

# Trademarks

## 10 things you should know to protect your product and business names

### 1. What is a trademark?

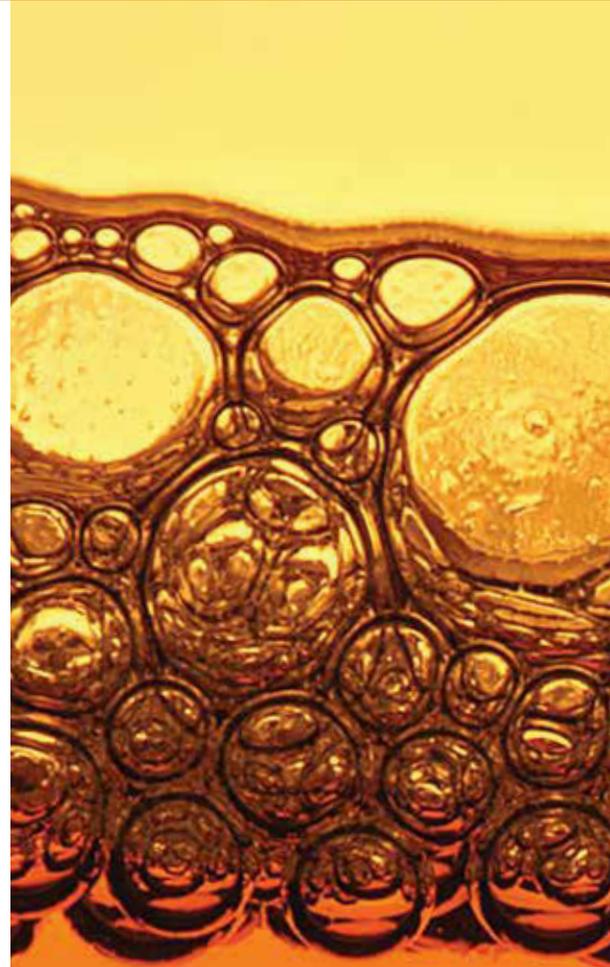
A trademark is a brand name for a product. It can be a word, phrase, logo, design, or virtually anything that is used to identify the source of the product and distinguish it from competitors' products. More than one trademark may be used in connection with a product; for example, COCA-COLA® and DIET COKE® are both trademarks for beverages. A trademark represents the goodwill and reputation of a product and its source. Its owner has the right to prevent others from trading on that goodwill by using the same or a similar trademark on the same or similar products in a way that is likely to cause confusion as to the source, origin, or sponsorship of the products.

