



David P. Hathaway, Esq.

## **Five Tips for Clients Who Are Considering a New Trademark**

**W**hether your client is launching a new product, service, or business, any successful new venture generally will gain value through the recognition of its name, logo, slogan, or other identifying feature, like color, sound, or special look or packaging. Any of these can serve as a trademark. If your client expects its customers to associate these distinctive features with the quality of its product, service, or business, it is important to file for a trademark registration. Registrations also increase the value of an intellectual property portfolio for a merger or acquisition. Here are some tips a client may want to know when considering a trademark.

- 1. Be unique.** Choose something not connected with the product or service. Trademarks range on a scale of distinctiveness, from strongest to weakest, as: fanciful terms that are not words in the dictionary (“Exxon”); arbitrary terms that are words but have no connection to the product or service (“Apple” for computers); suggestive terms that give some impression about the goods and services (“Microsoft” for software); descriptive terms that speak to a quality of the goods or services and therefore are not distinctive or registrable until people start to connect the name to the company (“Windows” for windowing software); and generic terms which cannot be protected because everyone is free to use them (“soda” for soft drinks). Stay at or near the top of this list and avoid geographic terms and surnames, because they are generally free for the world to use as well. Marketing professionals often like to use terms that describe or suggest favorable attributes because they might create a positive association with the products or services. However, as a general rule, the more you describe the goods, the less distinctive the mark becomes, and the level of distinctiveness is important not only regarding the ability to obtain a registration, but also in trademark infringement claims. Whether your client claims another party is infringing its mark or vice versa, having a more distinctive mark will give the client more confidence in sending, or responding to, a cease and desist letter.
- 2. Search thoroughly.** It is not enough to surf the internet and check the availability of the domain name. Trademark infringe-

ment is about potential public confusion, not necessarily duplicate words. For instance, “Shark Tire Co.” with a logo of a huge dorsal fin might infringe “Dorsal Fin Wheels, LLC.” The client will need to order a comprehensive trademark search whereby a professional researcher checks your client’s proposed mark against similar names and/or designs registered federally and in all 50 states, as well as those appearing in trade publications, on websites, in business directories, and in domain names. Researchers are adept at searching for variations of a mark that might never occur to the average person, and they may look at top-level domains that your client did not search (e.g., “.co” and “.biz”). Just checking a database of corporate names or trademarks on sunbiz.org or uspto.gov is not enough, because anyone using a name might have common law rights without registering a mark. Trademark rights develop through use of a term in association with a particular product or service, even if the mark is not registered. Therefore, if you register a trademark without knowledge that a potential competitor has been using a similar term elsewhere, your client could receive a cease and desist letter the same day as a registration issues, thereby wasting the money spent on obtaining the registration and also possibly requiring the client to re-brand the business. With that said, if the goods and services are totally different, two businesses can have the same name, like Delta Airlines and Delta faucets. A proper search is critical to the trademark process.

- 3. Consider alternatives.** After the search, if a trademark lawyer feels the mark can likely be protected, the client should apply for registration. However, if there is a lot of uncertainty and the client insists on using some variation of the mark, the client is going to have to make changes to try and create a distinctly different commercial impression, which might include a significant graphic element. Some clients like to simply rearrange the wording, change the spelling, or add a prefix or suffix. Changes like that might not avoid a refusal to register the mark or overcome a likelihood of confusion determination by a court. The *Trademark*

*Manual of Examining Procedure* even states that transposing terms while keeping the same connotation will not overcome a refusal by the government to register a mark because of a likelihood of confusion with another registration. In fact, the Patent and Trademark Office applies “pseudo-marks” in its search, which show the literal equivalent of a pictorial representation of wording in a design mark, or spellings that are similar or phonetically equivalent to wording in a word mark (e.g., “GR8 Burgers” will include “Great Burgers” in determining whether there is a likelihood of confusion). In litigation, courts generally determine likelihood of confusion by measuring a number of factors, such as the strength of the mark, the proximity of the goods or services offered by the parties, the similarity of the marks, the marketing channels used, the type of goods or services, and the degree of care likely to be exercised by purchasers of the product or service, the junior user’s intent in selecting the mark, the likelihood of expansion of the product lines, and, most importantly, evidence of actual confusion. Obviously your client should try to avoid litigation, yet it is amazing how many people are stuck on a single descriptive or flattering term or phrase when the possibilities are endless. You can go in a whole new direction and have great results – just look at the name “Google”!

