



# Rocking in Trademarks

## TRADEMARK FUNDAMENTALS

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This trademark e-book was written by me and reviewed (and commented on) by a trademark attorney partner.

1<sup>st</sup> Edition  
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## Introduction to Intellectual Property

Intellectual property is a valuable asset for any company. Often, the only way a small business can compete with the Goliaths of the world is through their intellectual property. Intellectual property takes many forms, such as copyrights, trade secrets, trademarks, and patents.

Copyrights protect works of expression expressed in a tangible medium, such as an artist's painting on a canvas or a musician's song lyrics written on paper. Copyrights protect the copying of the work of expression and so if two people create very similar paintings independently, no copyright infringement has occurred. Copyrights include several rights, such as a right to produce copies or reproductions of the work and to sell those copies, a right to import or export the work, a right to create derivative works, a right to perform or display the work publicly, a right to sell or assign these rights to others, and a right to transmit or display by radio or video. In the United States, most existing works have a copyright for a term ending 70 years after the death of the author. If the work was a work for hire (e.g., a work created by an employee of a corporation within the scope of the employee's employment, in which case the corporation is awarded the copyright), then the copyright lasts for 120 years after creation or 95 years after publication, whichever is shorter. An author obtains a copyright once the work of expression is materialized in a tangible medium. They can also be registered with the U.S. Copyright Office to obtain additional benefits.

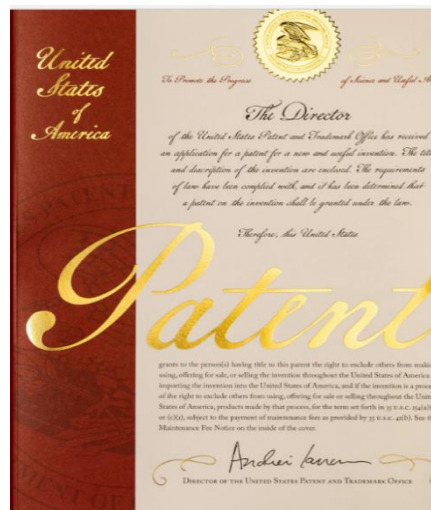
Trade secrets protect secrets of a company that provide a competitive advantage. The formula for Coke® is a classic example. Trade secrets last indefinitely as long as they remain secret. To have a trade secret, a company has to perform steps to keep the information secret, such as by only allowing a few key people to know the secret, securing the information (e.g., formula) in a safe, etc. If someone else finds out about the secret or reverse engineers a product to determine the secret, the trade secret protection is lost for good.

Trademarks are one or more words, graphics, logos, and/or scents that identify a source or origin of a product or service. An example is the Nike® Swoosh. To obtain a trademark registration, one has to apply for the trademark with the U.S. Patent and Trademark Office (USPTO). The USPTO performs a search to see if any other marks exist that are too similar to the application. If there is a likelihood of confusion with another mark, the USPTO will reject

the application. If you can convince the USPTO that your application should be granted, and if the USPTO does grant the application, generally, the trademark is valid throughout the United States. If you register your trademark, you obtain a presumption of validity and ownership. A senior unregistered user, however, can trump your rights (described below). You also have rights to potentially stop people not just for what is listed in the registration, but closely related goods / services or anything that would be confusingly similar. Typically, the owner of a registered mark can prevent unauthorized use of the mark in relation to products or services which are identical or similar to the registered products or services. The test is always whether a consumer of the goods or services will be confused as to the identity of the source or origin.



Patents are legal documents filed with the USPTO that describe and protect inventions. Patents provide a negative right – the right to exclude others from making, selling, using, or importing the patented invention. People often think of a patent as a monopoly in the claimed invention for a limited period of time. Patents are valid for twenty years from the earliest filing date (excluding provisional applications). In exchange for the monopoly granted by the U.S. government for a limited period of time, the patented invention is published so that others can learn from the patented invention and potentially build upon the knowledge.



