

Naming your company, products, & slogans...

Clearing and protecting your trademark rights

By Troy Janisch

Abstract

Any business – large or small – needs to be careful when choosing names for the company, its products and services, domain names, and any advertising slogans. If the name that you choose is deemed to infringe on the trademark rights of another party, not only will you be subject to lawsuits, damages, and bad publicity, but you will be forced to change your name, thereby making the marketing investment that you have made obsolete.

Small businesses are by no means exempt. In 2006, a small bagel shop in New York City was forced to give up its name and pay significant damages due to its use of a name that infringed on another business's name. Businesses are very protective of the names and brands that they use – and they should be. These names bring identities to the companies and products involved, and the businesses' owners do not wish to see the value of their marks diluted, tarnished, or otherwise confused with other products. Hence, companies can spend significant dollars each year protecting their trademarks.

Whether you decide to register a name as a trademark or not, you should, at the very least, first "clear" the name before using it to ensure that it does not conflict with existing trademarks used by businesses selling similar products and services.

This white paper discusses why, when, and how to use trademarks or service marks to protect your intellectual property (IP), while outlining what you can trademark, the benefits of a registered mark versus a common law mark, and whether to register on a federal or state level. Also included are some time-saving solutions for easing your way through the trademark search process.

Executive summary

To trademark or not to trademark — that is the question that plagues many a business owner — especially entrepreneurs and owners of small businesses. How and what does a trademark protect? What do you need to know? And how do you know what's best for you and your business?

Trademark law impacts virtually every business in the United States, big *and* small. Small businesses can be especially vulnerable, primarily because they lack the resources and expertise available to larger corporations.¹

A **trademark** is one of three legal terms used to describe "intellectual property," the others being **patent** and **copyright**. Many firms have IP without even being aware of it or the need to take measures to protect it, according to the United States Small Business Administration (SBA).

A **trademark**, denoted by the "™" symbol, is a word, phrase, symbol, design, combination of letters or numbers, or other device that identifies and distinguishes products and services in the marketplace. A **service mark**, denoted by the "SM" symbol, offers virtually the same protection, but is used, instead, to identify and distinguish services, rather than products. When the term "trademark" or "mark" is used, it is understood to include "service mark" as well. Trademarks are usually synonymous with the brand name or design that is applied to a business or its products or used in connection with services.²

Trademarking your brand name is an important first step in protecting yourself and your business.

What is trademark?

Whereas patents and copyrights are basically used to protect the commercial rights of inventors and creators of artistic or literary works, respectively, the basic concept behind a trademark or service mark is to prevent unfair competition.³ Trademark law protects you, the owner, from competitors stealing your identity or using a name or symbol so similar that it could cause confusion for your clients or customers. By identifying a product or service's source, a mark also serves to protect consumers from deception.

The Lanham Act of 1946 established current federal trademark law and the procedure we follow today for registration of trademarks with the U.S. Patent and Trademark Office (USPTO) in Washington, D.C. A trademark must meet certain qualifications to be accepted on the USPTO Principal Register and reap its many benefits.⁴

For obvious reasons, the USPTO (www.uspto.gov) does not allow trademarking of common or generic terms that are used by many or everyone to describe a type of company, product or services. Furthermore, the USPTO states that registered trademarks may not be "immoral, deceptive

or scandalous matter," or "disparage or falsely suggest a connection with persons, institutions, beliefs or national symbols." Nor may they be "merely descriptive," "deceptively misdescriptive," "primarily geographically misdescriptive," "primarily merely a surname," or "functional."

What name or mark can be trademarked? The more distinctive your business, product or service name, the more likely it will be available for you to trademark.

How do you know what's available? The only reliable way is to start with a comprehensive trademark search — within the state or states in which you plan to conduct commerce, as well as nationally through the USPTO or an online screening tool like Trademark Explorer™.

It is not mandatory, however, to register a mark to obtain trademark rights. You can earn trademark rights simply by using the name or mark along with the symbol "™" or "SM." Such a use is considered a "common-law" mark. It simply indicates that a party claims rights to the mark. In so doing, it also serves to alert third parties to potential trademark infringement if they were to choose to use the same mark without authorization.

Steps to obtaining a trademark

Create a trademark

Creation is the initial stage when a trademark, name, symbol or other device identifying your product or service is developed for use in the marketplace. There are guidelines to consider when creating a trademark, such as avoiding descriptive or misleading terms and watching for foreign translations. Trademarks are often developed in brainstorming sessions, using name creation software or by hiring a name creation company. The result of trademark creation process is a list of several potential trademarks that you will screen.

