



## Trademarks

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### Background

A trademark is a device used by businesses to distinguish their goods and services from competitors' goods and services. It may consist of a word, a symbol, a logo, or any combination thereof, so long as it clearly signifies the source of ownership for a product or service. Adidas is an example of a trademarked name, McDonald's golden arches is an example of a trademarked symbol, and the NIKE name written above the "swoosh" symbol is an example that combines two types of trademark devices. When a trademark is used to distinguish a service, it is usually called a service mark. "American Express" is the service mark for a well known provider of credit card services.

Consumers rely on [TRADEMARKS](#) when making their purchases. Trademarks can reflect a product's authenticity, quality, and accumulated customer good will. When a product or service is defective, of poor workmanship, or otherwise unpopular with consumers, its trademark can reflect those undesirable qualities as well. Even when two products are of seemingly equal quality, like two cola soft drinks, their trademarks simply communicate to customers which is which.

Moreover, trademarks serve to protect a business owner's investment in a particular product by preventing competitors from capitalizing on the reputation affiliated with a particular name in the marketplace. They also save new companies from wasting their time trying to market a product under an existing trademark. Before individuals or entities start selling products or services that bear a certain name or logo, they often hire an attorney to investigate prior or existing marks that are in any way the same or similar to the mark they intend to use. Companies that fail to conduct this kind of search or blatantly ignore the existing use of a trademark risk being sued for [INFRINGEMENT](#) and ordered by a court to cease promoting their products with a particular mark.

The presence of trademark protection for a good or service is often indicated by a small "R" inside a circle placed near the trademark. The "R" means that the mark has been registered with the U. S. PATENT and Trademark Office and serves as a warning against unauthorized use of the mark. Individuals may also claim rights to a particular trademark by displaying the letters "TM" near the mark. Trademarks bearing the "TM" symbol are not registered, but the symbol indicates the owner's intent to register it.

Trademarks are distinct from trade names or [TRADE DRESS](#). A [TRADE NAME](#) is the name or designation used by a business to identify itself and distinguish it from other businesses. By contrast, a trademark distinguishes the line of products from all other product lines, particularly those offered by competing businesses. For example, Ford Motor Company is the trade name for a particular maker of automobiles, trucks, and vans that bear the trademark "Ford." Trade dress is the manner in which a business distinguishes a

product's appearance from the appearance of a rival's product. Something as simple as a grille on the front end of an automobile may constitute trade dress if it is sufficiently distinctive and the manufacturer takes deliberate and [TANGIBLE](#) steps to market the grille over a long period of time.

## Trademark Law

### *The Lanham Act*

Trademark law in the United States is governed by the Trademark Act of 1946, also known as the **LANHAM ACT** (15 U.S.C.A. section 1051 et seq). The Lanham Act codified much of the then existing [COMMON LAW](#) of trademarks, and it also clarified some areas where jurisdictions differed in their approach to particular issues. Congress has since amended the Lanham Act several times, addressing new concerns as they are presented by both trademark owners and consumers. Many states have enacted trademark statutes of their own, which may be applied to legal issues that are not pre-empted by Lanham.

Lanham defines trademarks to include words, names, symbols, and logos that businesses use or intend to use in commerce for the purpose of distinguishing their goods from those made or sold by competitors. The key to any claim for trademark rights is the distinctiveness of the proposed mark. Roughly analogous to the originality requirement for [COPYRIGHT](#), the distinctiveness requirement for trademarks may be satisfied by proof that the mark is descriptive, suggestive, arbitrary, or fanciful. Proof that a mark is generic will defeat a claim for trademark protection.

A generic name is the common name for a product and thus does nothing to distinguish itself from other products of the same genre. Shoe, ball, hat, and lightbulb are all generic product names that will never receive trademark protection. Conversely, trademarks that are distinctive and have qualified for trademark protection may lose that protection by becoming generic in the mind of the public. This transition happens when a substantial segment of consumers in the relevant market adopt a trademark as the general name for an entire line of products. Examples of once distinctive trademarks that have since become generic include aspirin, cellophane, escalator, and thermos. The trademark owners of Kleenex, Xerox, Sanka, and Teflon have successfully prevented their marks from becoming generic, despite many consumers' strong identification of their individual products with the product lines as a whole.

