

# Trademarks 101

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You've set up your business and you've got a good product or service. The next step is marketing that product or service.

But wait... what is it you are actually marketing? Is it that latest gizmo you've come up with, or is it the name that the gizmo bears? Or is it your company's good name, which is associated with that gizmo? You want the purchasing public to associate the gizmo with your business, right? You achieve that association through trademark or service mark.

## Introduction

In everyday life, you are deluged with trademarks. Here's a sampling: New York Yankees; Ford Mustang; 3M Post-it Notes; Microsoft Office; Dell computer; Intel processor; Parker Brothers board games; Merriam-Webster dictionaries; and the list goes on and on. And on. Now think about what these marks do for you: they allow you to easily distinguish between the sources of competing products on the market. For example, if you're a Yankees fan, you sure don't want the Boston Red Sox to start calling themselves Yanquis — that would blur the very bright line between the two teams because "Yankees" and "Yanquis" sound the same when you say them. You would be confused as to which team a sportscaster is talking about every time you heard the word. Listening to the Yankees-Red Sox games every summer would be a complete muddle if they were the Yankees-Yanquis games.

Trademark law protects the name that the gizmo or the service bears, along with the goodwill that goes with that name; that goodwill therefore attaches to your company. The law governs the presentation of products and services in the marketplace, emphasizing the avoidance of confusion of the consumer, and it protects the means that you choose to identify your own products or services against the use of a confusingly similar mark by a competitor.

A trademark (<sup>TM</sup> for all marks, except ® for a mark registered on the Principal Register of the US Patent and Trademark Office) or service mark (sm for all marks unless registered with the US Patent and Trademark Office; registered service marks are also designated with ®) is a distinctive word, phrase, logo, graphic symbol, or other device used to identify the source of a product or service. It is used to distinguish a particular manufacturer's or merchant's product or service from the products or services of competitors. A trademark can be the name of a character (HARRY POTTER, for example, is a trademark of Warner Brothers Corp.), shapes (the McDonald arches are recognized throughout the world as belonging to the McDonald Corporation), colors (those McDonald arches are what color?) and sounds (the NBC chimes). Even a scent can be a trademark (the scent of Chanel No. 5 is a registered trademark). Almost anything that is distinctive and non-functional can be associated with a product or service and turned into a mark for that product or service.

Here's a question: what is the most valuable asset of the Coca-Cola Company, and how much is it worth? Coke's trademark name and typeface is its most valuable asset; that mark is worth approximately \$15 billion in licensing fees.

How did Coke's trademark get to be worth so much? They started small and used and protected their mark. You can do the same, no matter how large or small your company.

## **Obtaining a Mark**

A company obtains a trademark or service mark when it begins to use the mark in commerce. It keeps the mark as long as it continues to use the mark, or a reasonable derivative thereof, in commerce. For example, the girl on the Morton Salt box has evolved over time; her hairstyle and clothing have changed to reflect the current fashions. However, she retains her general appearance, her posture, her umbrella and her salt-spilling container, along with the slogan, "When It Rains, It Pours." Morton can claim to have used its mark in commerce since the girl first appeared, despite the changes she has undergone over time.

In the United States, a trademark can be registered at both the state and the federal level. In New York, a state trademark is registered with the Department of State. The protection available for a state-registered mark is limited to the geographical boundaries of New York State. Federally, a mark is registered with the United States Patent and Trademark Office. Once the mark has passed the examination process and is listed on the Principal Register of Trademarks, the geographical protection for the mark extends throughout the United States and its territories. Registering a mark with the US Patent and Trademark Office does not provide protection in other countries, not even Canada or Mexico. To protect a mark in another country, the mark must be registered in that country. The catch to registering a mark at the federal level is that the mark must be in use in interstate commerce, or you must intend to use the mark in interstate commerce within a short time of registering the mark. That means you must use the mark in actual interstate advertising and sales. While a website is available for all the world to see, if the website bearing the mark does not provide for interstate advertising and sales, the mark cannot be federally registered.

## **Strength of Marks**

My own business is an example of a small business with a trademark. My business uses a logo that depicts the scales of justice comprised of trees and leaves. I protect that logo. I use it on everything I send out: business cards, stationery, envelopes, brochures, advertising, this article, and I pursue infringers. The idea is if I use the mark consistently in association with my business, it will become associated in the consumer's mind with my business. However, my web address, [www.ipattorneyfirm.com](http://www.ipattorneyfirm.com), which I also put on everything that goes out and want the consumer to associate with my business, cannot be protected under trademark law. What is the difference?

There are degrees of protection available through trademark law. Some marks are more easily protected than are others. A protectable mark is a strong mark. The hierarchy, from most easily protected through unprotectable, runs from *fanciful* marks, which are made-up words like XEROX or KODAK through *arbitrary* marks, which are words that exist in the language but which are not normally associated with that particular product or service like APPLE Computer or 3M, onto *suggestive* marks such as VISA credit cards, to *descriptive* marks like WEIGHT WATCHERS weight-loss company which describe the product or service they are associated with.

Descriptive marks may not be immediately protectable. A *generic* word or image, such as ORANGE oranges, cannot be protected under trademark law because that would have the effect of removing that word or image from its availability in the language.

My business cannot protect either the scales of justice *per se* or the web address *ipattorneyfirm.com* because they are generic. If I could claim them as my own trademarks, no other attorney could ever use the scales of justice in association with his or her practice, and no one could ever use the commonly used phrase “IP attorney firm” to describe a law firm engaging in intellectual property practice. However, depicting the scales of justice as trees and leaves is at least arbitrary, if not fanciful. I can, and do, protect that embodiment.