Screen trademarks

Once your list of potential trademarks has been created, the next step is to narrow the list. The ideal way to do this is to take a quick look and eliminate proposed trademarks that are obviously unavailable due to the existence of prior U.S. federal, state, or international trademark registrations or applications. This can easily be done by screening. Screening is inexpensive and normally done as preliminary research before investing in a more extensive trademark search. BizFilings' Trademark Explorer™ assists in this process. At the end of the screening stage, your list of proposed trademarks should be smaller, as those conflicting with existing trademarks will have been eliminated.

Clear a mark

Trademarks surviving the screening process are now ready for more exhaustive research. Typically, a company specializing in trademark research, like BizFilings (www.bizfilings.com), conducts a comprehensive search on each trademark. The resulting research report is then used by legal counsel to determine if your intended trademark stands a good chance of being registered or used without conflict in the marketplace.

Investigate a mark

Most trademark investigations are conducted to locate additional information on potentially conflicting trademarks cited on your clearance search report. The most common purpose of an investigation is to determine whether the conflicting registered or common-law trademarks located are still in use in the marketplace — and if so, to determine if they will present a problem if you use or register your trademark. The result of this step is a collection of all necessary information needed to make an informed opinion about the availability of your trademark.

Determine whether the mark can be registered

It is the job of an experienced attorney, using comprehensive trademark research reports and other related research, to render an opinion as to the availability of your potential trademark for use and registration. You must determine whether your trademark should proceed to the next stage: the filing and registration process.

File a trademark application

Once an application is filled out and filed at the USPTO, an examiner conducts research to determine if your proposed trademark is confusingly similar to any trademarks already registered. If no conflicting trademarks are found, and if your trademark is found to otherwise qualify for registration, your trademark is published for opposition in the USPTO's Official Gazette. The Official Gazette provides anyone who believes they would be damaged by the registration of your published mark an opportunity to challenge your proposed registration. If an owner makes a claim that your trademark is confusingly similar to his or hers, opposition proceedings are instituted and a decision is rendered by the Trademark Trial and Appeals Board. If no oppositions are filed, or if any opposition is successfully overcome, the application will proceed to registration. In the case of "Intent-to-Use" applications, documented use of your trademark must exist before registration can take place.

When to register a trademark

Although registration is not mandatory for trademark protection, trademarks on the USPTO Principal Register receive significantly stronger protection than unregistered or “common-law” marks. Advantages of that protection, as defined by the USPTO⁵, include:

- constructive notice to the public of the registrant’s claim of ownership of the mark;
- a legal presumption of the registrant’s ownership of the mark and the registrant’s exclusive right to use the mark nationwide on or in connection with the goods and/or services listed in the registration;
- the ability to bring action concerning the mark in federal court;
- the use of the U.S. registration as a basis to obtain registration in foreign countries; and
- the ability to file the U.S. registration with the U.S. Customs Service to prevent importation of infringing foreign goods.

Only after the USPTO has granted your trademark “*registered*” status are you permitted to use the federal registration symbol “®” or circle-R, which signifies that your mark is listed on the USPTO Principal Register and protected nationally from use by others. This process generally takes 10-12 months from time of application to confirmation of acceptance, and use of the “®” is not permitted during this time. The “™” and “SM” symbols are used instead while a USPTO application is pending, just as they are for state-registered and common-law marks.

Once registered by the USPTO, the mark can be renewed indefinitely. Current regulations require renewal of a trademark every 10 years.

There are patent and trademark agencies in other countries throughout the world that grant registered trademarks offering similar advantages to owners of trademarks used in international trade.

State vs. federal trademarks

If you have a U.S.-based business that operates within only one or two — or maybe a few — states with no plans for expansion beyond that geographic area, registering your trademark at the state level may be sufficient, also less expensive and easier to protect.

Because trademark law varies from state to state, it is wise to check with each jurisdiction in which you conduct business. Fees and renewal requirements can also vary. Trademark registration at the state level is usually handled by the office of the Secretary of State or the Department of Commerce.

For a business that offers goods or services in two or more states, and/or one or more foreign countries, federal trademark registration is usually preferred. Because federal trademark rights supersede state rights, only a federally registered mark assures sufficient protection — while also allowing room for geographic growth — for a trademark engaged in interstate commerce.

