

# Akerman Practice Update

INTELLECTUAL PROPERTY

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## Launching Your Business or Product? Pick a Good Trademark.

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Last year, Citigroup Inc., owner of numerous federally and internationally registered trademarks containing the CITI prefix lost its bid to prevent the registration of the trademark CAPITAL CITY BANK owned by the relatively small regional bank Capital City Bank Group, Inc. Although the record reflected that the CITIBANK brand is one of the most valuable brands in the world, and that courts have already deemed the CITIBANK mark “famous” for trademark analysis purposes, Capital City Bank Group handily won the case before the United States Court of Appeals for the Federal Circuit. The Court refused to extend Citicorp’s trademark protection to all forms and uses of the term “City” for financial services, finding that term to be “weak.”

The fact that Citigroup, with its extensive and well-known CITI trademarks lost and Capital City Bank, with its relatively unknown CAPITAL CITY BANK marks, won should be a caution to all business owners. Trademark selection is vital to the growth of a business. Ignoring trademark issues can be costly, time consuming, and painful.

Any person or company launching a new product or service must give some thought to its intellectual property. While the underlying product or service may be protected by patent or copyright, a strong and catchy trademark is an asset that can be extremely valuable to the entire business. Many new business owners, however, do not understand the nuances that go into trademark selection and protection.



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Put simply, your trademark is your brand name. Legally, a trademark is defined as a word, phrase, symbol or design, or a combination of those things. It is something visual (but it can be a sound or even a scent) that identifies and distinguishes the source of the goods of one party from those of others. A service mark is the same as a trademark, except that it names a service rather than a tangible product.

When you launch a brand, whether it is a product or a service, it is important to understand which terms qualify as strong and protectible trademarks. The general rule of thumb is, the more unique and distinctive the mark, the stronger the protection.

## Trademark Selection

Trademarks are seen as placed along a spectrum from “strong” to “weak.” The strongest marks either have no meaning at all or no meaning in connection to the goods or services for which they are used. The weakest marks describe a feature, function, use or characteristic of the goods or services.

### Very Strong: Coined or Fanciful

Words that are made up and have no meaning other than as a brand name. For example, “KODAK” had no meaning before it was adopted and used as a trademark in relation to goods, whether photographic goods

or otherwise. Abstract designs used as logos can also be considered fanciful and strong. Fanciful marks are immediately eligible for registration.

### Very Strong to Strong: Arbitrary

Words that have a common meaning but not in relation to the goods or services for which they are used as brand names. A classic example is APPLE for computers. It is a word that has a dictionary meaning, but which is used in connection with products or services unrelated to that dictionary meaning. Arbitrary marks are also immediately eligible for registration.

### Mildly Strong to Weak: Suggestive

Words that evoke the goods or services sold under the brand name, but require some thought to make the connection. An example of a suggestive mark is BLU-RAY for high-capacity data storage. The general rule of thumb is the less thought required to connect the trademark and the goods or services sold under the mark, the less protection that mark is afforded. Suggestive marks are immediately eligible for registration.

### Weak to Not Protectable: Descriptive

Words that describe some feature or aspect of the goods or services, including their features, characteristics, function, location, purpose and the like. Descriptive marks are generally not protectable unless and until

they have been in use for at least a few years and are recognized by consumers to be trademarks, rather than generally descriptive terms. In the Citigroup case, the Court held that the term “City” is weak in the field of banking; the evidence of record demonstrated that numerous banks placed the term “City” in their service marks. Surnames also fall under this provision of the Trademark Act, and provide excellent examples how words can acquire distinctiveness as trademarks: LIPTONS, REYNOLDS and HERSHEY’S were all originally registered under the exception provided for marks that have acquired distinctiveness.

### Not Protectable: Generic

Words that are simply the common descriptive word to identify the actual product or service (such as spoon, salt, wine, or restaurant). Generic terms are never protectable because they identify the product or service itself, not the source of those goods or services.

A strong mark is generally protectable and enforceable against any later use of the same or similar mark for the same, similar, or related goods or services. Under some circumstances, the law protects particularly strong marks against the same mark for unrelated goods or services. Ideally, this is the type of trademark you should choose to identify your valuable brand.

A weak mark, in contrast, is afforded a relatively narrow range of protection. As the owner of a weak mark, you may only be able to prevent a later user from using the same or confusingly similar mark for the same or similar or related goods or services. Additionally, the weaker the mark, the more expensive it is to protect and enforce because there are likely to be far more users of the same or similar marks for the same or similar goods or services. Indeed, as seen in the Citigroup case, the existence of extensive third party use functions as evidence demonstrating the weakness of a trademark. Although many people or businesses launching new brands want the brand name to “say something” about the goods or services, this is a poor long-term trademark strategy.

### Searches

It is highly recommended to conduct a search before filing your trademark application. A comprehensive trademark search helps determine whether a mark is registrable and protectable, as well as potential impediments and risks to use and registration of the proposed mark. A comprehensive trademark search is a computer generated report which lists prior federal applications and registrations, state trademark registrations, and common law uses from such databases as Dun

& Bradstreet, trade publications, telephone directories, the Internet and domain name databases.

While the search cannot altogether guarantee the availability of a mark, it is the best tool out there for clearing your brand name. The search will minimize the risk of selecting a mark that is already in use. Determining whether a trademark is available for use and registration in any particular situation can be very subjective. Many courts recognize that reasonable reliance on a comprehensive trademark search, as well as the related legal opinion of competent trademark counsel, is a defense to claims of willful trademark infringement and the potential consequence of treble damages.

