

Primer On Trademark Law

1. What is a trademark?

A. A trademark is a word, symbol, or phrase, used to identify a particular manufacturer or seller's products and distinguish them from the products of another. [15 U.S.C. § 1127](#).

"Nike" swoosh identifies the shoes and distinguishes them from shoes made by other companies (e.g. "Adidas").

"Coca-Cola" distinguishes the brown-colored soda water of one particular manufacturer from the brown-colored soda of another (e.g. Pepsi).

Marks are used to identify services (e.g. "Jiffy Lube") are called service marks.

Generally treated just the same as trademarks.

B. Trademark protection can extend beyond words, symbols, and phrases to include other aspects of a product, such as its color or its packaging.

Pink color of Owens Corning fiberglass insulation is identifying feature.

Unique shape of a Coca-Cola bottle is identifying feature.

These features fall under the term "trade dress," and can be protected if consumers associate that feature with a particular manufacturer rather than the product in general.

C. Trademarks make it easier for consumers to quickly identify the source of a given good. By making goods easier to identify, trademarks also give manufacturers an incentive to invest in the quality of their goods.

2. What sources of law govern trademarks?

Trademarks are governed by both state and federal law. Mostly federal law. The main federal statute is the Lanham Act, which was enacted in 1946 and most recently amended in 1996. Today, federal law provides the main, and by and large the most extensive, source of trademark protection, although state common law actions are still available.

3. What pre-requisites must a mark satisfy in order to serve as a trademark?

A. Four categories of trademarks based on the relationship between the mark and the underlying product determine distinctiveness:

(1) **Arbitrary or fanciful** mark is a mark that bears no logical relationship to the underlying product. “Exxon”, “Kodak” and “Apple” bear no inherent relationship to their underlying products.

Arbitrary or fanciful marks are inherently distinctive -- i.e. capable of identifying an underlying product -- and are given a high degree of protection.

(2) A **suggestive** mark is a mark that evokes or suggests a characteristic of the underlying good. “Coppertone” is suggestive of sun-tan lotion, but does not specifically describe the underlying product.

Some exercise of imagination is needed to associate the word with the underlying product, but the word is not totally unrelated to the underlying product. They are given a high degree of protection.

(3) A **descriptive** mark directly describes, rather than suggests, a characteristic or quality of the underlying product (e.g. color, odor, function, dimensions, or ingredients).

“Holiday Inn”, “All Bran”, “Vision Center” describe an aspect of the underlying product or service.

A descriptive mark acquires secondary meaning when the consuming public primarily associates that mark with a particular producer, rather than the underlying product. “Holiday Inn” has acquired secondary meaning because the consuming public associates the term with a particular provider of hotel services, and not hotel services in general.

Acquired secondary meaning depends on: (1) the amount and manner of advertising; (2) the volume of sales; (3) the length and manner of the term's use; (4) results of consumer surveys.

(4) A **generic** mark is a mark that describes the general category to which the underlying product belongs. “Computer” is a generic term for computer equipment.

Generic marks are entitled to no protection under trademark law because they are simply too useful for identifying a particular product. Giving a single manufacturer control over use of the term would give that manufacturer too great a competitive advantage.

4. How do you acquire rights to a trademark?

A. First to use the mark in commerce. If you are the first to sell “Lucky” brand bubble-gum to the public, you have acquired priority to use that mark in connection with the sale of bubble-gum. This priority is limited to the geographic area in which you sell the bubble gum, along with any areas you would be expected to expand into or any areas where the reputation of the mark has been established.

B. First to register the mark with the U.S. PTO based on use or intent to use the mark in commerce. Registration of a mark gives a party the right to use the mark nationwide even if actual sales are limited to only a limited area. But the right is limited to the extent that the mark is already being used by others within a specific geographic area. If that is the case, then the prior user of the mark retains the right to use that mark within that geographic area. The party registering the mark gets the right to use it everywhere else.

5. What does it mean to register a trademark?

A. Registration is not required for a trademark to be protected, but it does confer a number of benefits to the registering party:

(1) gives a party the right to use the mark nationwide, subject to limits discussed;

(2) constitutes nationwide constructive notice to others that the trademark is owned by the party;

(3) enables a party to bring an infringement suit in federal court;

(4) allows a party to potentially recover treble damages, attorneys fees, and other remedies.

(5) prevent counterfeit good from coming into the U.S.

B. Applications for registration are subject to approval by the PTO, which may reject a registration on any number of grounds:

(1) generic marks or descriptive marks that have not attained secondary meaning;

(2) “immoral or scandalous” marks;

(3) certain geographic marks;

(4) marks that are primarily surnames; and

(5) marks that are likely to cause confusion with existing marks.

6. Can trademark rights be lost?

Yes. (1) Abandonment. (2) Improper licensing or assignment. (3) Genericity.

A. A trademark is abandoned when use is discontinued with an intent not to resume.

Such intent can be inferred from the circumstances.

Non-use for three consecutive years is prima facie evidence of abandonment.

The basic idea is that trademark law only protects marks that are being used, and parties are not entitled to warehouse potentially useful marks.