### **Likelihood of Confusion**

Suppose the law firm up the road decides it likes my logo and designs and uses one very similar, but not identical, to it? Suppose the toy manufacturer in the next town decides it likes the logo and puts a logo identical to mine on its toys. Is my mark infringed, and how do I tell?

Trademark infringement law is designed to determine the likelihood of confusion between the sources of the goods or services in the mind of the “reasonable consumer.” The United States Courts of Appeals have devised various tests to determine the likelihood of consumer confusion. Here in New York, we are under the rule of the United States Court of Appeals for the Second Circuit, and we work with the original listing of likelihood of confusion factors, on which all others are based. This listing comes from the famous case of *Polaroid Corp. v. Polaroid Elects. Corp.*, 287 F.2d 492 (2<sup>nd</sup> Cir.), *cert. denied*, 368 U.S. 820 (1961). In the *Polaroid* case, the Second Circuit listed the following factors as being determinative of the likelihood of consumer confusion. These are commonly called the *Polaroid* factors, after the case.

1. The strength of the plaintiff’s [complaining party, usually the owner of the senior mark] mark;
2. The degree of similarity between the plaintiff’s and the defendant’s marks;
3. The proximity of the products or services covered by the marks;
4. The likelihood that the plaintiff will bridge the gap;
5. Evidence of actual confusion of consumers;
6. The defendant’s good faith in adopting the mark;
7. The quality of the defendant’s product or service; and
8. Consumer sophistication.

To see how the *Polaroid* factors work, let’s run the potential infringers, the law firm and the toy manufacturer, through them.

1. Strength of my mark:

*Law Firm:* The scales of justice are generic. This is so weak that it cannot be protected. However, my use of trees and leaves is fanciful or arbitrary, which are the strongest marks available. The fanciful or arbitrary use of trees and leaves leans the factor toward my favor.

*Toy Manufacturer:* The scales of justice are fanciful when used by a toy manufacturer; this is the strongest mark available. My use of them is generic, the weakest use available. The use of trees and leaves to draw the scales is fanciful or arbitrary in my case and fanciful or arbitrary in the case of the toy manufacturer. The fanciful use of the scales of justice by the toy manufacturer versus my generic use of them leans the factor his way; the fanciful use of trees and leaves could be a draw, or it could lean the factor slightly my way since I designed the logo.

2. Similarity between the marks:

*Law Firm:* The hypo defines the marks as similar but not identical. The factor leans my way.

*Toy Manufacturer:* The hypo defines the marks as identical. The factor leans my way.

3. Proximity of products/services covered by the marks:

*Law Firm:* The proximity of products/services covered by the law firm's mark and my mark is very close: we both practice law. The factor leans toward me.

*Toy Manufacturer:* The proximity of products/services is distant; the practice of law has little, if anything, to do with manufacturing and marketing toys. The factor leans toward the toy manufacturer.

4. Likelihood that I will bridge the gap:

*Law Firm:* It is very likely that I will bridge the gap. Even if the opposing firm practices in an area of law that I don't touch, I may hire an associate or take on a partner who practices in that area, and that practice would be covered by my logo. The factor leans toward me.

*Toy Manufacturer:* It is not likely that I, a lawyer, will suddenly decide to start manufacturing toys under my law firm's mark. The factor leans toward the toy manufacturer.

5. Evidence of actual confusion:

*Law Firm:* If a consumer is confused by the other law firm's use of the mark and believes that I am the source of the other firm's services, this factor leans my way.

*Toy Manufacturer:* If a consumer is confused by the toy manufacturer's use of the mark and believes that I am the source of the toys, this factor leans my way.

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6. Defendant's good faith in adopting the mark:

*Law Firm:* If the law firm can show that it adopted its mark in good faith, the factor leans toward them.

*Toy Manufacturer:* If the toy manufacturer can show that it adopted its mark in good faith, the factor leans toward them.

7. Quality of defendant's product or service:

*Law Firm:* The higher the quality of the other law firm's service, the further this factor leans toward them.

*Toy Manufacturer:* The higher the quality of the toy manufacturer's products, the further this factor leans toward them.

8. Consumer sophistication:

*Law Firm:* As an intellectual property and business law attorney, I market to an intelligent, educated, sophisticated clientele who understand that the services I provide enhance their ability to engage in and protect their business and its assets. If the other law firm markets to a more general population, this factor leans more heavily toward me than if they market to an equally sophisticated clientele. However, because their sophisticated clientele would more completely overlap with my clientele, this factor still leans my way if they market to a sophisticated clientele.

*Toy Manufacturer:* The actual consumer of the toys is likely to be a child or a teenager; an unsophisticated consumer. However, this unsophisticated consumer may not encounter my mark until they become an adult. If that adult then believes that I copied the toy manufacturer's mark, that would lean this factor toward me. If the adult child understands that the toy manufacturer's mark and my mark, while identical, are in entirely different markets and are not likely to overlap, the factor could lean toward the toy manufacturer.

On balance, looking at the analysis of the eight *Polaroid* factors, the law firm clearly runs a high risk of confusing a consumer, and is therefore likely to be found to infringe my mark. The court would require the law firm to give up its use of its mark and perhaps pay me for damages caused by its use of the similar mark.

There is more of a question with the toy manufacturer; their product has nothing to do with my service. It is entirely possible that the toy manufacturer would be found not to infringe my mark and would be free to continue to use the mark on its toys despite the fact that it is identical to mine.

## Conclusion

The law associated with trademarks is complex, sometimes contradictory, and ever-changing. This article is not intended as legal advice, nor does it cover all of trademarks law; it is intended simply as an introduction. I hope that you have

gleaned enough information from it to develop the questions you need to ask your trademarks attorney.

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