

TRADEMARK

Definition of a trademark

A trademark is any word, symbol, phrase, design, sound, smell, color, product configuration, group of letters or numbers, or combination of these, adopted and used to identify a particular manufacturer or seller's products or services, and distinguish them from products and services made, sold, or provided by others.

The above definition of a trademark is the increasingly accepted broad definition, in which the term "trademarks" is essentially used interchangeably with the term "marks." Conventionally, however, the term "trademark" describes only marks for products, or "goods" (as opposed to services, which would be called "service mark"). In general, marks are categorized according to the type of identification involved. The most commonly encountered categories are trademarks, service marks, and trade dress.

Function of a trademark

From a trademark owner's point of view, ownership of a trademark gives him power to stop others from using the same or a similar mark. However, in contrast to patent rights, the legal rights conferred by a trademark are not a property right in the strict sense. The legal purpose behind a trademark is quite different from that behind a patent right. While the primary purpose of patents is to exclude others from making or using the patent owner's invention, the primary purpose of trademarks is to protect consumers, specifically to prevent consumers from becoming confused about the source or origin of a product or service.

Thus, a patent owner who wants to stop an alleged infringer goes to court to tell this line in effect: "Look, I have this patent and the infringer does exactly the same. He therefore must be stopped." In contrast, a trademark owner who wants to stop an alleged infringer goes to court to tell a different line: "Look, the other guy is marking his products in a way that is so similar to ours that consumers get confused about which product is whose. He therefore must be stopped for the sake of the consumers."

In addition, because trademarks give manufacturers incentives to invest in the quality of their goods, protecting trademarks serves a consumer interest with this respect as well. It is therefore always important to look at trademarks from a point of view of a consumer. Marks help consumers answer the questions: "Who makes this product?" or, "Who provides this service?" The association of a product with a manufacturer or a service with a provider is a result of a number of combined factors, such as the meaning of a phrase or word, a special color, a pattern, but all in relation to the consumers' knowledge and experience. It is crucial to realize that the law inquires and follows the perception of the consumers, rather than prescribing a particular ways that consumers must react or perceive things.

As consumers become familiar with particular marks, and the goods or services they represent, marks can acquire a "secondary meaning" which isn't directly derived from the meaning of the phrase or word, color or pattern in the mark. One example of secondary meaning is marks as indicators of quality. Established marks gives consumers confidence that the product or service is a good one to purchase. Such secondary meanings are often the real reason why the law protects consumers by giving protection to certain marks, and also why trademarks, especially the well-known marks of reputable companies, are valuable business assets, worthy of nurturing and protection.

Furthermore, although the primary purpose of trademark protection is to protect consumers, the law does recognize certain property rights associated with a trademark. For example, if a mark has become well-recognized or famous, the law prohibits others from illegally "diluting" the

trademark, regardless of whether there is a likelihood of consumer confusion. The law also prohibits misuses of trademarks that would result in unfair competition.

Trademarks are an important intellectual property right. Often, a company's name and its trademarks are its identity. A trademark speaks volumes about a company's services and products and how the company wants others to see it.

Protection of a trademark

A good trademark must firstly be distinctive. That is, the mark must be capable of identifying the source of goods. For the purpose of determining whether a mark is distinctive, trademarks are grouped into five categories, based on the relationship between the mark and the underlying product:

- (1) Fanciful;
- (2) Arbitrary;
- (3) Suggestive;
- (4) Descriptive; or
- (5) Generic.

The distinctiveness of a mark varies depending upon which category it falls within. Accordingly, The standard for, and level of, legal protection given to a particular trademark varying with the category a trademark falls within.

A fanciful or arbitrary mark is a mark that bears no logical or inherent relationship to the underlying product. A fanciful mark is usually a newly coined word particularly used as a mark, while an arbitrary mark is a common word but used for a product that has no relation to the meaning of the word. For example, the word "Nike" is a fanciful mark because it is a particularly coined word and bears no inherent relationship to the underlying products sports garments such as athletic shoes. The mark "Dell" used by the Dell Computer is an arbitrary mark because it is a common word but is unrelated to the products (computers) the company sells. Arbitrary or fanciful marks are inherently distinctive, capable of identifying an underlying product, and are given a high degree of protection.