B. Trademark rights can also be lost through improper licensing or assignment.

Where the use of a trademark is licensed (for example, to a franchisee) without adequate quality control or supervision by the trademark owner, that trademark will be canceled.

Where the rights to a trademark are assigned to another party in gross, without the corresponding sale of any assets, the trademark will be canceled.

The rationale for these rules is that, under these situations, the trademark no longer serves its purpose of identifying the goods of a particular provider.

C. Trademark rights can also be lost through genericity overtime.

A word will be considered generic when, in the minds of a substantial majority of the public, the word denotes a broad genus or type of product and not a specific source or manufacturer.

For example, the term “thermos” or “aspirin” or “cellophane” has become a generic term and is no longer entitled to trademark protection.

7. What constitutes trademark infringement?

A. If a party owns the rights to a particular trademark, that party can sue subsequent parties for trademark infringement.

B. The infringement standard is “likelihood of confusion.” The use of a trademark in connection with the sale of a good constitutes infringement if it is

likely to cause consumer confusion as to the source of those goods or as to the sponsorship of such goods.

C. Courts will typically look to a number of factors to determine likelihood of confusion, including:

- (1) the strength of the mark;
- (2) the proximity of the goods;
- (3) the similarity of the marks;
- (4) evidence of actual confusion;
- (5) the similarity of marketing channels used;
- (6) the degree of caution exercised by the typical purchaser;
- (7) the defendant's intent.

D. The use of an identical mark on the same product would clearly constitute infringement (i.e., manufacturing and selling computers using the mark "Apple" will likely cause confusion among consumers).

E. Using a very similar mark on the same product may also give rise to a claim of infringement, if the marks are close enough in sound, appearance, or meaning so as to cause confusion (i.e., using "Applet" or "Apricot" on computers may be off-limits)

F. But Apple Computer and Apple Records can peacefully co-exist, since consumers are not likely to think that the computers are being made by the record company, or vice versa.

G. Between the two ends of the spectrum lie many close cases, in which the courts will apply the factors listed above. "Slickcraft" v. "Sleekcraft". [AMF Inc. v. Sleekcraft Boats, 599 F.2d 341 \(9th Cir. 1979\).](#)

8. What constitutes trademark dilution?

- A. An action for trademark dilution can be brought under either federal or state law.
- B. Under federal law, a dilution claim can be brought only if the mark is "famous."
- C. Courts look to the following factors to determine "famousness": (1) the degree of inherent or acquired distinctiveness; (2) the duration and extent of use; (3) the amount of advertising and publicity; (4) the geographic extent of the market; (5) the channels of trade; (6) the degree of recognition in trading areas; (7) any use of similar marks by third parties; (8) whether the mark is registered.
- D. Kodak, Exxon, and Xerox are all examples of famous marks
- E. Under state law, a mark need not be famous in order to give rise to a dilution claim. Instead, dilution is available if: (1) the mark has "selling power" or, in other words, a distinctive quality; and (2) the two marks are substantially similar. [Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026 \(2d Cir. 1989\).](#)
- F. If the prerequisites are met, the owner of a mark can bring an action against any use of that mark that dilutes the distinctive quality of that mark, either through "blurring" or "tarnishment" of that mark.
- G. Blurring occurs when the power of the mark is weakened through its identification with dissimilar goods. For example, Kodak brand bicycles or Xerox brand cigarettes. Neither is likely to confuse consumers, but each dilutes the distinctive quality of the mark.
- H. Tarnishment occurs when the mark is cast in an unflattering light, typically through its association with inferior or unseemly products or services. So, for example, in a recent case, ToysRUs successfully brought a tarnishment claim against adultsrus.com, a pornographic web-site.

9. What other potential causes of action are there?

Although likelihood of confusion and dilution are the two main trademark-related causes of action, there exist a number of additional state-law causes of action under state unfair competition law: passing off, contributory passing off, reverse passing off, and misappropriation.

Passing off occurs when the defendant tries to pass off its product as the plaintiff's product. So, for example, manufacturing computers and claiming that they are made by Apple Computer, Inc.

Contributory passing off occurs when the defendant assists or induces another (typically a retailer) to pass off its product as the plaintiff's product. So, for example, inducing a computer store to represent that the computers are made by Apple, when in fact they are not.

Reverse passing off occurs when the defendant tries to pass off the plaintiff's product as its own. So, for example, taking a computer made by Apple, removing the label, and putting on a different label.

10. What remedies are there for trademark infringement?

Successful plaintiffs are entitled to a wide range of remedies under federal law.

Such plaintiffs are routinely awarded injunctions against further infringing or diluting use of the trademark. [15 U.S.C. § 1116\(a\)](#).

In trademark infringement suits, monetary relief may also be available, including: (1) defendant's profits, (2) damages sustained by the plaintiff, and (3) the costs of the action. [15 U.S.C. § 1117\(a\)](#). Damages may be trebled upon showing of bad faith.

In trademark dilution suits, however, damages are available only if the defendant willfully traded on the plaintiff's goodwill in using the mark. Otherwise, plaintiffs in a dilution action are limited to injunctive relief. [15 U.S.C. § 1125\(c\)](#).