For a trademark to receive and retain its distinctiveness, the mark must fall into one of four categories: descriptive, suggestive, arbitrary, or fanciful. One level more distinctive than a generic mark, descriptive marks will not receive trademark protection unless they have acquired a secondary meaning, which happens when a significant portion of consumers identify the mark as signifying a particular manufacturer's good. Suppose the Jones Sport and Recreation Company sought trademark protection for their line of bicycles known as the "blue bike." The word blue does almost nothing to distinguish Jones' product from other bikes with the same color being sold by competitors. But now suppose that Jones has spent millions of dollars over the last several years marketing its product, and sales of the "blue bike" have grown to such a degree that bicycle-buying Americans now identify blue bikes as originating from the Jones' company. Then Jones' mark may have acquired secondary meaning, and thus its "blue bike" is much more likely to receive federal trademark protection.

Suggestive marks imply a quality or characteristic of a product that goes beyond merely describing it. These kinds of marks require consumers to use their imaginations to make the connection between the mark itself and the product it represents. As a result, suggestive marks can receive federal trademark protection immediately upon their first use. Examples of suggestive marks include Orange Crush (orange-flavored soft drink), Playboy (sexually oriented magazine for men), Ivory (white soap), and Sprint (longdistance telephone

company).

The strongest marks are arbitrary and fanciful marks. Their strength lies in the fact that they bear little or no obvious relationship to the products with which they are affiliated, and yet they serve as a source of immediate authenticity in the minds of consumers. As a result, arbitrary and fanciful marks most effectively serve the dual role of trademarks, promoting fair competition between rivals in the marketplace and communicating the source and ownership of products to potential buyers. Arbitrary marks can be actual words that have their own meaning, but when associated with a particular product they do not describe the product or suggest anything about it. Examples of arbitrary marks include Pledge for furniture polish, Camels for cigarettes, and Dial for soap. Fanciful marks are not words at all and have no meaning apart from their affiliation with a good or service. They are inherently distinctive. Examples of fanciful marks include Kodak, Exxon, and Rolex.

### **Trademark Registration**

Trademark registration begins with an application to the commissioner of [PATENTS](#) and trademarks at the U. S. Patent and Trademark Office (USPTO). One may apply with either the principal register or the supplemental register of the USPTO. The principal register records descriptive, suggestive, arbitrary, and fanciful marks that have acquired secondary meaning. The supplemental register records descriptive marks that are capable of acquiring secondary meaning but have not yet acquired that meaning in the minds of many consumers. Once a mark acquires secondary meaning, however, it can be transferred from the supplemental register to the principal register.

Registration with the principal register is proof that the mark is valid, registered, and the intellectual property of the registrant, who has exclusive rights to use the mark in commerce. Registration with the principal register is deemed to put potential infringers on constructive notice of the registrant's ownership interests in the trademark and entitles the owner to bring an infringement suit against the bearers of any offending marks. Individuals or entities who [COUNTERFEIT](#) registered trademarks also face criminal and civil penalties.

Applications for offensive, immoral, deceptive, or scandalous marks will be denied (see 15 U.S.C.A. 1052[a]). Marks such as "bubby trap" for a brassiere is an example of an offensive mark, *In re Riverbank Canning Co.*, 95 F.2d 327 (Cust. & Pat.App. 1938), [AS IS](#) the mark "a breast in the mouth is better than a leg in the hand" for a chicken restaurant, *Bromberg, Et Al. v. Carmel Self Service, Inc.*, 198 U.S.P.Q. 176 (Trademark Tr. & App. Bd. 1978). Offensive marks cannot be cured by acquiring a secondary meaning that is inoffensive, unless the secondary meaning entirely replaces the primary, literal, or obvious meaning.

Despite the advantages of registration, it is actually the use or intended use of a mark that confers upon the mark federal trademark protection. As a general rule, conflicting claims to a trademark are resolved according to priority of [APPROPRIATION](#). The first to use a mark will normally be given [PROPRIETARY](#) rights over the mark. Although this rule seems clear cut, demonstrating first use or first intended use can often prove difficult in court. Consequently, the law gives businesses incentive to register their marks concomitantly with the date of first use by presuming that registered marks have been in continuous use from the date the trademark application was filed and by prohibiting court challenges to trademarks that have been in continuous use for five years from the date of registration. Registration also demonstrates to a court that the user has done everything to protect its mark.

