

Trademarks

by Sophia



WHAT'S COVERED

In this lesson, you will learn about trademarks as a type of intellectual property. Specifically, this lesson will cover:

1. Purpose of Trademark Law

A **trademark** is any kind of name, logo, motto, device, sound, color, or look that identifies the origin of a particular good or service. Something can become a legally protected trademark when consumers generally associate it with a particular origin.

➞ **EXAMPLE** Someone buying a Diet Coke knows that he or she is getting a carbonated beverage from the Coca-Cola Company. If the consumer bought a Diet Cola, on the other hand, there's no association in the mind with any particular company, so it could be from Coca-Cola, Pepsi, or any number of other companies.

The key is consumers' identification with a specific origin. If consumers think of a class of goods rather than one specific origin, then it's not a trademark.

➞ **EXAMPLE** When a consumer hears "aspirin," she thinks of a class of goods with no particular origin because aspirin is not a trademark. But if a consumer hears "Bayer," she thinks of a specific aspirin from a specific source, making "Bayer" a trademark.

A federal law, the **Lanham Act**, protects trademarks. Unlike copyrights and patents, trademarks can last forever and are not subject to the Constitution's "limited time" restriction.

Since the objective of trademark law is to prevent consumer confusion, the public good is best served by allowing companies to maintain their trademarks as long as they are in use and as long as consumers associate a trademark with a specific origin.

The moment they no longer make that association, however, the trademark may cease to exist. For federal trademark protection, there are requirements to file certain documents and pay fees to maintain protection.



TERMS TO KNOW

Trademark

LA distinctive mark or symbol that identifies and distinguishes the manufacturer or merchant of a product and granted exclusive rights to usage thereof.

2. What Can Be Trademarked?

So, what can be a trademark? Obviously, words can be trademarked. When it comes to trademarks, **distinctiveness** is good. Therefore, an invented word is the best type of trademark.

➔ **EXAMPLE** In 1997, when Stanford grad students Larry Page and Sergey Brin were brainstorming names for their new Internet search engine, they settled on the word “Google,” a play on “googol,” which means 1 followed by 100 zeroes. They felt the name reflected their goal to organize the staggering amount of information available on the Internet.

On the other hand, regular words can also become trademarks, as long as consumers identify them with a particular source.

➔ **EXAMPLE** Amazon is the name of the world’s longest river, but it’s also the name of an online retailer. Since consumers now identify Amazon.com as an online retailer, the name can be trademarked.

Consider what would happen if you tried to trademark your name.

IN CONTEXT

If your name happens to be Sam Smith, you’d probably have a pretty hard time getting a trademark for your name. If, however, you called your business “Sam Smith” anyway, and started growing your business so that eventually, over time, consumers began to identify “Sam Smith” as your business, then your name has acquired **secondary meaning** and can be trademarked. Thus, Sam Adams is a trademark for a beer, Ben & Jerry’s is a trademark for ice cream, and Ford is a trademark for a motor vehicle.

Note that when you get a trademark, it’s typically granted for a specific category of goods. The same name can sometimes be used for multiple categories of goods.

➔ **EXAMPLE** The name “Delta” is a trademark for both an airline and a brand of faucets. Since there is little chance that a consumer will confuse an airline and a faucet brand, trademark law allows these dual registrations.

Still, some brands are so strong that they would probably stop registration even for a completely different category of goods.

IN CONTEXT

The McDonald’s trademark is one of the strongest in the world, meaning that it is instantly recognizable. In 1988, the hotel chain Quality Inns decided to launch a new line of budget motels called “McSleep.” McDonald’s sued, claiming trademark infringement. McDonald’s claimed that consumers might be confused and believe that McDonald’s owned the hotel chain. A federal judge agreed and ordered Quality Inns to change the name of the chain, which it did, to Sleep Inns.

Can sounds be trademarked? Yes!

➞ **EXAMPLE** Some sounds are instantly recognizable, such as AOL’s “You’ve Got Mail” and Twentieth Century Fox’s movie opening scene.



DID YOU KNOW

Courts have been reluctant to grant certain smells trademark protection, even though it can be argued that certain fragrances, such as Old Spice or CK One, are distinctive. Imagine the chaos that would ensue if one company claimed trademark protection for vanilla or strawberry scents— consumers would ultimately be robbed of choice if that were to happen.



TERMS TO KNOW

Distinctiveness

One of the requirements for trademark protection, referring to uniqueness of the mark.

Secondary Meaning

A requirement for protection of a trademark referring to the mark’s likely recognition by consumers.

3. Types of Trademarks

Trademarks go beyond simply a company’s name or its logo, and there are several different types of trademarks that may be used, depending on what specifically is being trademarked.

3a. Trade Dress

The distinctive colors, materials, textures, and signage of businesses and products are considered **trade dress** and cannot be copied.

