

**LAW SEMINARS INTERNATIONAL PROGRAM:  
“CORPORATE COUNSEL AS THE JACK OF ALL TRADES”<sup>1</sup>**

**TRADEMARK LAW: USE, REGISTRATION, “POLICING” AND OTHER GENERAL  
STRATEGIES REGARDING TRADEMARK PROTECTION**

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**I. INTRODUCTION.**

Businesses of all kinds focus on producing quality goods and services for their customers. A key element of any business is developing and maintaining a reputation for providing goods and services that consumers or others come to rely upon and expect whenever purchased. Trademarks are symbols of the good will of the company’s product or service, and provide a shortcut for consumers—instead of researching a product each time they want to make a purchase, they may simply choose a brand they know and trust. For these and other reasons, trademarks are among a company’s most valuable assets. If another company, particularly a competitor, begins using a trademark that is similar enough to confuse consumers, then your reputation can be damaged. Additionally, the competitor gets a free-ride on all of your work. Through proper use and protection of trademarks, trademark owners may protect these invaluable assets. Indeed, trademark registrations and related rights are one of the few assets in business that can last forever if properly maintained, protected and used. This outline will provide the trademark owners with some basic guidelines to follow in order to accomplish the goal of protecting their existing trademarks.

**II. BASIC TRADEMARK LAW PRINCIPLES.**

A review of basic trademark law principles will help facilitate an understanding of need for and methods of trademark protection. Trademarks are protected by a federal statute called the Lanham Act, which can be found at 15 U.S.C. §1051 et seq. While trademarks also receive common law and state law protections, the Lanham Act and cases interpreting it are the primary source of trademark protections in the U.S.

**A. What is a Trademark?**

In general, the Lanham Act defines a trademark as a word, name, symbol, or device, or any combination thereof, that is used to identify and distinguish one company’s goods or services from those manufactured or sold by another company, and which indicates the source of the goods. The consumer need not know the name of the company that produced the goods, but must understand that products bearing the same trademark or brand originate from a single

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source. A trademark can be a word mark, such as COCA-COLA; a design or symbol such as the NIKE Swoosh Design; a character mark such as KELLOGG'S TONY THE TIGER or the PILLSBURY DOUGHBOY; a product shape such as the shape of the COCA-COLA bottle; a number, such as the 7-ELEVEN; a slogan such as "FLY THE FRIENDLY SKIES"; or any combination of the above.

Importantly, not every word, phrase or design that appears on a label or in an advertisement qualifies as a protectable mark. The designation must perform the job of identifying the source of the goods or services, and distinguish it from others. Also, trademarks differ from trade names. A trade name is the name used by a company in its business activities. In general, trade names are used to denote a business or company and its good will, while trademarks and service marks identify and distinguish goods or services.

## **B. Distinctiveness of Trademarks.**

Some basic principles about the strength of trademarks and their distinctiveness will facilitate a better understanding of the legal issues related to trademark use and protection.

Business owners routinely select marks that describe a feature or characteristic of the goods or services provided. In general, however, terms that are merely descriptive of products and services cannot be protected as marks. The more distinctive a mark is, the greater its protection. Also, the more well-known a mark becomes, the greater its protection. The strongest marks are terms that have no relation to the goods or services they represent. The closer a mark comes to describing the goods or services it represents, or some characteristic of those goods or services, the weaker the mark.

To assess the strength of a mark, a spectrum of distinctiveness is utilized. From strongest to weakest, a mark may be considered arbitrary or fanciful, suggestive, descriptive or generic. Fanciful marks are generally the most distinctive, and generally receive the broadest scope of protection; they are words that are made up or "coined," and have no meaning other than as a brand name. The mark KODAK for film is an example of a fanciful or coined mark. This word did not exist prior to its creation by the trademark owner. Arbitrary marks include words that generally have a common meaning, but the common meaning is not related to the goods or services for which they are used. The marks APPLE for computers and DOVE for soap are examples of arbitrary marks. Suggestive marks suggest some attribute or benefit of the goods or services, but do not describe the goods themselves. The mark MICROSOFT for software is an example of a suggestive mark. Descriptive marks are terms that describe goods, services or their characteristics. In general, they cannot be protected as a mark unless the public has come to recognize them as marks. If that occurs, descriptive marks are said to have "acquired distinctiveness" or a "secondary meaning." Terms can acquire distinctiveness through extensive use or advertising. Examples of descriptive terms that have acquired their distinctiveness through use and advertising include PARK 'N FLY for airport parking services and SOFTSOAP for liquid soap. Generic words for product or services can never be a trademark or service mark for that product or service. Importantly, arbitrary/fanciful marks and suggestive marks are inherently distinctive and do not need to acquire distinctiveness to be federally registered.