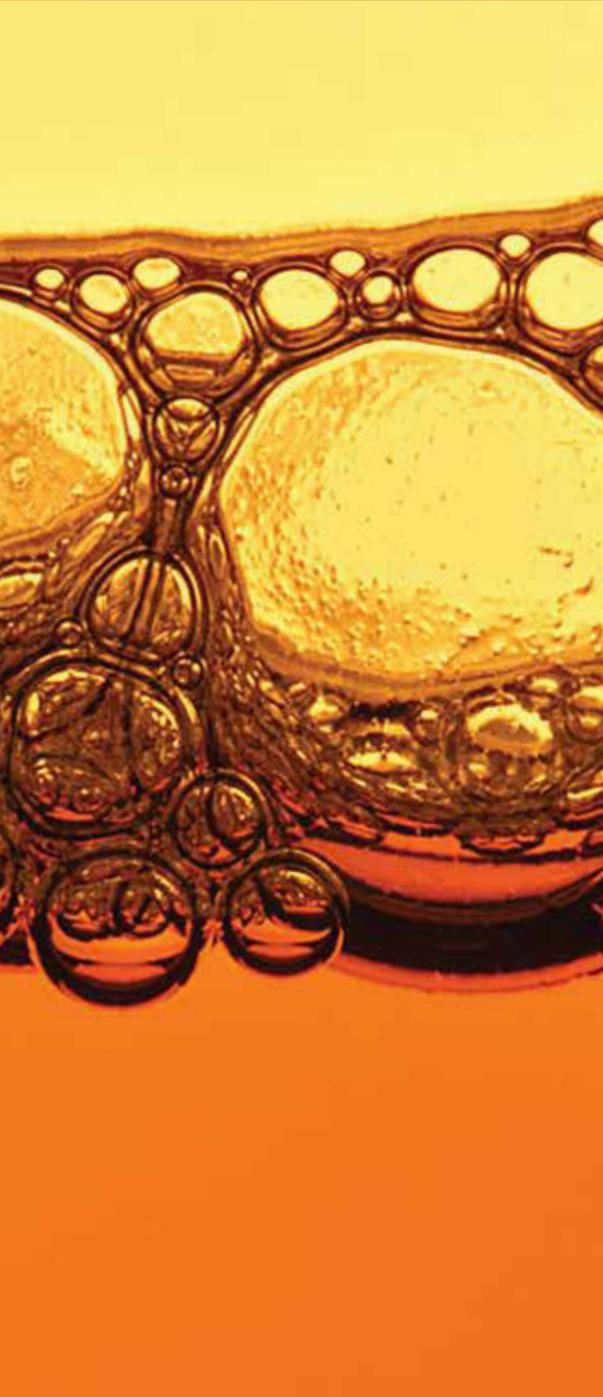
A service mark is like a trademark, except it is used to identify and distinguish services rather than products. For example, the “golden arches” mark shown below is a service mark for restaurant services. The terms “trademark” and “mark” are often used interchangeably to refer to either a trademark or service mark.



### 2. How should a mark be used?

Trademarks must be used properly to maintain their value. Marks should be used as adjectives, but not as nouns or verbs.





For example, when referring to utilizing the FACEBOOK® website, do not say that you “Facebooked” or that you were “Facebooking.” To prevent loss of trademark or service mark rights, the generic name for the product should appear after the mark, and the mark should appear visually different from the surrounding text. Use a different type size, type style, color, or quotation marks for the trademark or service mark, as in OAKLEY® sunglasses, KATE SPADE® handbags, or STARBUCKS® coffee. You may also use an asterisk (\*) after a mark, where the asterisk refers to a footnote explaining the ownership of a mark.

If a mark is not used correctly, the exclusive right to use it may be lost. For example, trademark rights can be lost if the mark becomes the generic name for the product. Kerosene, escalator, and nylon were once trademarks but are now generic names.

If a mark is registered with the U.S. Patent and Trademark Office, the federal registration symbol ® should be used next to the mark. If the mark is not federally registered, the letters TM may be used to indicate a trademark, or SM to indicate a service mark.

### **3. What is a trade name?**

A trade name is the name of a business. Unlike trademarks, a trade name can be used as a noun. It need not be followed by generic terms.

It is permissible to use all or a portion of a trade name as a trademark or service mark. “Jelly Belly Candy Company” is a trade name. JELLY BELLY® is a trademark when used on candy, and may be a service mark when properly used with Jelly Belly Cycling Team events.

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## 4. Does my incorporation or fictitious business name statement give me the right to use my business name?

Most businesses form a corporation or file a fictitious business name statement. Neither the certificate of incorporation nor the fictitious business name statement gives a business the right to use a trade name that is likely to cause confusion with a trade name, trademark, or service mark that was previously used by someone else in the same area of trade.

The state or county agencies that issue the certificates of incorporation and fictitious business name statements do not perform searches sufficient to ensure that one's use would not infringe another's prior rights.

A court's determination of trademark infringement will override any fictitious business name statement or any certificate of incorporation. Further, the legal test that the courts apply to determine the right to use trade names, trademarks, or service marks does not require that the names or marks be identical; it requires only enough similarity to cause a likelihood of confusion. Thus, neither of these filings means that you have the right to use your name in the advertising, promotion, or sale of goods or services.