**4. Apply immediately.** Provided your client legitimately intends to use the new mark and the mark will affect interstate commerce, the client should file now. Even if a business is located only within the state, if it sells or markets to people from other states and countries, it can apply for a federal registration. Of course, in the U.S., superior trademark rights come from actual use of a mark, not necessarily registration. Our country is a “first to use,” not “first to file,” jurisdiction. Therefore, if a client applies for a registration but was not the first to use the mark in connection with certain goods and services, the prior user has the superior right. However, there is one exception to this rule. The Patent and Trademark Office allows “intent to use” applications in which the applicant expresses a true intent to use a mark in the near future. If the applicant later provides proof of actual use, the government will treat the filing date as the date of first use. The applicant would be required to demonstrate use within six months after the application is filed, but he or she can pay a small fee for extension periods up to a total of three years. The ability to use a filing date as a date of first use is a huge benefit, because if anyone starts using a similar mark for similar goods and services between your date of filing and the date of registration, which may be a couple of years, your client will have superior rights even though he or she began using the mark later. Of course, if another party can show actual use even prior to your client’s date of filing, then that other party may have the strongest claim, but a thorough search prior to applying should greatly reduce the chance of that happening. There are horror stories about marks that cannot be registered because another recently-opened business hundreds of miles away applied first. In these cases, clients who are prior users of a mark but did not apply for a registration have to initiate costly cancellation procedures to cancel a competitor’s registration. The cancellation procedure is essentially *inter partes* litigation before the Patent and Trademark Office, complete with discovery and motion practice, which could have been avoided had the client filed first. The sooner you can apply, the better.

**5. Don’t back down.** There can be hurdles to getting a trademark registration, but many can be overcome. If the government feels the mark is weak or sees a potential conflict, the client can argue to the contrary. If the government allows the mark but a competitor sends a cease and desist letter, the client can respond by explaining why the mark does not infringe. If necessary, clients can enter into contracts to allow both parties to use their marks in different ways or in distinct territories, known as “co-existence agreements.” And, of course, if someone is infringing your client’s mark, the client should enforce its rights every time. There are a number of benefits of a federal registration, including use of the “circle-R” registration symbol and constructive notice to the public of the registrant’s claim of ownership, which avoids any claim of innocent later adoption by others nationwide. The client will have a rebuttable presumption of ownership in the mark and exclusive right to use the mark nationwide in connection with the goods and services listed in the registration. The client will be in a strong position to block registration of confusingly similar marks, will appear in future applicants’ search reports to inform and deter them from registration, and will be eligible for “incontestable” status after five years of an unopposed registration. The client will be able to bring an action in federal court under the Lanham Act and use the U.S. registration as a basis to obtain registrations in foreign countries. If your client fails to police the mark, and protect it, however, all those rights can be lost. For example, if a trademark starts to become the common term for the goods or services in the English language, it would no longer denote the source of the product or service, and ultimately become generic. “Aspirin” and “Escalator” were brand names before they became generic, and “Kleenex” and “Frisbee” are trademarks often used to identify facial tissues and flying discs, respectively. Google has to be sure the newspapers do not use the term “Google” as a verb for any type of web searching, as it devalues the mark and may cause it to become generic. Of course, even if your clients are small businesses that may not expand to these levels, every business has a brand, and it is entirely possible that your clients may well send or receive a cease and desist letter during the course of transacting business. If your clients have properly protected their trademark rights, they should be in a solid position whether sending or receiving the letter.

In sum, carefully choosing a trademark and brand strategy as early as possible in your clients’ business endeavor will have exponential benefits later. As Benjamin Franklin is quoted as saying, “An ounce of prevention is worth a pound of cure.”

**David P. Hathaway, Esq.**, a shareholder at Dean Mead, is chair of the firm’s Litigation Department and leads the Trust and Estate Litigation Practice Group. He represents corporations and business people to resolve difficult disputes of almost any kind in both state and federal courts. He has been a member of the OCBA since 2002.



**Popovich Law Firm, P.A.**

Nikie Popovich, Attorney at Law

Call: 407.965.2800

Email: [nikie@popovichlawfirm.com](mailto:nikie@popovichlawfirm.com)

**CRIMINAL & CIVIL APPEALS**