

What is Intellectual Property?

Part 3: Trademark

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Intellectual Property is the group of legal rights in things that people create or invent. Intellectual property rights include patent, copyright, trademark and trade secret rights. In Europe and some other countries, “moral rights”, which are rights of the artist not to have her work greatly altered, are also included.

Origins of Intellectual Property Law

Most people are surprised to discover that intellectual property rights originated with our Founding Fathers in Article 1, Section 8, Clause 8 of the U.S. Constitution which states that Congress shall have the power “to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” The right to exclusive ownership and use of one’s inventions and the monetary rewards from giving others permission to use them, work in conjunction with the other beliefs of our Founders.

In the middle to late nineteenth century, fostering of creation with monetary reward grew into capitalism. Capitalism embodied (a) the benefits and rewards of hard work (concepts from Puritanism); (b) the exchange of business ideas through products and services; and (c) competition in the marketplace and financial reward for the most popular or beneficial ideas, i.e. those items that sell the most make the most for their inventors.

It was not accidental that capitalism had many of the same theoretical bases as Charles Darwin’s notions of survival of the fittest that was authored during roughly the same time period. Author and Harvard biology professor Stephen Jay Gould states that Darwin read economist Adam Smith’s writings prior to authoring his “survival of the fittest” theory².

Indeed, intellectual property law, with exception of patents that preceded the rest in codification by several centuries, was mostly codified during this same period -- the late eighteenth to late nineteenth centuries. The laws sought to protection rights in creations and ensure earned monetary reward for their creators. These rewards incentivized others to create.

The heart of United States intellectual property law is the balancing of two goals: financially rewarding creation through granting of exclusive rights to the creators, and promoting the free flow of ideas to facilitate more inventions. The tension in these goals reflects the careful balance between the “Promotion of Science and Useful Arts” Constitutional clause above and the First Amendment – between ownership of art and words and the freedom to speak and express them.

¹ Readers are cautioned not to rely on this article as legal advice as it is no substitution for a consultation with an attorney in your state. Based on jurisdiction and time, the law varies and changes.

² Stephen Jay Gould, *The Panda's Thumb: More Reflections in Natural History* (New York: Norton, 1982), p.64 as reported on www.crosscurrents.org/darwin.

Understanding the tension between these goals is the key to understanding intellectual property law. The balance of these concepts is visible throughout intellectual property cases and statutes. Keep these goals in mind whenever you try to assess an intellectual property problem and the solution will be much easier to grasp.

With this in mind, let's consider briefly what rights are granted under trademark law.

Trademark

Trademark

Origins

According to the United Kingdom government, the first trademark legislation was enacted in the late nineteenth century. In the United States, the first federal trademark legislation was enacted in 1870.

What is a Trademark?

A trademark is a word, phrase, symbol or design; or combination of words, phrases, symbols or designs; that identifies and distinguishes the source of goods or services. A service mark is the same as a trademark except that it identifies and distinguishes the source of a service rather than a product.

Normally, a trademark appears on the product or on its packaging, while a service mark appears on advertising for the services. A "tm" on a product indicates unregistered (common law) trademark rights and an "®" indicates registered trademark rights. It is illegal to place an "®" on a mark that has not been registered.

Trade or service marks are granted in product and service classes. For example, there could be two registered marks for the word Tide – Tide detergent in a class for products and Tide seafood restaurant in a class for food service.

Marks which eligible for national registration fall into several categories: arbitrary or fanciful, suggestive, or descriptive.

- **Arbitrary and Fanciful Marks:** the marks most easily registered are those that are arbitrary or fanciful. These marks have no obvious association with a particular good or service and seem random or whimsical. Yahoo! is a perfect example of a fanciful or arbitrary mark.
- **Suggestive Marks:** marks that are next most easily registered are suggestive. These marks require the consumer to give some thought to understand the association between the mark and the product. Greyhound Buses is an example. A consumer must recall that a greyhound is fast and sleek and then associate those characteristics with the service showing the mark.

- Descriptive Marks: marks that describe a product or service, describe a product or service through use of a Surname (Smith's plumbing), or describe a product or service through use of a geographical word (Napa Valley Chardonnay), may be difficult to register. When a mark is truly "descriptive", as opposed to "suggestive" is very subjective.

The idea behind denial of registration of descriptive marks is analogous to the refusal to give copyright protection to generic items like facts or words. Granting trademark rights in words and phrases needed to genuinely describe products would mean that others in the marketplace could not use the words they needed to describe their products. However, the United States Patent and Trademark Office (USPTO) will grant registration to descriptive marks if a company can show association of the mark with the source of the good or service for at least five years.

