

**BRANDS**

**TRADEMARK**

**MARKET**

**TRADEMARK BASICS  
for Business Owners**

**DESIGN**

**ADVERTISING**

**LOGO**



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### What is a trademark?

A trademark can be a word, name, or slogan. For example, the name MCDONALD'S® and the franchise's well-known slogan I'M LOVIN' IT®, both used with fast food restaurant services, are trademarks. A trademark also can be a logo or design, such as McDonald's golden arches. Trademarks can come in less traditional forms, as well, including color, sounds, and the overall appearance of products. For example, the Coca-Cola Company has trademarked the shape of its iconic glass bottles.

In order to serve as a trademark, words or designs must identify the source, or origin, of the goods or services with which they are used. When a consumer sees a particular trademark, he or she does not have to know the name of the source. Rather, the consumer only needs to understand that all products bearing the same trademark come from a common source. For instance, the name REESE'S® serves as a trademark because consumers recognize that all chocolate sold under the REESE'S brand comes from the same source. However, consumers do not need to know that this source is The Hershey Company.

A trademark also must distinguish the product or service, with which it is used, from those of competitors. A consumer has to understand that all goods or services sold under a particular mark are offered at a consistent level of quality in order for the mark to serve a trademark function. For instance, a consumer should recognize that athletic apparel displaying the NIKE® "swoosh" symbol applies certain quality standards while apparel offered under the ADIDAS® trefoil logo applies different ones. In this way a trademark becomes associated with the goodwill of a business.

It is important to remember that business names and domain names are not trademarks.

### How should I pick a trademark?

When selecting a trademark to use with the goods or services your business provides, pick a mark that is **distinctive**. To serve the trademark functions discussed

above, a mark must be recognizable when used with the products or services you sell. It also is easier to register and defend the use of a distinctive mark.

There are different levels of distinctiveness. The most distinctive mark you can select is a **fanciful** or **arbitrary** mark. A fanciful mark is comprised of a coined word or words, such as KODAK® or CLOROX®. An arbitrary mark contains actual words, but these words have no relation to the goods or services being sold. An example of an arbitrary mark is APPLE® when used in connection with computers.

A **suggestive** mark suggests some characteristic of the product or service at issue. However, a consumer would still need to use some imagination to figure out what the product or service is. The mark COPPERTONE® is a suggestive trademark for sunscreen because it brings to mind the idea of a suntan.

A mark that is **descriptive**, such as CHAPSTICK®, describes an aspect of a product or service. Generally, you cannot register a descriptive trademark at the U.S. Patent and Trademark Office because that would prevent others from legitimately describing their goods. The only way you can register a descriptive mark is if consumers have come to associate the mark with a single source.

Finally, a **generic** term is the name of a product or class of products (e.g., SHREDDED WHEAT). A generic term can never be a trademark.

When determining the distinctiveness of your mark, you have to consider the mark as applied to the goods or services you are offering. Recall the APPLE mark referenced above. A mark that is a generic term for one product, for instance, fruit, can be arbitrary when applied to another, that is, computers.

### What should I do after I pick a trademark?

It is a good idea to talk to a trademark attorney after you have decided on the trademark you want to use in your business. Before you begin using your mark, the

trademark attorney should help you make sure that no one else is already using the same or a similar mark. The trademark attorney will conduct clearance searches of trademarks registered or applied for registration at both the federal and state level. The attorney also will look at unregistered and non-trademark designations, including business names and domain names.

It is important to clear your mark to avoid getting sued by someone using the same or a similar mark. Clearance also will help expedite registration of your mark at the U.S. Patent and Trademark Office.

### **Why should I register my trademark?**

In the United States, it is not necessary to register a mark. You have rights to a trademark from the time it is used in commerce. However, those rights are limited to the geographic area in which you use the mark.

There are many benefits to registering your mark at the U.S. Patent and Trademark Office, including:

- The exclusive right to use your mark across the entire country;
- The ability to use the ® symbol with your mark and put others on notice of your rights;
- The fact that your mark is presumed valid if anyone challenges it; and
- The right to collect greater damages if someone infringes on your rights.

It is possible to register your mark at the state level only; however, a state registration provides benefits only within the state.

Remember, you should always clear your mark before attempting to register it.

### **How do I register my trademark?**

You should ask a trademark attorney to register your mark on your behalf. An attorney will be able to properly complete the application and ensure it is processed in a timely fashion.

The cost of filing a trademark application depends on several factors. You will have to pay to file an application for a trademark used with one class of goods or services. The filing fees may increase, however,

depending on the scope of goods and services with which your mark is used. Trademarks are registered with respect to specific goods or services and with respect to specific classes of goods and services. There is a fee for each class of goods and services.

Registering a trademark at the U.S. Patent and Trademark Office typically takes between nine and eighteen months. If there are problems with your application, the registration process may take longer.

### **How do I properly use my trademark?**

Once a trademark attorney has cleared your trademark, you may begin using it. You must continuously and properly use your mark in order to maintain your rights. Keep in mind the following tips:

- Before your mark is registered, use your mark followed by TM;
- After your mark is registered, follow it with the ® symbol;
- Distinguish your mark from surrounding text by capitalizing it;
- Use your mark in connection with the generic term for the relevant goods or services (e.g., MCDONALDS® hamburger) or with the term “brand” (e.g., MCDONALDS® brand); and
- Always use your mark with the same goods or services.

A trademark can become generic if it is continuously used improperly. The words “aspirin” and “escalator” used to be protected trademarks. Over time, however, consumers started believing these marks were the generic terms for the products with which they were used. As a result, these marks no longer function as trademarks.

How do I know if someone is infringing on my rights?

A third party may be infringing on your trademark rights if they use a mark that is likely to be confused with your mark. A mark is likely to cause confusion with your mark if it leads consumers to mistakenly believe that the goods or services associated with the third party mark originate from the same source as your goods or services.

To determine whether there is a likelihood of confusion, the marks at issue are compared based on a number of

factors, including the following:

- The similarity of the marks;
- The similarity of the goods or services;
- The similarity of the markets through which the goods or services are offered;
- The similarity of the consumers purchasing the goods or services;
- Whether there is actual confusion between the marks; and
- The distinctiveness of the marks.

Some of these factors are weighed more heavily than others, depending on the circumstances. You should consult a trademark attorney if you believe someone is infringing on your rights.

### **How can I license or assign my trademark rights?**

You can permit a third party to use your trademark in commerce by entering into a licensing arrangement. By

granting the third party a license, you are only transferring limited rights in your mark. As the licensor, you must maintain control over the quality of goods or services offered under the licensed mark. Your license agreement should acknowledge this control. Your agreement also should set out the licensee's duties, to ensure that you have the right and ability to inspect its business for quality control purposes.

A trademark assignment is the transfer of ownership in a mark to another person or entity. When you assign a trademark, you transfer all your rights in that mark. This means that you must transfer the goodwill of your business connected with the mark. If using the mark in connection with particular goods or services requires certain equipment or proprietary knowledge, you must transfer these assets through the assignment as well. Of course, the assignee is expected to use your mark with the same goods or services that you sold, and produce these goods or services at the same level of quality.