A suggestive mark is a mark that suggests, though not explicitly describes, characteristics of the underlying good or service. For example, MICROSOFT is suggestive mark because it is suggestive of software for microcomputers (which, at the time of Microsoft's inception, meant for smaller computers for personal use, but has largely lost its meaning since.) With a suggestive mark, a certain degree of imagination is needed to associate the word with the underlying product. At the same time, the word is not totally unrelated to the underlying product. Suggestive marks are inherently distinctive and are given a high degree of protection, but are not as strong as fanciful or arbitrary marks.

Suggestive marks are the most common due to the inherent marketing advantage of tying a mark to the product in a customer's mind, while at the same time stronger than descriptive marks. A descriptive mark is a mark that directly describes, rather than merely suggests, a characteristic or quality of the underlying product. Such described characteristics may include the product's function, color, shape, odor, dimensions, or ingredients.

Unlike arbitrary or suggestive marks, descriptive marks are not inherently distinctive and are generally unprotectable. For example, the word "Fast" is descriptive with regard to a speed aspect of a computer and ordinarily cannot be used as a protectable trademark for a computer. However, in some cases, an initially descriptive mark may become protectable because it has acquired "secondary meaning," meaning that the consuming public has somehow learned to primarily associate that mark with a particular producer, rather than the underlying product.

"Second meaning" of a descriptive mark is another problem before a descriptive mark becomes a protectable trademark. This is necessary because descriptive marks are terms that, in a sense, "public property" held in currently in language and are useful for describing the underlying product. Giving a particular manufacturer the exclusive right to use the term takes something away from the public and should be permissible only if a greater good is served. Otherwise, it confers an unfair advantage over other manufacturers.

A generic mark is not protectable as a trademark. A generic mark is a mark that, in the minds of the consumers, is a generic term for describing the general category to which the underlying product belongs. For example, the term "Calculator" is a generic term for electronic calculating equipment, and cannot be used by a manufacturer of calculators to brand its products. Generic terms are simply too useful part of common language to be tied up with a particular brand of product. In addition, giving a single manufacturer control over use of a generic term would give that manufacturer too great a competitive advantage.

It is easy to understand that traditional words in language to describe the category of products are generic and should not be used as trademarks. Under some circumstances, certain trademarks that are originally not generic can become generic over time, often because of the great success of the product and thus become unprotected. An example for this is Aspirin, which was initially a very strong trademark but have become so strong that the public started to treat aspirin as a generic word to describe the type of a medicine. Aspirin has since entered public domain and is no longer a protectable trademark.

The most common form of a trademark is words, symbols, and phrases. But trademark protection sometimes it is extended to include other aspects of a product, such as its color or its packaging. For example, the unique shape of a bottle might serve as identifying features. Such features fall generally under the term "trade dress," and may be protected if consumers associate that feature with a particular manufacturer rather than the product in general.

However, such features will not be protected if they confer any sort of functional or competitive advantage. For example, a manufacturer cannot lock up the use of a particular unique bottle shape if that shape confers certain functional advantage (e.g. is easier to operate or easier to grip).

Application for a trademark

A trademark can be acquired in one of two ways:

(1) By being the first to use the mark in commerce; or

(2) By being the first to register the mark with the U.S. Patent and Trademark Office (USPTO).

The above assumes that the trademark qualifies for protection in the first place.

Notice that registration is not strictly required for acquiring a trademark right. However, registration is always recommended for many practical reasons. There may be many causes that one should fail to register a trademark, but saving money should absolutely be not one of them, because timely registration is usually a much cheaper solution for a much better result than developing and defending an unregistered mark.

However, sometimes a mark cannot be registered without having been first used for a certain period of time to acquire a second meaning. This is typically the case for descriptive marks. Before such a mark acquires secondary meaning, if it ever does, after the initial use of the mark in commerce, it is not entitled to trademark protection.

The use of a mark generally means the actual sale of a product to the public with the mark attached. The use of a protectable mark acquires a priority to use that mark in connection with the

sale of the particular product. This priority is limited, however, to the geographic area in which the product has been sold, along with any areas the seller would be expected to expand into or any areas where the reputation of the mark has been established.

The other way to acquire priority, registering the mark with the USPTO with a bona fide intention to use the mark in commerce, is usually the preferred way. Unlike use of a mark in commerce, registration of a mark with the USPTO gives one the right to use the mark nationwide, even if actual sales are regionally limited. This is partly because trademark law is federal law in the US. This gives an advantage of registering the mark. Of course, the other side of the coin is that, if the mark has been registered by someone else, you cannot register this mark again.