### **III. TRADEMARK CLEARANCE.**

This outline generally assumes that a business owner already is using a mark and provides guidance on protection of the trademark rights already in existence. Nevertheless, a few brief words on trademark selection are set out here. Once a business owner or its marketing personnel select a potential mark, the next step is to clear the mark through searches for others' use of the same or similar marks. A business owner can accomplish a preliminary search rather economically on his or her own. This is done by searching for the same or similar marks that have already been registered with the United States Patent and Trademark Office ("USPTO"), or for which applications have been filed. For guidance on conducting such searches on one's own, go to [www.uspto.gov](http://www.uspto.gov) and locate the Trademark Electronic Search System. One may also search the internet, and any search should be as geographically broad as your intended use of the mark. If the mark is still viable after the preliminary search, the next step is to conduct a full search. You may retain qualified counsel to perform a full search or use a company that specializes in such searches. The time and money devoted to trademark clearance is well-spent, as launching a new product or mark can be very expensive, and that investment may be jeopardized if you have selected a mark that is being used by others on the same or similar goods.

### **IV. ACQUISITION OF TRADEMARK RIGHTS – USE AND REGISTRATION**

In the United States, trademark rights arise from use of the mark or the filing of an "intent to use" application to register the mark with the USPTO. The latter application states that the applicant has a bona fide intention to use the mark in commerce.

Federal registration of a mark is not required to obtain protections, but it can secure certain benefits beyond the rights acquired by mere use. Merely registering the mark can provide you with presumptions of validity, ownership and the exclusive right to use the mark. In fact, once the mark has been registered and continuously used for five years, the mark can attain "incontestable" status under the Lanham Act, which is conclusive evidence of validity, ownership and the exclusive right to use the mark in commerce. A federal trademark registration, in general, gives the mark protection throughout the U.S. Use alone garners protection that is as geographically broad as the use itself. For these reasons, federal registration is advisable.

To obtain registration on its own accord, a mark must be inherently distinctive or registrable. As noted previously, it cannot be generic or a descriptive mark. The proposed mark also cannot run afoul of various registration prohibitions, such as marks that are deceptive in some way. The mark cannot conflict with prior registrations. However, if another business is using the same or a similar mark on goods or services that are unrelated to those of the applicant, registration may be permitted. The registration procedure involves the filing of the appropriate application. These include a "use" application, which is used by an applicant that has already commenced use; and an "intent to use" application, which is used by an applicant that has a bona fide intent to use the mark in commerce. Additionally, applicants from outside the U.S. may file in the U.S. based on an application or registration in another country. Note that an applicant filing an "intent to use" application must make use of the mark in commerce before the mark can

register, and must seek the appropriate extensions of time to show use if use is not made within six months of the USPTO's initial notice allowing the trademark.

A U.S. registration provides protection only in the U.S. If an owner wishes to protect a mark in other countries, in general, the owner must seek protection in each country separately under the appropriate laws. It is possible, however, to cover multiple countries with a single trademark application, or to file a single international trademark application that covers multiple countries under the provisions of the Madrid Agreement or the Madrid Protocol. Visit these websites to learn more: [www.wipo.int/Madrid/en/index.html](http://www.wipo.int/Madrid/en/index.html) (World Intellectual Property Office); <http://oami.europa.eu> (EU applications).

In general, the easiest way to accomplish registration is to retain a trademark attorney to file and process the application. There are numerous firms that have flat fees for registration of trademarks; they may even have flat fees in the event issues are raised by the PTO or if oppositions are filed. It is possible to obtain these basic services relatively economically, assuming unique and/or unforeseen complications do not arise. For those adventurous enough to try it on their own, the basic requirements to apply for a trademark registration are set out in the Trademark Manual of Examination Procedures, section 800 thereto, which can be found on the USPTO website at <http://tess2.uspto.gov/tmdb/tmep/>.