## Introduction to Trademark Law

A trademark, also referred to as a “mark” is always attached to commercial activity in some respect. Rights to a trademark are given solely through priority of use or an intent-to-use trademark application. Trademark ownership is determined by the person or entity that uses the mark in a commercial setting first, unless a junior user filed an intent-to-use trademark application before the senior user began use. Trademark law protects both sellers and purchasers and the typical time it takes to federally register a trademark is between 8 and 10 months.

Trademarks are one or more words, graphics, logos, slogans, sounds, colors, and / or scents that identify a source or origin of a product, good, or service. To qualify as a trademark, a name, logo, graphic, slogan, sound, color, and/or scent that used by a business in its marketing must be: 1) distinctive enough to gain customer recognition on its own (called “inherent distinctiveness”); or 2) have earned customer recognition through continued use over time (only for descriptive marks) (called “acquired distinctiveness” or “secondary meaning”).

The more distinctive a mark is, the easier it is for the owner to get the court to stop others from using it. Trademarks also protect good will.

## Ownership of a Trademark – The First-to-Use Rule

There are two ways to qualify as a first user of a trademark:

1) actual use - being the first to use the trademark / service mark on a product or advertising that is distributed in the marketplace, or

2) intent-to-use - being the first to file an intent-to-use application with the U.S. Patent and Trademark Office (the “PTO”) provided that 1) the applicant files the trademark application before the mark is used by another party and 2) the applicant later puts the mark into actual use and completes the registration by submitting an additional form and paying an additional fee.

The USPTO website is [www.uspto.gov](http://www.uspto.gov).

Additionally, two different and separate businesses can use the same mark as long as no customer confusion is likely to occur. As a general criteria, if the underlying products or services are unrelated, customer confusion is unlikely.



## The Principal Register

The PTO keeps two lists of trademarks that it registers: the Principal Register and the Supplemental Register.

These lists have the following information:

- 1) the trademarks;
- 2) the owner(s) of the marks;
- 3) the dates the marks were registered;
- 4) the types of goods / services identified by the marks; and
- 5) other information, such as how the marks were described by the owners in the application.

Placement on the Principal Register gives a trademark far more protection. Some of the ways to register on the Principal Register are:

- 1) the mark must be used in commerce (actual use). If the application has been filed as an intent-to-use application, the mark will not be registered until it is in actual use.
- 2) the mark must be distinctive through use over time to serve as a product or service identifier;
- 3) the mark may not be confusingly similar in a place where confusion would be likely; and
- 4) the mark may not include the title of a book, play, recording, or movie that is a single-issue artistic work unless that
- 5) the mark may not include the title of a book, play, recording, or movie that is single-issue artistic work unless that title has become well known over time.

These are just a few ways to register for the Principal Register. There are many other ways.

The benefits to registration on the Principal Register are:

- 1) exclusive nationwide ownership of the mark in connection with certain goods or services;
- 2) Federal registration gives the registrant the opportunity to use the federal courts to enforce their rights.
- 3) official notice that the mark is unavailable to all later users;

- 4) the right to put ® after the mark, which puts users on notice that the mark is registered;
- 5) the right to remove certain challenges if the mark is in continuous use and substantially exclusive for five years after the registration date; and
- 6) a legal presumption that the registrant is the owner of the mark.

## The Supplemental Register

The Supplemental Register is for marks that are not distinctive enough for the Principal Register. There are benefits to being on the Supplemental Register. First, if a mark continues in use and is on the Supplemental Register for five years, it is evidence of acquired distinctiveness, which can help get on the Principal Register. Second, the owner of a mark listed on the Supplemental Register can use the ® symbol, which signifies that the mark is a registered trademark and may deter others from attempting to use such mark.

If a mark is a non-distinctive mark (the Supplemental Register), it cannot be placed on the Principal Register, without proof of secondary meaning.

The main implication of a non-distinctive mark on the Supplemental Register is that the mark is not protected under the Lanham Act, the federal trademark statute. It may, however, still be protectable.

## Sources of Trademark Law

Three bodies of law that govern trademarks are:

- 1) the federal Lanham Act;
- 2) state statutes; and
- 3) the common law.

