety of registrations for “Tony the Tiger.” These “non-traditional” trademarks can have as much value as word marks.

8 Register all marks in the United States Patent & Trademark Office. Federal registration gives you nationwide priority to the mark as of the filing date of the application. A registration will prevent third parties from acquiring superior rights to the mark in remote areas or markets. The Trademark Office allows an “intent-to-use” application to be filed when the mark is not yet in use. The advantage of filing an “intent-to-use” application is that when your mark registers, you will obtain the filing date (which will obviously pre-date your first use date) as your priority date to the mark. Registration gives you an important advantage over those who attempt to use your mark after you file for registration.

9 File an affidavit to make your mark incontestable. After five years of continuous trademark use, Section 15 of the Trademark Act allows you to make your right to use a mark incontestable under certain conditions. As long as there has been no final decision adverse to your claim of ownership and there is no current proceeding against the mark, you can file an affidavit in the Trademark Office to make the mark incontestable. If the mark becomes incontestable, it is protected from a variety of grounds of attack including descriptiveness and likelihood of confusion.

10 Consider intellectual property litigation insurance. Typically, your business’s general liability insurance does not cover intellectual property claims. Special abatement policies are designed to cover claims by the insured who seeks to enforce a trademark or other intellectual property right against an alleged infringer. Defense policies typically reimburse litigation costs for defending against charges of trademark infringement. Coverage is also available to insure against monetary damages which may be awarded to a prevailing party. Depending on the nature of your business and your trademarks, the amount of trademark litigation you typically incur and your potential for incurring monetary damages for infringement, one of these types of insurance could be a wise investment. It could provide a cost-effective means of allowing you to take the necessary steps to preserve your competitive edge.

Trademarks can give your company a competitive edge and generate significant revenue for your business. For further information on making and keeping your trademarks valuable, contact a reputable trademark attorney. Any member of the McAfee & Taft Intellectual Property Practice Group can advise you about your trademarks.

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