A trademark registration must be maintained or it will be canceled. Maintenance of a trademark registration requires periodic renewal of the mark, and proof of continued use. Accordingly, between the 5<sup>th</sup> and 6<sup>th</sup> year after an applicant's initial registration, and in the year before the end of every ten-year period after the registration date, the owner must file a continued-use affidavit in order to keep the trademark active.

## V. THE NEED FOR ONGOING AND PROPER TRADEMARK USE

### A. Proper Trademark Use.

Proper trademark use is critical to trademark protection. If marks are misused, they can become weaker indicia of source, or even cease to indicate the source of goods or services and become generic. "Escalator" and "Cellophane" are just a couple of examples of generic terms that originally were marks, but which ultimately came to be understood by the general public as the generic names for those products. Here are few standard trademark rules.

Make sure the mark stands out from the surrounding text. This can be accomplished through the use of ALL CAPITAL LETTERS, featuring the mark in **bold**, with a distinct **font**, in *italics*, or with Initial Caps.

Use a trademark as an adjective not as a verb or a noun, and use the generic name of the product following the mark. Such use helps stress the trademark or source indicia function of the mark, and minimizes use of the mark as a generic product or service designation. Use of the term "brand" may also emphasize the fact that the term is being used as a source identifier. For example, an advertisement should say "When you have the sniffles, you need KLEENEX brand tissues," not ". . . you need Kleenex." Similarly, when you need make photocopies, you are not going to "Xerox some copies," you are going to "make copies on a XEROX photocopier."

Do not modify a trademark from its possessive form, or make a trademark possessive. For example, WRIGLEY'S EXTRA sugarless gum is proper, while WRIGLEY EXTRA sugarless gum is not. Similarly, PEPPERIDGE FARM'S GOLDFISH crackers is wrong, while PEPPERIDGE FARM GOLDFISH crackers is right.

#### **B. Consistent Trademark Use.**

A trademark owner should use a mark consistently. Consistent use before the consuming public enhances the mark's recognition, while presentation of design or stylistic variations will dilute the mark's strength and may confuse consumers. Accordingly, each element of a mark should be consistently duplicated or the trademark owner runs the risk of that mark not being recognized as part of the mark. Additionally, if a trademark owner is forced to pursue an infringement action against another company, inconsistent uses of the mark may be cited by the other company as evidence of diminished strength of the mark.

It is important, therefore, for trademark owners to review company literature, manuals, and advertisements to assess the various ways in which the company's marks are used, and take steps to ensure that a consistent form is followed. This does not mean that a mark can never be changed. Many famous marks have been modernized over the years. But a trademark owner must be careful to do so gradually, and to not make changes that are too dramatic. If that occurs, others may claim that the trademark owner effectively discontinued use of its prior mark, and rights of priority can be lost.

#### **C. Prominent and Extensive Trademark Use.**

A trademark owner should also use a mark prominently. The mere fact that a claimed mark appears on a product or in an advertisement is not sufficient, by itself, to establish or maintain trademark rights. The use of the mark on the product or in connection with a service must be sufficiently prominent such that a consumer views it as a source-identifier. Over the years, some trademark owners have attempted to maintain trademark rights by using a mark on a product without doing so prominently, only to find later that their trademark is deemed to be abandoned. It should also be emphasized that advertising and promotion of a trademark generally increase its strength, and can be cited in infringement actions as a basis for arguing that a mark is strong, well-known or even a famous mark. The stronger the mark, the greater its protection. Such advertising and promotion, however, needs to be directed to the relevant consuming public in order to increase a mark's strength.

#### **D. Giving Notice of Trademark Rights.**

Trademark owners often use symbols to denote the fact that they are claiming trademark rights in their marks. "®" is used for registered marks. "™" is used for unregistered trademarks, and "SM" is used for unregistered service marks. Of course, the mere use of these identifiers does not establish trademark rights; their primary purpose is to put others on notice that you are claiming rights.

## **E. Company Trademark Guidelines.**

One helpful way to ensure that company personnel properly use marks is to develop trademark use guidelines. Such guidelines can set forth the manner in which trademarks should be depicted, where on products or in advertisements they should be used, and other guidelines that are consistent with above suggestions. Such guidelines should be developed and distributed to marketing, advertising and public relations personnel so as to ensure consistent and proper use.