➞ **EXAMPLE** The color pink is trademarked when used for building insulation by Owens Corning. All other insulation manufacturers must use different colors.

A bottle shape can be considered trade dress, too.

➞ **EXAMPLE** OPI, a nail polish manufacturer, has registered its bottle shape with the U.S. Patent and Trademark Office (USPTO) and is suing other manufacturers that use a similarly designed bottle.



TERM TO KNOW

Trade Dress

A type of trademark that refers to the visual appearance of a product, its packaging, or the building in which it is sold.

3b. Service Marks

A trademark is not limited to a name or logo used to sell goods. If a company provides a service (as opposed to selling goods), it too can receive trademark protection.

In this case, it's called a **service mark**.

➞ **EXAMPLE** Facebook's trademark is a service mark.



TERM TO KNOW

Service Mark

A type of trademark that refers to the brand of a service rather than a product.

3c. Certification Marks

A trademark can also be used to demonstrate certification meeting certain standards, such as the Good Housekeeping Seal of Approval.

This is called a **certification mark**.

➞ **EXAMPLE** The Forest Stewardship Council (FSC) allows its logo to be used on paper products that come from sustainable forests, while certain foods can be labeled “Organic” or “Fair Trade” if they meet the standards as established by governmental or nongovernmental organizations.



TERM TO KNOW

Certification Mark

A type of trademark that refers to an endorsement by an organization as in the Good Housekeeping (registered certification mark) Seal of Approval.

3d. Collective Marks

Finally, a mark can represent membership in an organization. This is called a **collective mark**.

➞ **EXAMPLE** The trademarks for the National Football League, Girl Scouts of America, Chartered Financial Analyst, and Realtor are collective marks.

The rules that apply to trademarks apply equally to service marks, certification marks, and collective marks.



TERM TO KNOW

Collective Mark

A type of trademark that refers to the name of an organization, typically a collective professional organization, such as Realtor (a registered collective mark).

4. Limitations on Trademarks

If a color or sound can be trademarked, is there anything that cannot be trademarked? The Lanham Act excludes a few categories from trademark registration, mainly for public policy purposes.

Obviously, trademarks will not be granted if they are similar or identical to a trademark already granted. If you're starting a new company, it's a good idea to make sure that not only is a domain name available for your company's name, but that the name isn't already trademarked by someone else. Trademarks cannot contain the U.S. flag, any government symbol (such as the White House or Capitol buildings), or anything immoral.

Trademarks also cannot be **merely descriptive**.

➞ **EXAMPLE** Every restaurant is allowed to offer a “Kid’s Meal,” but only McDonald’s can offer a “Happy Meal.”

Whether or not a region can be trademarked (a geographic indicator, or GI) is the subject of some controversy, especially with our trading partners.

IN CONTEXT

“Maine Lobster,” “Napa Valley Wine,” or “Florida Orange Juice” may indicate to some consumers the origin of a particular lobster or bottle of wine or orange juice, and thus may be of commercial value to distinguish the product from competitors from other regions. For the time being, these foods must come from Maine, California, or Florida to avoid liability under consumer protection statutes for fraud (lying) about their origin.

What happens, though, if consumers lose the association with the region? For years, sparkling wine manufacturers in Champagne, France, have fought to prevent this from happening by requiring that only sparkling wine made in the Champagne region be called “champagne.” Now, food producers (especially in the European Union) are seeking similar protection under international trademark law for feta, parmesan, gorgonzola, asiago, and hundreds of other names.



TERM TO KNOW

Merely Descriptive

In trademark law, a mark that is not distinctive enough to merit protection because it merely describes something about the product or service.

4a. Genericide

A trademark is valid as long as consumers believe that the mark is associated with a specific producer or origin. If the mark refers to a class of goods instead, then the trademark can no longer exist. This process is called **genericide**.

➞ **EXAMPLE** Many words today once started as trademarks: furnace, aspirin, escalator, thermos, asphalt, zipper, cellophane, lite beer, q-tip, and yo-yo are all examples of trademarks that are now generic and have therefore lost legal protection.

To prevent genericide from occurring, trademark owners must take active steps, often costing millions of dollars, to educate consumers on the importance of using their trademarks properly and to prosecute infringers.



THINK ABOUT IT

When you hear the word “Kleenex,” do you think of a brand of tissue owned by Kimberly-Clark, or do you think of tissues generally? Does “Rollerblade” refer to a brand of in-line skates, or to all in-line skates? In Southern states, does “Coke” refer to a Coca-Cola, or to soft drinks generally? When you run a “Xerox” photocopy, is it on a Xerox photocopier or some other machine?

These trademarks, all currently active and worth billions of dollars to their owners, are in danger of becoming generic in the United States. If that happens, the companies will lose control of the marks and the public (and competitors) will be free to use those words just as they use “aspirin” and “yo-yo” today.



