

# HOW TO ASSIST CLIENTS IN SELECTING A TRADEMARK



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A distinctive trademark in a competitive marketplace can be one of a company's most valuable assets. It not only indicates the source of a good or service, but also differentiates the good or service from that of other competitors. Separate and apart from its value as a source indicator, trademarks can also be used as collateral to secure loans or to form the basis of corporate acquisition strategies.

Like the valuable assets they are, trademark rights should and can be protected. Resultingly, common law, state law, and federal law provide a means by which trademark rights can be acquired, maintained, and protected. So, what exactly is a trademark? The term is often used broadly and interchangeably to refer to almost any type of mark, however, technically speaking, trademark includes any word, name, symbol, device, or any combination thereof used to identify and distinguish goods or products, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown (e.g., "TESLA" for cars).<sup>1</sup>

Other types of marks also include: (i) service marks; (ii) trade dress; (iii) certification marks; (iv) collective marks; and (v) trade names.

A service mark is any word, name, symbol, device, or any combination thereof that is used to identify and distinguish services, even a unique service, of one individual or organization from those provided by others.<sup>2</sup> It is also used to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs can also be registered as

service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor (e.g., "MASTERCARD SERVICES" for credit card services).<sup>3</sup>

A trade dress is the overall impression created by a product. This can be comprised of any combination of shape, color, design (such as a restaurant), wording, packaging, or a product itself. Trade dress that constitutes product packaging may be inherently distinctive for goods or services and registrable on the Principal Register without a showing of secondary meaning. However, the features of a product's design can never be inherently distinctive and are registrable only upon a showing of secondary meaning.<sup>4</sup> However, trade dress protection cannot be claimed for product features that are deemed functional.<sup>5</sup> The Coca-Cola bottle design is a famous example of trade dress.

A certification mark is any word, name, symbol, device, or any combination thereof, that is used or intended to be used in commerce with the permission of the owner or another party to certify: (i) regional or other geographic origin, material, mode of manufacture, quality, accuracy, or other characteristics of someone's goods or services; or (ii) that the work or labor on the goods or services was performed by members of a union or other organization.<sup>6</sup> For example, "TEQUILA" is a certification mark for certain alcoholic beverages originating in Mexico.

Collective marks are trademarks or service marks used or intended to be used in commerce, by the members of a cooperative, an association, or other collective group or organization, including a mark

that indicates membership in a union, an association, or other organization.<sup>7</sup> For example, the National Association of Realtors owns a number of “REALTOR” marks and permits qualified real estate professionals to use the term.

Trade name (or commercial name) is any name used by a person to identify his or her business or vocation. It is often used to refer to the corporate, partnership, or other business name. The business may, in turn, market goods or services under one or more trademarks or service marks. For example, the trade name “Microsoft Corporation” is used for the business that sells software products. Part of a trade name can also be a trademark. Under the Lanham Act, for federal registration, trade names cannot be registrable although they can be registered as trademarks if they are *used* as trademarks. Thus, “MICROSOFT” is a trademark, but Microsoft Corporation is a trade name which is protected under common law.

The different types of marks have different functions, some of which include their roles as source identifiers. As a source identifier, the purpose of a trademark is to indicate a common source for goods or services irrespective of whether the consumer knows the actual identity of the source. The next function is that of an indication of sponsorship or authorization.

Trademarks can also indicate a secondary source. For example, the presence of a university’s logo, such as the mark and logo of the Notre Dame Fighting Irish on a sweatshirt, can signify that the mark has been licensed by the university.

They can also be used to distinguish goods or services. Trademarks are used by businesses to identify themselves and their products or services to consumers, and to distinguish their products or services from other businesses.

Lastly, they can also indicate value and image. Trademarks can create in the mind of a consumer the impression that a product has certain characteristics or value. The marks can take forms such as:

- Words and abbreviations (e.g., “COCA-COLA” or “COKE”);
- Logos (e.g., “COCA-COLA”);
- Representation of quality (e.g., UL certification);
- Symbols (e.g., the McDonald’s Golden Arches);
- Shapes (e.g., Pepperidge Farm’s Goldfish crackers);
- Letters (e.g., IBM);
- Slogans (e.g., “The Quicker Picker Upper”);
- Sounds (e.g., Harley-Davidson exhaust sound); and
- Colors (e.g., pink for Owens Corning’s insulation).

The selection and adoption process can be broken up into subcategories. First, it is important to have a strong trademark. When selecting a mark, owners should do their due diligence to ensure that the mark is both strong and immediately protectable. Some of the benefits of a strong mark are: (i) they are considered inherently distinctive and are immediately entitled to trademark protection from the first adoption and use; (ii) they are generally easier (and less expensive) to register at the United States Patent and Trademark Office (USPTO); and (iii) they are permitted maximum protection in the courts.

Another important factor to consider is how much protection the mark will receive. When analyzing the strength of marks, courts often classify them in one of five broad categories referred to as a spectrum of distinctiveness. The strength of these marks is dependent on where they fall on the spectrum. The boundaries between marks, however, are often unclear. The types of marks on the spectrum are identified below in order from strongest protection to no protection at all.