### Use and Registration

Trademark rights in the United States stem from use of the mark in commerce. Registration of your trademark with the relevant government office is not required, but is strongly advisable.

Unregistered trademarks make what is known as “common law” use. Common law trademark rights arise on first actual use of the mark in commerce. Merely filing articles of incorporation with the Secretary of State does not confer trademark rights. Common law trademark rights extend only to the scope, manner, and geographic location of the use. For example, selling cookies in

Boca Raton under an unregistered mark will provide you with trademark protection only for cookies in Boca Raton, or possibly Palm Beach County. You will not necessarily succeed in preventing someone from using the same mark for, say, pastries in Naples.

The Internet increases the risk of trademark infringement issues popping up. Small, local companies may find that their well-established but geographically limited brand names may be confusingly similar to the names of pre-existing brands located in other markets. Before the advent of the Internet, these businesses might never have learned of each other. Now, however, many companies may find themselves in the unenviable position of having to rebrand their businesses to avoid confusion with previously unknown competitors.

Rather than relying merely on common law use, many people and businesses choose to register their trademarks with the relevant government office. It is possible to register your trademark in your state. It is also possible to register your trademark federally with the United States Patent and Trademark Office (USPTO).

A state trademark registration is enforceable within the entire state in which the trademark is registered. People and businesses generally file on a state level if they do not qualify

for federal registration because, for instance, the goods or services are not sold, marketed or promoted in interstate commerce. Another advantage of obtaining a state trademark registration is that it is granted relatively quickly without great expense. However, a state trademark registration is enforceable *only* within that state. You cannot enforce a Florida trademark registration against an infringer in Georgia. Additionally, in Florida you must first be selling goods (or providing services) under the mark before you can file for trademark protection.

Most people prefer to file for federal trademark protection. A federal trademark registration provides nationwide protection. Although you need to meet the “interstate commerce” requirement for federal protection, that standard is, in fact, rather low.

One of the most helpful features of filing under the federal system is the “intent to use” provision.

If you have not yet used the mark in commerce, but plan to do so in the future, you may file based on a *bona fide* intention to use your trademark. This allows you to try to “reserve” a trademark – to prevent others from taking and using it – until you are ready to launch your product or service. The USPTO will not issue the trademark

registration until you have filed proof of the requisite use during the statutory period for doing so, but the mark will be approved (or “allowed”) for registration, and you can have up to three years of extensions of time to launch your product or service under the allowed mark.

The prosecution of a federal trademark application is a multi-stage process. First, the applicant files its trademark application which clearly identifies the trademark, the goods or services claimed in the proper classification (the USPTO recognizes 45 relevant classes of goods and services), whether the applicant is currently using the mark or intends to use the mark later. There is also a statutory filing of \$325.00 per class. Thereafter, the USPTO assigns the application to a Trademark Examining Attorney approximately for review. The Examiner will determine whether the mark is registrable from a number of perspectives. The Examiner looks at whether the mark meets legal requirements for registrability, e.g., that the mark is not descriptive or not likely to be confused with any other federally registered mark. He also reviews the application to make sure it meets procedural formalities, e.g. whether the identification of goods or classification conforms to USPTO requirements. If the Examiner has questions, concerns or problems with the application, he or she will issue communication called an “Office

Action.” Depending on the nature of the issue, the response may require legal research and the submission of a legal brief arguing the registrability of the mark as filed.

If the Examiner accepts the arguments, the application will be approved. If not, one or more additional Office Actions may issue, up to a “Final” Office Action refusing registration. An applicant will then have the option to file either/or (or both) a formal Request for Reconsideration or an appeal to the Trademark Trial and Appeal Board.

Once the mark passes examination, it is published in the Official Gazette for opposition purposes. The publication provides a 30 day period in which anyone “believing they will be damaged by the registration” can oppose the application (or file an extension of time in which to do so). An opposition is, in fact, an administrative action before the Trademark Trial and Appeal Board, but it is very similar to a civil action for trademark infringement. The process is similar, with a complaint, answer and discovery, but the only issue is the registrability of the mark. The Trademark Trial and Appeal Board does not award monetary damages.

After the publication period is completed, the application will be processed immediately for registration if the relevant “allegation of use” has been filed prior to publication. Otherwise, the USPTO issues

a document called a “Notice of Allowance,” essentially stating that the mark is ripe for registration as soon as the owner begins to use the mark in commerce and files the allegation of use. If the applicant has not commenced use of the mark after receiving the Notice of Allowance, it can file a request for a six month extension of time to do so. All in all, an applicant has three years in which to file its allegation of use (with each six-month extension of time). A proper allegation of use contains: (1) a sworn declaration by the trademark applicant that it has commenced use on the stated date and has commenced use in interstate commerce on the stated date; and (2) evidence showing use of the mark, such as labels, hang tags or packaging for goods; or marketing or promotional materials for services.

Once the allegation of use is filed, the registration will issue. If no proof of use is filed, the application will go abandoned.

Once registered, a federal registration is valid for ten years from the date of registration, although proof of use must be filed between the fifth and sixth anniversary in order to maintain the registration for the duration of the ten year period. Thereafter, the registration can be renewed for subsequent ten year periods as long

as the mark continues to be used and the maintenance fees are paid.

The bottom line is that it is advisable to clear up any trademark issues before launching a new product or services. To do otherwise can be expensive and aggravating. Taking the time and money to choose a strong, non-infringing mark, and to protect it with a federal registration, is a worthwhile investment for the growth and expansion of your brand.

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For more information please contact a member of our Intellectual Property practice.

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