Cost/risk analysis: common-law vs. registered

The best argument for registering a trademark is to protect yourself and your business from potential litigation. First you must make sure that your trademark is free and clear and does not infringe on somebody else’s. The financial consequences of ending up on the wrong end of a trademark dispute can be huge, especially if you are forced to change your name. Likewise, you need to protect yourself from someone else infringing upon your name and putting your business and reputation at risk. Whether an infringement is pursued as a case in court or settled out of court, any such situation can spell disaster in terms of cost and business disruption, especially for an owner of a small business.

To determine whether you’re legally permitted to use the name you’ve chosen for your company, its products, or its services, you must conduct a trademark search. Even if you’ve registered a corporate or LLC name with a state agency, there is no guarantee that the name has not already been taken by another business as a trademark.

It could simply mean that another company hasn't registered the business name in your state. That's why it is important to conduct a trademark search to identify potential trademark conflicts before committing to a business name.

The research required is the same, whether you are seeking registration or not, and at the federal or state level. Why? Because anyone holding a federally registered trademark has the right to that name or mark throughout the entire country.

The state trademark database, which includes all 50 states, must also be searched to make sure your name or mark is not registered or in use in any state(s) in which you plan to conduct business — now and in the future. Even if your intent is a common-law mark, both a state and national search may be advisable, depending on the nature or scope of your business, to prevent an infringement challenge. You need to be sure there is no other business already using that mark in your area of commerce.

Trademark search resources

Many people prefer to pay a professional search firm to handle a trademark. This makes sense if you can afford investing \$1,000 or more for a thorough professional search.. You can also use a trademark attorney who can also provide legal opinions as to whether your proposed mark is legally safe. Obtaining a legal opinion provides important protection if someone later sues you for using the mark.

The best resource for conducting an initial trademark screening search is BizFilings' Trademark Explorer™. It can help you identify if a proposed trademark is already registered with the USPTO. Trademark Explorer™ examines newly filed trademark applications, active registrations and cancelled and abandoned marks. It also provides access to the most current and comprehensive state trademark data available.

BizFilings' Trademark Explorer™ is an inexpensive tool and provides advanced searching features and logic that allow you to easily conduct comprehensive, preliminary trademark searches. It is an excellent tool for conducting your own trademark search, although it should not be used as a substitute for a legal opinion.

Applying for federal trademark registration

As mentioned above, although it may be advisable, the USPTO does not require you to employ an attorney to file a trademark application. However, you must comply with all substantive and procedural requirements of the Trademark Act and Trademark Rules of Practice, whether you have representation by an attorney or not.

Lists of attorneys who specialize in trademark law can usually be found in your area telephone yellow pages or by contacting your local bar association. Firms that specialize in trademark searches are also often listed in the yellow pages or can be found by conducting an online search.

The process of creating, registering, protecting and exploiting your trademark can be complex and somewhat confusing.

Maintaining your trademark

USPTO registrations are issued for an initial term of 10 years, but as noted previously, can be renewed indefinitely. To assure continued protection for your trademark, however, there are steps that must be taken at specific intervals in the meantime.

According to trademark attorney Gregory H. Guillot, PC, an affidavit must be filed with the USPTO during the fifth year of registration, attesting that the mark is still in use in interstate commerce. Failure to file the affidavit can result in cancellation of the registration.

When a registered mark has been used continuously in interstate commerce for five years, it can be made incontestable by filing an appropriate affidavit with the USPTO. This step is optional, but a registration is strengthened greatly when the affidavit is filed.

International registrations are subject to similar, periodic, "proof of use" requirements. Some countries also require the payment of "taxes," or fees, to maintain registration rights.

If a registered mark is used and maintained properly, and renewed with the USPTO at successive ten-year periods, the trademark registration can last “forever.” In other countries, terms of registration vary; however, most also allow indefinite, successive renewals, where the underlying mark is used properly, and the registration is maintained.⁶

Timesaving solutions

There are several ways in which a business owner can approach trademarking a name. Unless you are a trademark expert, conducting your own search through the USPTO’s Trademark Electronic Search System (TESS) or by visiting the Trademark Public Search Library in Alexandria, Va., can be time-consuming, at best. Due to the literal aspects of the search tools available, however, it may also be insufficient.

You can save yourself valuable time:

- 1) by hiring an attorney or trademark professional to do the work for you, or
- 2) by using an online service such as BizFilings.com for initial screening

BizFilings’ (www.bizfilings.com) Trademark Explorer™ delivers summary results for free and a detailed report on each trademark of interest for a small fee. You may use Trademark Explorer™ prior to forming a corporation, LLC or nonprofit in order to screen the name choices you are considering. If you are forming your business through BizFilings, formation services include a preliminary name availability search with the Secretary of State.