Registration of a trademark may be at least partially effective even if someone else has already started to use the mark in commerce. When there is prior use of the mark and the prior user did not register the mark, the prior user of the mark retains the right to use that mark within that geographic area, while the party registering the mark acquires the right to use it everywhere else. Again, a great advantage is attached to registering a trademark.

In addition, registration enables a party to bring an infringement suit in federal court, which is often the preferred forum for trademark litigation. Without a federal registration, only state court system is available.

Registration also allows a party to potentially recover treble damages, attorney fees, and other remedies. Finally, registered trademarks can, after five years, become "incontestable," at which point the exclusive right to use the mark is conclusively established.

Maintenance of trademark

A trademark right could in theory be retained permanently. This is different from patent rights which are based on a statutory term (currently 20 years from filing). However, a trademark, even if it has passed the register ability threshold, can be lost through abandonment, improper licensing or assignment, or generality.

Maintenance of existing trademarks is therefore not a trivial matter. In fact, in many ways maintenance of existing trademarks may be a more serious matter than registering new trademarks. Often, with a newly designed mark, the company may have other fallback options if the mark is rejected. In contrast, existing marks often have achieved very high commercial values to an extent that losing the mark may be a devastating loss for its owner.

Trademark infringement

The standard for trademark infringement is "likelihood of confusion." As explained previously, the focus is the perception of the consumers that the law intends to protect, not the property right of a trademark owner. Simply put, if a trademark owner can prove that another party's use of a certain mark is likely to cause consumer confusion, he can sue the other party for trademark infringement. To be more specific, the use of a trademark in connection with the sale of a good constitutes infringement if it is likely to cause consumer confusion as to the source of those goods or as to the sponsorship or approval of such goods. In deciding whether consumers are likely to be confused, the court typically looks at a number of factors, including:

- (1) The strength of the mark;
- (2) The proximity of the goods;
- (3) The similarity of the marks;
- (4) Evidence of actual confusion;
- (5) The similarity of marketing channels used;
- (6) The degree of caution exercised by a typical purchaser; and
- (7) The defendant's intent.

These seemingly easy to understand factors considered for trademark infringement actually disguise the difficulties in determining infringement in trademark law. Because much subjective standards are involved, trademark disputes and litigation are largely a game of analysis and making arguments based on case law. The competence and skills of the representing attorney makes a huge difference in the outcome.

Other concerns besides infringement suit

In addition to bringing a suit for infringement, owners of trademarks can also bring an action for trademark dilution under either federal or state law. A dilution claim under federal law is available only if the mark is "famous." As in deciding infringement, the federal courts decide whether a mark is famous by looking at a number of factors, including the degree of inherent or acquired distinctiveness; the duration and extent of use; the amount of advertising and publicity; the geographic extent of the market; the channels of trade; the degree of recognition in trading areas; any use of similar marks by third parties; and whether the mark is registered.

State laws are different. In some states, a mark need not be famous in order to give rise to a dilution claim.

The owner of a famous mark can bring an action against any use of that mark that dilutes the distinctive quality of that mark, either through "blurring" or "tarnishing" of that mark. Unlike an infringement claim, likelihood of confusion is not necessary for dilution, making the dilution protection more like a property protection than consumer protection.

Although likelihood of confusion and dilution are the two main trademark-related causes of action, there exist a number of additional state-law causes of action under state unfair competition law. The causes of action are premised on preventing unfair competition, and are therefore based on yet another policy reason different from that of consumer protection and property protection.

Remedies for trademark infringement

As a plaintiff, a trademark owner is entitled to a wide range of remedies under federal law. Injunctions against further infringing or diluting use of the trademark are routinely awarded. An injunction is not a monetary reward but effectively stops other's misuse of trademarks, and is often the most desired form of remedy. Monetary relief may also be available, including defendant's profits, damages sustained by the plaintiff, and the costs of the action. Damages may be trebled upon showing of bad faith or willful infringement. Damage awards in trademark dilution suits are somewhat different from that in infringement suits, and are usually available only if the defendant willfully traded on the plaintiff's goodwill in using the mark. But injunctive relief is routinely awarded in a dilution action.