

How to Protect Your Companies Most Valuable Asset

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Most companies, especially those starting out, do not realize that from the start they already have and own a trademark. A trademark is defined as any word, symbol, phrase, device, or combination thereof used to identify a source of a good or service. Trademark rights do not depend on registration with the US Trademark Office, but arise as soon as use of the mark is made in commerce. These are known as “common law” rights. Thus, your company name, the names of your products and services, any marketing tag lines, or logos are trademarks already owned by your organization and enforceable against third parties.

Protect Your Trademark

Trademark protection is not just limited to words and designs. There are numerous other ways companies can differentiate themselves from competitors and gain a competitive advantage in the eyes of consumers. A trademark can consist of a color, sound, smell, motion, hologram, or even lights. For example, a “citrus” scent has been registered for biofuel; the motion of the Columbia pictures movie title page has been registered for movies; the flavor of “apple cider” has been registered for office supplies; and NBC has registered its distinctive three tones for its entertainment services. It’s thinking outside of the box like these entities that can pay dividends to an innovative company in the long run.

Your Trademark is Your Most Valuable Asset

Your trademark, for example your company name, identifies everything about your organization: your employees, products, services, officers, successes, failures, public representatives, and more. Without a trademark to serve as a source identifier your organizations customers won’t know who you are, what you stand for, what you do, and most importantly, who to buy from or contract with.

The Power of a Trademark

Think of everything that comes to mind when you see the trademark Procter & Gamble. You may have thought of the quality of its products, the nature of its product lines, experiences you’ve had with its products and services in the past, articles you’ve read in the press about the company, commercials you have seen, the fact that it is an international company based in Cincinnati, or a myriad of other possibilities. All of this information is conveyed by two simple words and a symbol. That is the power and value of a trademark. If you are still not convinced, think of everything that comes to mind when you see the names Enron or Lehman Brothers?

Registration Has Its Benefits

While trademark rights are not dependent on registration, actually registering your trademark with the US Trademark Office can carry extremely valuable benefits. “Common law” rights, as discussed above, are limited to the geography in which you are actually using the mark. That means if you are not using the mark in California, someone else can begin using the mark for similar services in that state *and you cannot stop them based on your use in Ohio*. A federal registration though, grants you that right.

Registration with the US Trademark Office grants the owner nationwide priority and protection, even if the owner is not actually using the mark in every state. Moreover, registration allows the owner the right to use the R (®) symbol next to the mark. This symbol can only be used when the mark is registered with the US Trademark Office. Unregistered marks are limited to the TM (™) symbol alone.

Registration also grants the owner a presumption of validity of the mark and ownership, which can be very beneficial if litigation ever arises. A trademark that has been registered for five years on the Principle Register can also become incontestable, meaning that there are fewer grounds upon which a third party can cancel the registration. Additionally, a registered mark can also be registered with the US Customs Service for protection against counterfeit or gray-market goods bearing the trademark from being shipped into the country. Thus, the benefits of registration can be substantial and worth the relatively low costs of filing and prosecution.

Trademarks Have Different Strengths

One trademark is not the same as another. Trademarks actually have different strengths that are determined by the connection of the words or design in the mark to the goods and services being offered. The differences in strengths can affect not only the enforceability of the mark against third parties, but whether it is even protectable as a trademark. In fact, some words or phrases do not and cannot function as a trademark for certain goods and services. This is because these marks have become “generic,” or put another way, they have become the actual name for that product or service. For example, the words escalator, aspirin, raisin bran and modem were once protectable trademarks until the public came to associate those words not with the source of the respective goods, but with the items themselves. Since marks can become “generic” over time, companies need to make sure they do not turn their marks into nouns or verbs in marketing and other interactions with the public.

Both the strongest and weakest trademarks available require “training” of the public to associate the mark with the company offering the goods or services. This “training” often consists of specifically designed marketing campaigns featuring catchy slogans or jingles to connect the mark and the company in the mind of the consumer. Examples of different trademarks include:

“Arbitrary” and “Fanciful” Trademarks

For the strongest marks, called “arbitrary” or “fanciful” trademarks, the words or symbols used either have no connection to the goods or services being offered or are entirely made up words. Examples of such marks include APPLE for computers, CLOROX for bleach, and IVORY for soap. Because these marks have absolutely no connection to what they are identifying or are made up entirely the “training” of the public becomes necessary to create the connection.

“Suggestive” Trademarks

Trademarks that are neutral and convey a happy medium are known as “suggestive” trademarks. These marks still convey a message about the products or services being offered, but do not do so directly. Instead, they require a bit of imagination or thought to understand the message being conveyed. The best example of a suggestive mark is GREYHOUND for buses. The owners of the GREYHOUND mark are not stating that their buses are as fast as greyhound dogs. Rather, they are stating that just as greyhounds are the fastest dogs, their buses are the fastest buses. These marks are often popular with companies because they allow the company to communicate with consumers, but do so in a protectable way. Thus, the strength of the mark you choose for your company, your products, and your services really matters.

“Descriptive” Trademarks

The weakest marks, called “descriptive” trademarks are faulty because they immediately describe a characteristic, feature, or desired outcome of the good or service being offered. Examples of such marks include CHAP STICK for skin preparations in a stick and CONSUMER TESTING LABORATORIES for consumer testing services. Because these marks are immediately descriptive, it is harder for them to function as a source identifier. That is the reason why companies have to engage in such “training” of the public. However,

unlike with the stronger “arbitrary” or “fanciful” marks, once the “training” is complete, the outcome is entirely different. Companies that have descriptive marks must work harder to enforce these marks and often have to prove their marks are “distinctive” (i.e. a source identifier, before a court or the Trademark Office). A company with the strongest marks though, have inherently distinctive marks that are easier to enforce and protect.

Enforce Your Trademarks Rights

Once a company has a trademark, it has a duty to enforce its trademark rights against infringing third parties. This requirement is designed to protect the public from potential harmful effects from infringing, counterfeit, or sub-par goods and services being offered under another mark. Failure to properly enforce a trademark can dilute its protectability and enforceability.

Proper enforcement is generally a mix of cease and desist letters, the occasional lawsuit, takedown notices filed with social media sites, and even the use of “watch services.” “Watch services” are typically offered by law firms who use a combination of in-house searching and third-party vendors to perform regular searches of the Trademark Office register and common law databases. The best “watch service” though often comes via a company’s employees, customers, and vendors who will alert the company to infringing activity they see in their daily lives.

Simply paying attention to the eyes and ears of your organization and taking action when necessary will ensure that your mark remains strong and enforceable for years to come.