These two steps should not serve as a substitute for obtaining a comprehensive trademark search, especially if you intend to file a trademark application on your name.

When to use a trademark

One of your primary goals, as a small business owner, should be to create “brand” recognition of your business in the communities you serve. Using your trademark on everything — signage, advertising, promotion, company

stationary, uniforms, etc. — is one of the best, and most cost-effective, methods of doing this. Repeated viewings of your mark helps begin to create that important “top-of-mind awareness” with your potential customers.⁷

“Trademarks are kind of like muscles,” says Alice Magos, business columnist for the Small Business Toolkit (toolkit.cch.com). “You use them or lose them. Not only should you use your trademark consistently to distinguish your brand from others, but you also should be vigilant about seeing to it that others respect its exclusivity. If you don’t, your valuable identity mark may go the way of escalator, kerosene, zipper, yoyo, and aspirin - into generic limbo. Your role models should be Coke, Xerox, and Kleenex — militant protectors of their marks. They always make sure their trademarks are used as adjectives: Kleenex brand tissues, Xerox brand photocopiers.”⁸

Conclusion

In conclusion, there are two ways to obtain trademark protection:

- 1) through the actual use of the mark along with the symbol “™” or “SM,”⁹ which is considered a “common-law” mark; or
- 2) by filing the proper application to register the mark with the appropriate department at the state level and/or with the USPTO at the federal level.

Whatever you choose for your business will depend on your own individual business goals, but either of the above requires a comprehensive trademark search if you want to avoid potential infringement and litigation issues.

The USPTO, perhaps, sums it up best as follows: “Strong trademark protection can be as important as a strong patent portfolio to a successful business. Unlike patents, trademark registrations are renewable for as long as the product or service they identify is offered for sale. The rise of global communication networks and easily accessible commercial markets significantly increases the importance of obtaining trademark protection for even the smallest companies.”

About the author

Troy Janisch is marketing director for BizFilings. Janisch is responsible for all BizFilings' marketing activities and strategies. Having founded two successful Internet companies — Online Arts and Icon Interactive (www.iconinteractive.com) — prior to his start at BizFilings, he is passionate about entrepreneurialism and technology. Janisch has presented his value-based approach to e-marketing and search engine optimization through multiple editorial inclusions, and has been a keynote speaker on topics including e-marketing, technology, online branding and search engines. As a part-time instructor for the University of Wisconsin-Oshkosh, Janisch teaches how to create successful advertising campaigns. Janisch graduated from the University of Wisconsin-Oshkosh in 1989 with a bachelor's degree in journalism. In 1994, Janisch received his master's in mass communication from the University of Wisconsin-Madison.

About BizFilings

BizFilings is the leading Internet provider of incorporation and related services to business owners. BizFilings professionally forms corporations, LLCs, and nonprofits faster than anyone else. The company also offers Ultimate Business Planner software to help new businesses succeed.

As a company started in 1996 by entrepreneurs seeking online resources to start a business of their own, BizFilings

embraces the entrepreneurial spirit. The company has grown rapidly in the past decade, helping over 100,000 domestic and international business owners with their corporation, limited liability company, and nonprofit formation needs. The company is headquartered in Madison, WI, with satellite operations around the country.

BizFilings is a part of Wolters Kluwer, a leading multinational publisher and information services company. Wolters Kluwer has annual revenues (2005) of €3.4 billion, employs approximately 18,400 people worldwide and maintains operations across Europe, North America and Asia Pacific.

- 1 Under Secretary of Commerce for Intellectual Property Jon Dudas, addressing participants at the Conference on Intellectual Property in the Global Marketplace in Miami, FL on September 26, 2005.
- 2 U.S. Patent and Trademark Office, "Trademark FAQ," <http://www.uspto.gov/web/offices/tac/tmfaq.htm#Patent001>
- 3 U.S. Small Business Administration, "Legal Rights Question." <http://www.sba.gov/>
- 4 Wiki Books, http://en.wikibooks.org/wiki/US_Trademark_Law#History_of_trademark_law
- 5 <http://www.uspto.gov/web/offices/tac/doc/basic/register.htm>
- 6 All About Trademarks from Gregory H. Guillot, http://www.ggmark.com/#General_Trademark_Information
- 7 U. S, Small Business Administration, "Legal Rights Question." <http://www.sba.gov/>
- 8 "Ask Alice!" Copyright 2005, CCH Incorporated.
- 9 Patent and Trademark Depository Library, <http://www.uspto.gov/web/offices/ac/ido/ptdl/ptdlgen.htm>



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