## 5. Must trademarks be registered?

There is no requirement to register your mark, but there are many advantages to doing so. A federally registered mark is presumed to be a valid mark and the registrant is presumed to have the exclusive right to use the trademark throughout the United States on the goods or services listed in the registration. A registered mark will also be revealed in searches conducted by other businesses in their effort to avoid selecting marks that may conflict with those of others. In addition, only federally registered trademarks or service marks may use the ® symbol.





After five years, the registration may become incontestable, which significantly limits the grounds on which competitors can attack the registration. An application for a federal registration may be filed before a mark is used in commerce, assuming the applicant has a good-faith intent to use the mark. Actual use must begin, however, prior to the issuance of a registration.

Marks may also be registered in each of the 50 states. The advantages of a state registration vary according to the laws of each state. Most states require that you use a mark on goods or services before applying for the registration. A California trademark registration, for example, is usually faster, less expensive, and less difficult to obtain than a federal registration. It also allows its owner to sue infringers under several California statutes that offer advantages not available under federal law. A California trademark registration, however, has no force or effect outside of the state.

## **6. What is a trademark search?**

There are a number of professional search services that may be used to help ensure that your mark or trade name does not conflict with the rights of another business. The goal of such searches is to avoid spending time, effort, and money promoting a product name or business name, only to find out that it conflicts with someone else's rights.

These searches are typically performed through trademark lawyers who evaluate the search report to determine if there is an actual or potential conflict with another name or mark. This evaluation depends upon the consideration of numerous legal factors and case law decisions.

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## 7. Is my product's shape or packaging protectable?

The nonfunctional features of a product's shape or packaging (its "trade dress") may be protectable if they are sufficiently distinctive to identify the owner of the trade dress. Product shapes are being protected with ever-increasing frequency. For example, the appearance of a "C" clamp, the shape of a Ferrari® car, a fingernail polish bottle, and the red border and format of TIME® magazine have all been protected against look-alike competitive products.

To help achieve this type of protection, nonfunctional and distinctive product features or packaging should be selected. These features should then be promoted through "image" advertising or "look-for" advertising so that customers recognize the product shape or packaging and associate it with a single source.



## 8. Can I register my trade dress?

If your trade dress is nonfunctional and is either inherently distinctive or has acquired customer recognition from sufficient promotion of the protectable features, it may be registered as a trademark. For example, the progressive orange color effect of LE CREUSET® enameled cast-iron cookware and the shape of a HERSHEY KISS® chocolate have been registered with the U.S. Patent and Trademark Office.





## 9. What about protection in foreign countries?

Trademark owners who have not registered their marks in foreign countries may find that the mark has been appropriated by a third party who was the first to register in that country. Many foreign countries regard the first to register in that country as the owner of the mark, even if it is a pirate who saw the mark in the United States and appropriated it. This pirate may even be a trusted foreign distributor of the U.S. trademark owner.

Foreign pirates may be able to prevent the original U.S. trademark owner from using or registering the mark in one or more foreign countries. In some cases it may be possible to recover the mark, but the U.S. owner may face expensive litigation or exorbitant demands from the pirate.

If a U.S. product is sold overseas, care must be taken to ensure that the U.S. federal registration symbol ® is not used unless the mark is registered in the foreign country where the product is being sold. Some countries have both civil and criminal penalties for using the ® symbol with a mark not registered in that country. Improper use of the ® symbol may also make the mark unenforceable in some countries.

## 10. Where can I get information on protecting product and business names?

Information on trademarks may be obtained from the Trademark Unit of your Secretary of State's Office. Information on federal registrations may be obtained from the U.S. Patent and Trademark Office at [www.uspto.gov](http://www.uspto.gov).

The assistance of a lawyer experienced in trademark matters can help avoid problems before they arise. To contact a trademark lawyer or learn more about Knobbe Martens, visit [www.knobbe.com](http://www.knobbe.com).