

Trademarks, Service Marks, and Trade Dress Key Facts and Pitfalls to Avoid

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1. The Difference Between a Trademark, Service Mark, and Trade Dress.

A trademark is any word, term, phrase, symbol, logo, design, shape, tag line, background, color, scent, sound, device, or combination thereof that distinguishes the goods (i.e., products) of one supplier from those of other suppliers. A service mark is the same as a trademark, but distinguishes services instead of goods. Trade dress is a *combination* of non-functional attributes, such as shape, color, design, and/or ornamental arrangement, which collectively forms either a trademark or a service mark.

2. Select a Good Mark.

The initial selection of your mark is crucial for (a) inexpensive protection and enforcement, and (b) strong consumer recognition. Do not select a mark that describes an attribute, characteristic, ingredient, end use, or class of users of your product/service, or that is similar to another's mark for the same or similar products/services. Those marks are often difficult or impossible to protect. Best to select a unique mark that is either an invented word with no meaning (such as Exxon or Clorox), or that has a meaning unrelated to your product/service (such as Shell for gasoline or Blue Bonnet for margarine).

3. Select the Proper Protection Mechanism.

After selecting your mark, decide how to protect it. In the United States, there are three basic protection mechanisms: (1) common law, (2) state registration, and (3) federal registration. Federal registration is the strongest. Common-law rights begin immediately upon use of a mark in commerce and are coextensive with the mark's (a) geographical use, (b) the products/services with which the mark is used, plus (c) a zone of natural expansion. The rights conferred by state registration depend upon the state. Usually, they are either (1) equal to common-law rights, plus a presumptive date of first use of the filing date to obtain state registration, or (2) statewide rights effective as of the filing date to obtain state registration, regardless of the area of geographical use in the state. A federal registration is granted by the United States Patent and Trademark Office ("USPTO"). Rights are presumptively nationwide, are perfected back to the application filing date once the registration issues, and include: (a) presumption of the validity of the mark as shown in the registration, (b) conclusive proof of the validity of the mark as shown in the registration if the registration becomes "incontestable," (c) the right to sue for counterfeiting, which can include statutory damages of up to \$2 million per counterfeited mark, (d) the ability to register with U.S. Customs to stop infringing imports, (e) constructive notice of the registration's existence, which prevents a defense of another's alleged innocent use of the mark, and (f) the ability to use the ® designation. If the ® is used properly, potential monetary damages begin at the outset of any infringement. If the ® is not used, potential monetary damages begin only after actual notice is provided to the infringer.

4. What Is “Use” of a Mark?

Use to support common-law rights is different from use required to support federal registration (and most state registrations). For common-law rights any use in connection with goods/services that makes relevant consumers aware that the mark is being used as a trademark/service mark is sufficient. To support federal *trademark* registration, unless impractical, a mark must be *applied to* the goods listed in the registration, or *applied to* packaging containing the goods. To support federal *service mark* registration a mark must be used on advertising, an Internet site, or invoices for the services.

5. Activities that Do Not Confer Trademark Rights.

(a) Being the first to think of a mark. (b) Any state, federal, or local filing without use of the mark, including filing a fictitious name registration. (c) State business incorporation. (d) Architectural plans filed with a building authority. (e) Domain name registration. (f) Registration with a taxi, airport, banking, or insurance authority.

6. Trademark Rights Are Based on Consumer Perception So You Must Enforce.

Trademark rights are based on consumer perception and may change over time. Companies with once well-known marks, such as “Woolworth,” “Crazy Eddy,” “TWA,” “E.F. Hutton,” and “Compaq Computer,” are now out of business and their marks have little or no consumer recognition. Other marks, because of lack of enforcement against known infringers, are now unenforceable and identify a category of products or services, rather than a unique supplier. These marks include “aspirin,” “cellophane,” “thermos,” and “escalator.”

7. What is “Goodwill”?

“Goodwill” is the quality/market reputation associated with a mark. Goodwill is strong if relevant consumers identify the mark and buy products based on the quality/reputation associated with it. Goodwill is weak if relevant consumers care little about marks (such as for some industrial products sold to businesses), or the mark connotes low quality. The transfer of a mark must include a transfer of the goodwill associated with it. Otherwise, the transfer is “an assignment in gross” and confers no rights.

8. The Difference Between Federal Registration and Use in Disputes.

In litigation, an opposition, or a cancellation, the rights conferred by federal registration are based on the (a) mark shown *in the federal registration*, and (b) goods/services listed *in the federal registration*. In contrast, rights conferred by use are based on the (c) manner in which the mark is *actually used* in the market, and (d) goods/services with which the mark is *actually used*. If likelihood of consumer confusion is at issue in the dispute, the mark’s scope, which is usually greater than the exact mark and goods/services, is determined by the relevant likelihood of confusion factors.

9. Foreign Protection and Priority.

Trademark rights are granted on a country-by-country basis (one exception is an EUTM registration, which covers over 20 European countries). Most countries do not recognize common-law rights – rights are based on registration. Register your mark in the countries in which you plan to provide products/services using the mark. After filing a U.S. trademark application, you have six months to file corresponding applications in foreign countries and claim priority to the U.S. Trademark Application. The foreign applications claiming priority have an effective filing date that is the same as the U.S. application filing date.

10. Common Scams.

(a) Receiving a communication that appears official and requests a fee to (i) place your mark on a registry, or (ii) handle a USPTO task, such as registration renewal. No governmental agency sends such communications. (b) Receiving an email from an overseas business (i) "warning" you that someone is attempting to register your mark as a domain name in another country, and (ii) offering to register the domain name in your name for a fee (usually \$6,000 to \$15,000). Ignore. (c) Stick-up artists that file to register your mark in a foreign country before you file in that country, and then attempt to extort money by selling you the conflicting application or registration. Unless you can demonstrate that: (i) before the filing date of the conflicting application, your mark was either "internationally famous" or "famous" within that country, or (ii) the stick-up artist had a duty to you (such as a contractual obligation) not to register the mark, the stick-up artist's tactic is probably legal. If faced with such a situation, these are your choices: (iii) move to oppose or cancel the conflicting application/registration if you have favorable facts, or (iv) if you do not have favorable facts (a) try to negotiate a good price for the conflicting application/registration, or (b) use a different mark in that country.



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David Rogers practices patent, trademark, trade secret and unfair competition law, including litigation, patent and trademark preparation and prosecution; trademark oppositions, trademark cancellations and domain name disputes; and preparing manufacturing, consulting and technology contracts.