A rule favoring the first user of a trademark protects what is assumed to be an established identification between consumers and a trademarked product. Nonetheless, it is possible that a second user may establish stronger consumer identification with its product in a geographical market different from the market where the first user is doing business. When this happens, courts will often recognize the trademark rights of both the first and second users, so long as the second user established its mark in [GOOD FAITH](#) and confines its use to

a market distant from the first user.

Trademark registrants can [FORFEIT](#) their rights to a mark by using them in a [FRAUDULENT](#) or deceptive manner. They can also lose their rights by abandoning the mark. However, nonuse by itself does not constitute [ABANDONMENT](#). Acts of abandonment must also be accompanied by an intent not to use the mark again. Finally, registrants can lose their rights to a trademark if the public adopts a trademark as the general name for a type of goods, as happened with the aspirin and cellophane examples mentioned above. Trademark owners typically take great efforts to prevent their marks from becoming generically used by the public. Rollerblade, for example, spent millions of dollars in advertising and law suits to prevent its new brand of roller skate from becoming the generic name used to describe in-line skates, after both consumers and rivals began referring to all such skates as rollerblades regardless of who made them.

### **Trademark Infringement**

Trademark infringement suits generally involve claims that the bearer of an allegedly offending similar mark is creating the likelihood of customer confusion over competing products, diluting the distinctiveness and value of an existing mark or [COUNTERFEITING](#) an existing mark with an identical "knock-off" mark.

Likelihood of confusion is shown by proof that the allegedly offending mark is causing "probable" confusion among consumers, such that buyers in the relevant market are mistaking the defendant's name or logo for the plaintiff's trademark. Proof that confusion among consumers is only possible will not suffice to establish an infringement claim. On the other hand, the [EVIDENCE](#) need not rise to the level of actual confusion. Instead, courts will evaluate claims of customer confusion on a case-by-case basis in light of the following factors: (1) the similarity of the marks; (2) the similarity of the products; (3) the degree in which the markets for the competing products overlap; (4) the degree of care likely to be exercised by consumers; (5) the strength of the marks; (6) the amount of actual confusion; and (7) wrongful intent.

Trademark dilution is shown by proof that the defendant's use of an allegedly offending mark is likely to tarnish, degrade, or lessen the individuality, distinctiveness, or consumer impact of the plaintiff's mark. Trademark dilution suits seek to protect the advertising value of particularly strong and well-recognized trade symbols by stopping other businesses from using similar symbols to promote their products, even though no consumer confusion affects actual results and even though the rivals' products are not in direct competition with each other. Thus, Polaroid could successfully prevent an Illinois company from using the word "polaroid" in marketing its refrigerator and heating installation business (see *Polaroid Corp. v. Polaroid, Inc.*, 319 F.2d 830 [7th Cir. 1963]).

The Lanham Act defines a counterfeit mark as a "spurious mark that is identical with, or substantially indistinguishable from, a registered mark" (see 15 U.S.C.A. § 1127). All counterfeit marks are infringements, unless the offending mark is associated with a type of product or service that is wholly different from the plaintiff's mark. Individuals who intentionally traffic in counterfeit trademarks or attempt to traffic in them also face criminal punishment, including fines up to \$2 million, [IMPRISONMENT](#) up to ten years, or both (see 18 USCA § 2320).

Defendants can raise several defenses against infringement suits, many of which are addressed briefly above. First, a [DEFENDANT](#) can claim that the plaintiff's mark is generic and thus not of sufficiently distinctive quality to qualify for federal trademark protection. Second, a defendant can offer proof that the plaintiff abandoned its trademark and thus is no longer the owner of the mark. Third, a defendant can charge that it had first use of a mark and thus that the plaintiff is actually engaging in infringement of the defendant's mark. Fourth, a defendant can claim that it is making "fair use" of the defendant's mark, meaning essentially that the defendant is using the plaintiff's mark for non-commercial purposes, as when a teacher uses a mark for the educational benefit of students. Finally, the defendant may plead that the plaintiff has unclean hands, meaning

the plaintiff has acted in an illegal, unfair, or deceptive manner that should prevent the court from enforcing the plaintiff's trademark.