Trademarks may be granted in titles that identify books or movies. Titles are not entitled to copyright protection.

Trademarks are generally not granted in generic words, phrases, symbols or designs; immoral or scandalous words, phrases, symbols or designs; false, misleading or mis-descriptive words, phrases, symbols or designs; or surnames.

Trademark registration is not granted in a domain name unless it contains as a trade or service mark. The domain name by itself is considered merely an address. The use of domain names including trade or service marks maybe trademark infringement, just like any other use of another's trademark without a license. Thus, to protect your domain name and prevent others from stealing your customers with similar domain names, it is important to consider trademark law in relation to your domain names.

When Do You Get a Trademark?

You may apply for registration of a trade or service mark after you use a mark on a product or in promotion of a service performed "in commerce". In commerce, simplified, mean for advertising and/or sale to customers. You may also register your company's intention to use a mark prior to its use and the complete application with a sample of its use in commerce.

What's Required to Get a Trademark?

You are not required to obtain national registration of a trade or service mark. Trademark rights arise upon use in commerce. However, national registration expands and protects your trademark rights, giving your company a legal presumption of first use of the mark in association with particular goods or services.

When you formally apply for national registration of a mark, you must submit an application, drawing of the mark if graphic, and sample of the mark as you have actually used it to identify your company's product or service. Obtaining full registration of a mark usually takes several years as the USPTO is understaffed and overburdened.

Trademark Searches

Since trade and service mark rights are based on use in commerce and priority of use, not every company registers its marks. Trademark rights can be asserted under state and federal law, and registration is not required to bring a lawsuit.

Before investing money in registration, advertising and branding of the mark, domain names and other promotional costs, a business may want to ensure that there are not others with usage rights greater to its own. To reduce the likelihood of another party asserting prior use in the mark, which may give them greater rights, in the future, your business may want to order a full trademark search.

You can conduct a cursory search by looking at the USPTO database of marks and registrations through their website at www.uspto.gov. However, since registration of marks is not mandatory, absence of a mark from the database does not ensure that there are not others with priority of rights to use the mark. Additionally, the USPTO database is usually about six months behind showing application and registration status.

A full trademark search will include phone books, newspapers, the Internet, state trade name registrations, the USPTO and other sources. The typical price is \$500 to \$800 for a full trademark search. You can find cheaper searches, but those are often not as comprehensive as the ones by professional trademark search companies, such as Thomson and Thomson (www.thomson-thomson.com). The results of a full search are several hundred pages of analyses of similar words and/or graphic representations of the mark from the United States including many that may not be registered but may have rights. You can also obtain worldwide trademark searches through professional trademark search companies.

A trademark search is not a requirement of registration. However, if you choose to apply without one, you are taking two risks (1) the USPTO may reject your mark marks you are unaware of; and (2) at any time, after application, opposition and/or registration, a party with earlier usage rights may try to assert a right to use the mark which is greater than yours and to stop your use.

You should note that the trademark application requires you or your attorney to swear that you unaware of any similar mark which might cause confusion with your mark. This means that if you perform a search and obtain results showing conflicting marks, you would not be able to honestly submit the sworn oath on the application.

What Do You Have When You Have a Trademark?

The purpose of having a trade or service mark is to ensure consumers correctly identify the source of your goods or services. Having a trademark allows you to prevent others from using the same or similar mark, with similar products or services in the United States.

For example, when we buy a Nike shoes, we want to know that Nike made them. We assume that they have the quality and guarantees of Nike products. Trademark law allows Nike to stop other companies from using Nike's trademarks. Permitting another

company to use the Nike mark on its products, would (a) allow it to easily sell products by taking advantage of the money which Nike has spent on advertising, brand development, warranties and customer service – its “goodwill”; (b) allow it to offer its products at lower cost than Nike because it has not invested funds in establishing goodwill like Nike has; and (c) injure Nike because consumers would associate low quality products and services created by the impostor company with Nike.

If another company uses your mark to sell similar products or services, you can bring a trademark infringement claim against such company to stop its use. You can bring a lawsuit for trademark infringement even if your mark is not registered. When deciding trademark infringement cases, a court considers which company used the mark first, where geographically the mark was used and the degree of consumer confusion with regard to the source of the mark.

Trademark rights are indefinite as long as your business uses the mark, controls others' use of the marks through licensing and policing of unauthorized use, and makes periodic trademark filings if the mark is registered.