First on the spectrum are fanciful or coined marks. A fanciful mark is a coined term that has no dictionary meaning and was created for the sole purpose of serving as a trademark. One of the most famous examples of a fanciful mark is “EXXON” for petroleum-based products. Fanciful marks are the strongest marks and are immediately protectable.

Second are arbitrary marks. Marks are considered arbitrary if they have meaning in common usage in the language but do not suggest a meaning or describe a feature of the mark. "APPLE" for computers is a famous example of an arbitrary mark.

The next type are suggestive marks. These marks require some imagination, thought, or perception to reach an idea as to the nature of the goods. An example of a suggestive mark is "AIRBUS" for airplanes.

Fourth on our list is descriptive marks. These marks describe the intended purpose, function, or use of the goods or service. An example of a descriptive mark is "COLD AND CREAMY" for ice cream. Many people involved in the selection of marks understandably prefer to select descriptive marks because they require less time and money to educate the consumer about the trademark. However, a descriptive mark cannot be registered or protected until it has acquired distinctiveness. This means that through use and marketing, the descriptive mark has come to identify a product or service and taken on a new "secondary meaning" rather than simply being a descriptive term. Once a secondary meaning has been established, the term is protectable as a mark.

Last are generic marks. A generic mark loses its ability to function as a source identifier and becomes the name of a particular type or category of product. The following marks are considered to have become generic: escalator, thermos, and aspirin (in the US).

In addition to selecting strong trademarks, it is also important to select marks that are registrable. Some marks are statutorily precluded from registration because of their subject matter, including:

- Immoral, deceptive, and/or scandalous matter;
- Matter which may disparage or falsely suggest a connection with persons living or dead, institutions, beliefs, or national symbols or bring them into contempt or disrepute;
- The name, portrait, or signature of a living person used without permission;

- The name, portrait, or signature of a deceased US president without the permission of the surviving spouse;
- Marks that are deceptively misdescriptive;
- Marks that are considered primarily geographically misdescriptive; and
- Marks that are wholly functional.<sup>8</sup>

Trademark clearance is vital. In the United States, trademark rights are acquired through the use of a trademark. Anyone who introduces a new trademark faces the risk that someone else may have already obtained rights to a similar mark in the same market. Although a trademark search is not required, failure to do so can lead to a trademark infringement or dilution claim which can possibly result in the following problems:

- Being forced to cease use of the mark and the resulting loss of investment in market research, advertising, and promotional materials;
- Loss of marketing momentum;
- Embarrassment; and
- Monetary damages, costs, and attorneys' fees.

There are certain steps to take when acquiring trademark rights. In the United States, unlike in most foreign countries, unregistered trademarks, service marks, and names can enjoy common law protection. The party that adopts and uses the mark in a particular geographic territory is entitled to protection against a subsequent user adopting the same or similar mark in that territory. Where two common law users of a mark operate in geographically remote markets, each user obtains rights in the mark in the remote market according to their actual use. Thus, a senior user enters a remote market subject to the trademark rights already acquired, in good faith, by another user.

While there are distinct benefits of the common law marks, there are also limitations. Common law marks are limited to the particular territory where they are used. Innocent users who obtain a registration may

take over the rest of the country, and it can be difficult or expensive to prove rights in court.

Although common law trademark owners acquire rights through the use of the mark in the geographic area it is used, having a federal trademark registration on the Principal Register provides several advantages, including:

- The right to use the trademark symbol (®) with all federally registered marks;
- Constructive notice to the public of the registrant's claim of ownership of the mark;
- Nationwide priority of rights effective from the US application filing date;
- A legal presumption of the registrant's ownership of the mark and the registrant's exclusive right to use the mark nationwide;
- The ability to bring an action concerning the mark in federal court;

- A potential basis to obtain registration in foreign countries without first using the mark;
- The ability to file the US registration with the US Customs Service to prevent importation of infringing foreign goods;
- The ability to take action against cybersquatters of domain names and infringers on social media;
- Aid in selling products on e-commerce platforms like Amazon; and
- The ability to use a US registration as security for a loan.

For many businesses, trademarks are their most valuable and important piece of intellectual property. As such, detailed consideration and due diligence are necessary to ensure that the mark is both strong and immediately protectable. Once that process is completed, clients should be able to enjoy the benefits of federal trademark registration. 🔥

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## Notes

- 1 15 U.S.C. § 1052.
- 2 See 15 U.S.C. § 1127.
- 3 15 U.S.C. § 1053.
- 4 Wal-Mart Stores, Inc., v. Samara Brothers, Inc., 529 U.S. 205, 213-14 (2000).
- 5 TrafFix Devices, Inc. v. Marketing Displays, Inc., 121 S. Ct. 1255, 1260, 149 L. Ed. 2d 164, 58 U.S.P.Q.2d 1001 (U.S. 2001).
- 6 15 U.S.C. § 1054.
- 7 Id.
- 8 See 15 U.S.C. § 1052.

The top half of the image features a dark blue background with two rows of wooden bookshelves on either side, filled with various books. In the center, the text 'CALLING ALL AUTHORS!' is written in large, white, sans-serif capital letters.

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