

# Understanding the Importance of Trademarks

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# Protecting your Intellectual Property

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- Patents
  - New and useful inventions
- Copyrights
  - Expression of ideas
- Trademarks
  - Designations of source

# What does a trademark do?

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- Identifies seller's goods and services
- Distinguishes from goods or service sold by others
- Signifies that all goods or services bearing the mark come from a single source
- Signifies that all goods or services are of an equal level of quality or have consistent characteristics

# Why are trademarks protected?

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- Consumer protection
  - They get what they intend to buy
- Economic efficiency
  - Encourages sellers to provide consistent (good or bad) quality
  - Reduces customer search time and cost

# What is a trademark?

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- Trademark/Service Mark – designates the source of the goods or services
- Certification Mark – certifies that the user meets standards set by mark owner
- Collective Mark – indicator of membership in the group that owns the mark

# What is not a trademark?

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- Trademark name
  - COCA-COLA v. Coca-Cola Company
- Puffery
  - “Best fitting” “Most comfortable”
- Domain names
- Anything that consumers do not recognize as designating source

# Types of trademarks

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- Words/phrases
- Slogans
- Logos
- Packaging
- Product configuration
- Sound, color, scent

# Choosing a mark

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- Key factors
  - Availability
  - Effectiveness
  - Distinctiveness
  - Usable
  - Appropriate
- Branding companies can help



# Trademark Protection Spectrum

STRONGEST		STRONG		WEAK		NONE	
				Secondary Meaning			
Arbitrary/Fanciful Marks		Suggestive Marks		Descriptive Marks		Generic Marks	
Kodak		Coppertone		Best Buy		Pants	
Apple		Greyhound		Vision Center		Escalator	
		Jaquar				Rice	

# Are some trademarks better?

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- Strong marks have a wide scope of protection
- Strong marks effectively identify your goods
- Strong marks are easier to protect - obvious infringement and customer policing
- Strong marks are cheaper to enforce

# Clearing a trademark

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- Is the mark generic or descriptive?
- Are there similar marks being used on related goods or services?
  - Risk of confusion
  - Risk of litigation
- Acquire prior rights

# Acquiring trademark rights

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- In the United States, trademark rights are only acquired through use
- Can reserve the right to use a trademark by filing a federal trademark registration
  - Allows 3 – 4 years to begin actual use of the mark

# Scope of rights

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- Common Law rights – rights automatically acquired for geographic area of use
- Federal Registration rights – use is required before registration will issue, but then constructive use nationwide
- State Registration rights – limited to state
- Foreign Rights

# Why Federal Registration?

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- Process for securing priority before actual use of trademark
- Registration provides nationwide rights
- Registration allows use of ®

# Principal Register

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- Constructive notice to the public
- Legal presumption of ownership and exclusive right to use the mark nationwide
- A date of constructive use of the mark as of the filing date for intent-to-use applications
- Prevent import of infringing goods by filing registration with U.S. Customs
- Exclusive use by registrant in commerce (5 years) will render the registration incontestable, subject to certain statutory defenses
- Basis for foreign registration

# Supplemental Register

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- Marks not eligible for Principal Register, but are capable of distinguishing the owner's goods or services
  - Descriptive marks
  - Not generic marks
- Admission that the mark is descriptive or not inherently distinctive
- Generally used to show acquired distinctiveness so that mark can be registered on Principal Register after five years



# Deciding what to register

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- Budget
- Duration of use
- Does the mark create a distinct commercial impression?
- What will the mark be used on?
- What will be used by competitors?
- Reaction if used by third party?

# How does a trademark accrue value?

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- Increase the strength of the mark through use in both sales and advertising
- Use the mark
- Use the mark consistently
- Stop infringers

# Increase the value of your trademarks

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- Select strong marks where possible
- Use the trademark consistently
  - In form (appearance)
  - In context
- Identify the trademark with ® or <sup>TM</sup> or **SM**
- Draw consumer attention to trademarks

# Maintain your trademark rights

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- Use the trademark
- Enforce your exclusive rights
- When you decide to change your name or mark remember that the mark still identifies you for a while

# Foreign Registration

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- Apple Pays \$60 Million for iPad Name in China
  - ABCNews July 2, 2012

# Foreign rights squatters

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- Prohibit sales in country
- Prohibit export of product from country
- Make it difficult to obtain registrations to prevent other squatters
- Exploit local rules
  - China has complicated registration system with many additional classes

# Foreign Registration

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- Develop long term plan
  - Waiting until moving into country is often too late since squatters follow popular US brands
- Obtain broadest possible coverage
- Budget to address foreign issues

# Copyright Legislation

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- Innovative Design Protection and Piracy Prevention Act
  - Pending in congress
  - Would give 3 years of copyright protection for the appearance of an article of apparel
  - Chances of passing are uncertain



# Design Patents

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- Provide 14 years of protection for a new industrial design
  - Shoes and equipment
  - Protects mainly against direct copying

# Questions?

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