## **VI. AVOIDING ABANDONMENT.**

The easiest way to lose rights in a mark is to discontinue use. The Lanham Act specifically addresses this concept in its definition of “abandonment” of trademarks. See 15 U.S.C. §1127. A business owner abandons a trademark by stopping use with no intent to resume use. If a business does not use a mark for 3 consecutive years, that is considered prima facie evidence of abandonment. It is important to be aware of these concepts, because trademark owners occasionally find themselves in a position where one of their marks may be replaced by another, or is used on a product or in connection with a service that may be discontinued. Such marks may have been in use for months, years or even decades, and may have been the subject of millions of dollars in advertising and promotional expenditures. Rather than simply dropping the mark and risking the loss of the investment made therein, a trademark owner may desire to explore the continued use of the mark in an effort to prevent such loss.

For trademark owners faced with the decision of whether, how and when to continue or discontinue use of a mark, the following rules, caveats and suggestions may be of assistance.

***Quantity and continuity of use.*** The quantitative level of sales or services provided may very easily establish continued use. Such use need not reach any particular level of success, and need not comprise a significant percentage of the trademark owner’s total sales. In the absence of qualitative deficiencies (described below), a few thousand dollars in annual sales of goods bearing the mark at issue can be sufficient to establish continued use. This is particularly true if there is a continuity of use and no significant gaps in annual sales. When the use is quite sparse, however, with relatively few sales spread out over a long time period, avoiding a ruling that the trademark owner has discontinued use may be difficult, and the qualitative elements of use discussed below take on added significance.

***Licensing of a mark and geographic considerations.*** Trademark owners considering continued use of a mark should be aware of their ability to rely upon licensed use of the mark at issue in order to establish continued use, as well as intent to resume use. In addition, owners of federally-registered marks have some—although not unlimited—leeway in terms of discontinuing use in certain geographic areas, while avoiding abandonment on a national scale.

***Advertising and Promotional Use.*** Courts have relied on relatively small amounts of advertising to find continued use of service marks, and on advertising and promotion of a mark for goods as evidence of intent to resume use.

***Quality and type of use sufficient to maintain the public's identification of the mark.***

Provided the use constitutes an effort to “commercially market” the mark, a trademark owner should have little difficulty establishing continued use. Several variables pertaining to the quality and type of use may be determinative of whether an attempt at commercial marketing is being made.

- *Use of the mark as a source-identifier.* If the quantity of use is small in relative and absolute terms, care should be taken to ensure that the use places the mark before the consuming public. Maintenance of the public's identity of the mark with the trademark owner is a key element of bona fide continued use. Simply adding the mark to a pre-existing product which already has its own identity is problematic, and should be avoided.
- *Non-commercial uses (i.e., poor quality uses).* Non-commercial licensing efforts, challenging alleged infringers, placement of marks in inconspicuous locations, use of marks on promotional or closeout goods, generally do not prevent abandonment. Use of the mark as a source-identifier for the trademark owner's product or service, which use is directed to the relevant consumer group is necessary. Efforts should be made to document any and all advertising and promotion of the mark directed to the relevant consumer group(s).
- *Use with appropriate goods or services.* Use the mark with the products or services described in the registration. Use of the mark at issue on a product or service that differs from that described in its registration or from that on which the mark has been used in past, risks a determination that “use”, within the meaning of the Lanham Act, has been discontinued.
- *Consider the product or service.* The type of product on which the mark is used, and the ways in which the mark continues to remain in the public eye, are important variables that need to be considered in assessing the nature and level of use of a mark needed to avoid abandonment. Where the mark possesses significant residual goodwill and the product on which it is featured remains in the public eye for a lengthy time period after sale, the continued manufacture and sale of the product may not be required to establish continuous use. In contrast, the more ephemeral the product, and the less significant its good will, the more important it is that the trademark owner generate and rely on the quantitatively significant uses and high quality uses described above.

***Build a case for intent to resume use.*** To the extent there is any bona fide use of the mark at all, such use may support intent to resume use. In addition, certain intervening causes may excuse nonuse of the mark at issue, or enable more limited uses to carry the day on the intent to resume use element. In such cases, trademark owners will need to substantiate their excuse and their intent to resume use. Of course, it goes without saying that where use is minimal or sporadic, specific evidence of marketing plans addressing future use of the mark, or evidence of a desire to market a good or service under the mark once certain obstacles thereto are overcome, will help prevent abandonment. But merely articulating an intent to use a mark and to exploit it commercially will not suffice. Something concrete must be done to further that objective.