## State Court Decisions Interpreting State Trademark Statutes

In addition to relying on federal law when enforcing a claim against an alleged trademark infringer, trademark owners may turn to state trademark law as well, unless the state law governs an area that is pre-empted by federal law. Below are a sampling of cases decided at least in part based on the court's interpretation of a state's trademark law.

**ARKANSAS:** The state's Trademark Act does not empower the Secretary of State to register trademarks or service marks for a limited geographical area within the state so as to accommodate similar marks used by businesses that are not directly competing with each other over the same consumers (see A.C.A. §§ 4-71-101 to 4-71-114; *Worthen Nat. Bank of Batesville v. McCuen*, 317 Ark. 195, 876 S.W.2d 567 [Ark. 1994]).

**ILLINOIS:** A maid service that was named "Maid To Order" was not entitled to injunction prohibiting the showing of a film by the same name, even if its name was deemed to be "distinctive" under state antidilution law, absent proof that the maid service would be irreparably harmed by consumers seeing the film (see Ill.Rev.Stat.1987, ch. 140, par. 22; *Kern v. WKQX Radio*, 175 Ill.App.3d 624, 529 N.E.2d 1149, 125 Ill.Dec. 73, [Ill.App. 1 Dist. 1988]).

**NEW MEXICO:** The state's trademark [STATUTE](#) specifically preserves the common-law rights of trademark owners, such that the rights of a trademark owner registered with the state trademark office could be qualified by the bona fide rights of common-law users (see NMSA 1978, § 57-3-12; *S & S Investments, Inc. v. Hooper Enterprises, Ltd.*, 116 N.M. 393, 862 P.2d 1252 [N.M.App. 1993]).

**UTAH:** The Lanham Act does not pre-empt the state's criminal simulation statute which prohibits anyone from selling or possessing with intent to sell a counterfeited object or from authenticating or certifying such an object as genuine (see U.S.C.A. Const. Art. 1, § 8, cl. 8; Art. 6, cl. 2; U.C.A.1953, 76-6-518; Lanham Trade-Mark Act, §§ 1-45, 15 U.S.C.A. §§ 1051-1127).

**WASHINGTON:** Under the state's trademark laws, the remote possibility of future competition between a national bank and a federal [SAVINGS AND LOAN ASSOCIATION](#) in a county where the national bank was located and where the savings and loan conduct incidental business did not justify enjoining the national bank's use of the same name as the savings and loan association (see *Pioneer First Federal Sav. and Loan Ass'n v. Pioneer Nat. Bank*, 98 Wash.2d 853, 659 P.2d 481 [Wash. 1983]).

## Additional Resources

*American Jurisprudence*. St. Paul: West Group, 1998.

<http://www.findlaw.com/01topics/23intellectprop/03trademark>. FindLaw for Legal Professionals: Trademark Law.

*Intellectual Property in a Nutshell: Patents, Trademarks, and Copyright*. St. Paul, West Group.

*McCarthy on Trademarks and Unfair Competition*. St. Paul: West Group, 2001.

*West's Encyclopedia of American Law*. St. Paul: West Group, 1998.

## Organizations

### ***Intellectual Property Owners Association***

1255 23rd St., NW, # 200

Washington, DC 20037 USA

Phone: (202) 466-2396

Fax: (202) 466-2366

URL: [www.ipo.org](http://www.ipo.org)

Primary Contact: Ronald E. Myrick, President

### ***International Trademark Association***

1133 Avenue of the Americas

New York, NY 10036 USA

Phone: (212) 768-9887

Fax: (212) 768-7796

URL: <http://www.inta.org>

Primary Contact: Nils Victor Montan, President

### ***U. S. Patent and Trademark Office***

Crystal Plaza 3, Room 2C02

Washington, DC 20231 USA

Phone: (800) 786-9199

Fax: (703) 305-7786

URL: <http://www.uspto.gov>

Primary Contact: Nicholas Godici, Director

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