

TRADEMARK BASICS

Trademarks protect the name or mark associated with the product or service to which they are attached. A trademark is any word, name, symbol, color or sound that is adopted and used by a company to identify its goods and distinguish them from those manufactured or sold by others. Almost anything that can distinguish your goods or services from the competition is a trademark, including the pink color of fiberglass (Owens Corning), the brown color of trucks and uniforms (UPS), the NBC chimes, or a lion's roar (MGM).

In order to protect your trademark and prevent others from using it improperly, it is important to understand the underlying principles of trademarks. Trademark law is designed to protect the public from confusion as to the source of the goods and services. If there are similar names or symbols on similar products, the consumer may purchase the wrong goods.

The test to determine if trademark infringement has occurred is "likelihood of confusion in the relevant marketplace." This analysis considers many factors, but in general, if the public can distinguish between two similar trademarks, the two may co-exist, such as Delta (airlines) and Delta (faucets) or Lexus (the automobile) and Lexis (legal research service).

Common Law Rights

Common law trademark rights are rights you automatically acquire in a trademark simply by using it. They accrue as soon as a mark is used to identify goods or services in commerce. For example, if you are using the name/mark "Yellow Brick Road" in a city to operate a travel agency, your use of that mark for those services will generally be protected in the area of use and may (depending on the jurisdiction) extend to an area of "foreseeable expansion." Note that in any dispute, you will need to show that you were using the trademark prior to the other party's use in that area.

You can enhance your common law rights by using the superscript TM symbol (for goods) or SM symbol (for services) to show you are claiming common law (unregistered) trademark rights in the name. This puts people on notice that you are claiming trademark rights and protects against the "innocent infringer" defense. There is a potential risk of trademark infringement when you use your trademark and include a TM or SM symbol, so clear the mark before using these symbols. If you are representing both goods and services with the mark, use the TM symbol. Once a U.S. trademark registration is obtained (and only then), you can use the ® symbol.

State and Federal Registration

Common law rights do not offer a great deal of protection. If you want to truly protect your mark and the brand equity behind it, then you would be well advised to file a trademark. If the business is operating only within one state (and the business does not significantly touch interstate commerce), then the business would file a state trademark for state-wide protection. If the business is operating in more than 1 state, or if its operations significantly touch interstate commerce, then a Federal trademark can provide protection in all 50 states. Note that you do not need to be operating nationwide in order to obtain nationwide trademark protection.

The use of the Internet by most businesses has made it easier for local business to obtain a Federal trademark. However, there is still a relatively high standard for registration. To obtain registration, you will be at the mercy of the subjective analysis of the Federal or state trademark examiner. It is much more difficult to register a trademark than it is to get a corporate name or a domain name registered. The government filing fees for a Federal registration are between \$275 and \$325, per class, depending on the description of goods and services used. For example, if you want to trademark "blue goat" to represent boats and fishing lures, you would need to register in 2 classes and pay 2 filing fees because boats and fishing lures happen to be in 2 separate classes. State filings typically have much lower fees.

A Federally registered trademark offers several advantages. First of all, it allows you to sue the infringing party for your attorneys' fees in addition to any damages you suffer. If you are merely suing under common law rights, or if you merely have a state registration (depending on the individual state laws), you will likely be responsible for paying your own attorney's fees. Second, a Federally registered trademark allows you to sue for statutory (presumed) damages if someone else infringes on your mark. The way to think of statutory damages is essentially like a fine that you are able to collect directly from the infringer. If you are suing under common law rights (or relying on a many state registration laws), you will only be entitled to actual damages. These damages are often difficult to prove (for instance can you show with certainty how many customers or how much income you lost due to the other party's actions?). A Federally registered trademark allows you to collect actual damages you can prove, plus these statutory damages and attorneys' fees. There are additional advantages to a Federally registered trademark such as conclusive rights to use, incontestability, etc.

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