## Overview of Federal Registration

A national system of trademark rights has many benefits over state trademark law rights.

- 1) Federal registration on the Principal Register gives constructive notice to all users who file later. This constructive notice removes the geographical limits of common

- law trademarks. Use or filing an intent-to-use application grants the registrant nationwide trademark rights and enforcement privileges.
- 2) Federal registration gives the registrant the opportunity to use the federal courts to enforce their rights.
  - 3) Federal registration gives the registrant certain statutory rights.

The Lanham Act provides the basis for the national registration system and protecting these rights. The Lanham Act allows service marks and prohibits deceptive marketing of goods and services.

There is also an intent-to-use provision of the Lanham Act, which allows applicants to register marks that have not been used yet and preserves a person or entity's rights to a mark, as long as the mark is put to actual use within the statutorily prescribed periods.

You can also trademark your website domain name.

## State Trademark and Unfair Competition

A number of states have anti-dilution laws. All states also have statutes providing a trademark registration system, procedures for dealing with trademark disputes, and court-developed common law that prohibits unfair competition.

State trademark registrations are most important when the mark is only used within your state. The fees to register a mark in your state are relatively inexpensive compared to federal registration fees and vary depending on the state.

Many state trademark registrations don't offer a presumption of ownership and validity even in their own states.

## Common Law Trademarks

Common law trademarks can only be enforced within the geographic area in which the commercial activity is conducted. Therefore, it is possible at common law that A's use may be before B's use in time, but B would have superior rights if B used the mark first in a geographic space or with a specific product.

## Distinctiveness

A summary of distinctiveness is:

No trademark by which the goods of an applicant may be distinguished from the goods of others shall then be refused registration.

A trademark has to be distinctive if the trademark is to serve as identifying the origin of goods and avoid confusion, deception, or mistake as to the source of the goods. The trademark must be recognizable, identifiable, and different from other trademarks.

Only certain trademarks are afforded legal protection, depending on their classification.

A mark can be classified as either:

- 1) Arbitrary or fanciful
- 2) Suggestive,
- 3) Descriptive, or
- 4) Generic.

The most distinctive marks are arbitrary or fanciful. Arbitrary or fanciful marks are made up or created by the owner of the trademark and notes nothing about the nature of the product except through knowledge of the market. An example of arbitrary or fanciful marks are Nike® for sneakers, the Nike® “swoosh” (below), Apple® for computers, the Apple® logo (below), Shell® for gasoline, and the Shell® logo (below). These marks are original and unique.



Suggestive marks distinguish the goods / services of the owner and are eligible for registration. A suggestive mark can be partly descriptive but primarily distinctive. If a mark channels the nature of the product through imagination, thought, and perception, then the mark is

suggestive. If the mark denotes the nature of the product, then it is descriptive. If a mark is suggestive, there is no need to prove secondary meaning as long as it is not primarily descriptive.

Without a secondary meaning (as described below), generic and descriptive marks are not eligible for trademark registration because they are both descriptive. With a secondary meaning, a descriptive term can be registered for a trademark. A descriptive term identifies an important characteristic of the goods or services.

A generic term, no matter how original or distinctive of the owner's goods or services it becomes, is never eligible for trademark protection. A generic term identifies the product or service rather than indicating the source of the product or service. For example, the word "spoon" is generic and is therefore not eligible for trademark protection.

When a mark that initially acquires secondary meaning (a fanciful, arbitrary, suggestive, or descriptive mark) becomes generic, it loses the ability to apply for trademark protection. The only marks that can be registered without proof of secondary meaning are suggestive and arbitrary or fanciful marks. Registration on the Principal Register conveys a presumption that the mark is inherently distinctive or has acquired distinctiveness. The Supplemental Register does not have that presumption.

The various groups in the descriptive / distinctive categories are only applicable within specific markets and relate to specific products. Accordingly, a mark may be generic with some products and arbitrary or fanciful with other products. As an example, the word Xerox might become generic with photocopiers but might only be descriptive with the actual copies made – a "Xerox" copy. It may be suggestive with a work of art made of electrostatic prints and it may be fanciful or arbitrary with fruits and vegetables.

## Secondary Meaning

Familiarity with an ordinary mark by a consumer can make the mark distinctive and legally protectable. This is called "secondary meaning." Descriptive marks do not have protection until the owner can prove secondary meaning in the minds of the consumers.

## Trademark Priority

Trademark priority is the way courts and businesses settle disputes over who has the right to a certain trademark. Essentially, it's a legal definition that comes down to the idea of "first come, first served."

The process of establishing trademark priority depends on many factors. However, the general rule in the U.S. is that, between competing businesses in the same geographic market, the exclusive right to use the mark belongs to the first business that establishes trademark rights in that market.

Registering a trademark is an important step for any business. Registration is not just a formality - it does confer substantive rights like a presumption of ownership and validity, incontestability once the appropriate affidavits are filed. The USPTO can cite the mark against third parties, etc. However, trademark rights come from use, not registration. Overall, registration and use each play important roles, but in the context of priority, use is more important.

Registering a trademark is simply a step in the process of establishing definitive rights over your trademark. In most cases, trademark priority is more important than trademark registration.

Under trademark law, a business that holds trademark priority, even if they aren't registered themselves, may challenge any registered trademark that infringes on their local business.

Establishing trademark priority is actually a simple process. All you need to do is use the trademark in commerce before anyone else does.

### a. Using

First, for the usage requirement, you need to use your trademark continuously. This means that you must use the trademark in your daily operations as a business. Your trademark use can be sporadic as long as the use is "use in the ordinary course of business". For example, if you sell mega-yachts, you might only sell one every year or so. That is sporadic use, but would count as use in the ordinary course because no one expects you to sell a mega-yacht every day.

Abandonment occurs whenever you fail to use the mark for three consecutive years. Someone else with a similar trademark may enter the market with your mark. In that case, their

trademark could get priority over yours. Abandonment occurs when you stop using a mark with the intent not to resume. The three-year period creates a presumption that there was abandonment.

If you do not consistently use your mark, the UPTO may view it as abandoned.

## b. In Commerce

The trademark must also be used in business. - this means that you don't gain rights from simply claiming the trademark locally or registering it with the USPTO. You must actively use the trademark in the daily course of doing business that can be regulated by Congress (for example, interstate or international commerce). There is a difference between proving use for a court (who are generally more lenient) and the USPTO (who is more strict). For the USPTO, a specimen for a service mark needs to show the mark used on something with a direct connection to the services. In practice, that means that the specimen needs to actually describe or identify the services.

Priority depends on when you started using the trademark in commerce. Often, the first person to use a trademark is called a senior user. Any subsequent users are typically called junior users. A senior user will almost always have priority over a mark within the geographic region that they actively use the mark.

## Amendment and Disclaimer(s)

You can file an amendment to modify or change an item in the application. This is free to file, unless you are adding classes or dividing the trademark application into multiple applications.

When you use word(s) as part of your mark that do not qualify for registration by themselves, the Examiner will ask you to formally disclaim those words. After you make this disclaimer, your mark will be registered with all of the words, but you cannot prevent others from using the disclaimed words as part of their trademarks (unless the trademarks as a whole are confusingly similar to each other).

## Genericide

The more well-known a mark becomes, the more people view the mark with the underlying product rather than viewing it as a source identifier. To prevent this from occurring:

- 1) Every use of the mark should be as an adjective with the generic product or service name afterwards;
- 2) Do not use the mark as a verb;
- 3) Always capitalize the mark; and
- 4) Never use the mark as a general noun (for example, do not call a watch a “Rolex”).

## Service Marks

Service marks are trademarks that are used in the sale of services rather than goods. Trademarks and service marks are identical. As long as the service is in good faith and the effect on sale of goods is incidental, there is no reason to deny registration. An owner may own a mark as a service mark and a trademark if it is used in both ways.

For a service mark, a word, phrase, or device has to be more than a business name of an enterprise. The mark must do more than identify the enterprise as a business organization. It must identify and distinguish the service rendered.