DID YOU KNOW

Xerox has taken many steps to fight the genericization of its trademark, including running print advertisements in business periodicals. In one of these ads, the text says, “When you use ‘Xerox’ the way you use ‘aspirin,’ we get a headache.”



TERM TO KNOW

Genericide

In trademark law, the process whereby a trademark becomes a popular word and no longer identifies the original product or service that first used the mark.

5. Trademark Infringement

Trademark **infringement** occurs when someone uses someone else’s mark, either completely or to a substantial degree, when marketing goods or services, without the permission of the mark’s owner.

IN CONTEXT

When Apple first released the iPhone, it found out that “iPhone” was already a registered trademark belonging to Cisco, another company, for a phone used for placing phone calls over the Internet. To avoid trademark infringement liability, Apple had to pay Cisco an undisclosed sum to purchase the trademark.

Ford found itself in a similar situation when it released a supercar called the “Ford GT.” Ford made a similar racing car in the 1960s called the “GT 40” but lost control of the trademark after production ceased. Unable to reach agreement with the current trademark owners, Ford settled for releasing the new car as simply the “GT.”

The law also permits trademark owners to sue infringers who use their marks to a substantial degree.

➞ **EXAMPLE** When Samsung announced its new smart phone, the Black Jack, the makers of the BlackBerry device sued for trademark infringement.

➞ **EXAMPLE** When a small coffee shop in Syracuse, New York opened as “Federal Espresso,” the shipping company FedEx filed a trademark infringement claim.



TERM TO KNOW

Infringement

The use of legally protected intellectual property without permission by the owner or legally sanctioned exceptions (such as fair use, for example).

5a. Dilution

Even if a trademark owner doesn’t believe a similar use of its mark would lead to any consumer confusion, it can protect its trademark through a concept called **dilution**.

➔ **EXAMPLE** Such was the case when an adult novelty store in Kentucky opened as “Victor’s Secret” (the owner’s name was Victor). The trademark owners of “Victoria’s Secret” filed a dilution suit in response.

Traditionally, trademarks are intended to prevent consumer confusion. Dilution permits a trademark owner to stop usage of a similar word or phrase even if consumers aren’t confused. Under dilution concepts, the trademark owner only needs to show that its mark will be diluted or tarnished in some way.

Dilution is controversial in trademark law. When Congress passed the first dilution law in 1995, the Federal Trademark Dilution Act, many felt that Congress had gone too far in protecting trademarks, to the detriment of the public and small businesses.

For one thing, the Act only protected “famous” trademarks. It also failed to clearly define “dilution,” and what was required for trademark owners to win a lawsuit.

CASE STUDY: *Moseley v. Secret Catalogue*

When the Victor’s Secret case reached the Supreme Court, the Supreme Court issued some clarification on the Act. The Court ruled that to win a dilution case, a trademark owner had to show that it had suffered actual economic damage from the dilution, not merely the “likelihood” of dilution. This is a high standard for trademark owners to meet, because it means that they

1. have to wait for the diluting mark to hit the market and be used in commerce and
2. must be able to prove that they suffered economic damage from the diluting mark.

Unhappy with the Court’s decision, corporations lobbied Congress to pass the Trademark Revision Dilution Act of 2006, which overturns the Moseley case. Now, trademark owners of famous trademarks only need to show a likelihood of dilution before filing a dilution lawsuit.

Moseley v. Secret Catalogue, 537 U.S. 418 (2003).



TERM TO KNOW

Dilution

A description of infringement on a trademark that uses a similar word or phrase (without exactly copying the mark) even where similarity may not lead consumers to associate the infringed mark with the protected mark.

5b. Cybersquatting

An interesting aspect of trademark infringement arises through the use of domain names on the Internet. The practice of **cybersquatting** (or domain name squatting) arises when a company registers a domain name containing a famous trademark in hopes of selling that trademark to its rightful owner for a large profit.

The practice arose in the early days of the Internet, when domain name registration took place on a first-come, first-served basis. There is nothing wrong with registering a domain name for a generic word such as “shoes.com,” but incorporating a registered trademark into the domain name, for purposes of selling it later, is considered cybersquatting.

This practice was made illegal in 1999 with the passage of the Anticybersquatting Consumer Protection Act. It

is only illegal, however, if the domain name is registered to make a profit through later sale. It is not illegal if someone registers the domain name in “good faith.”

IN CONTEXT

A good example is the domain name registered by Canadian teenager Mike Rowe in 2003. An avid computer user, he registered “mikerowesoft.com” as a domain name. Software giant Microsoft launched legal proceedings against him, claiming violation of the cybersquatting statute and trademark infringement. Rowe’s defense was that the Web site merely reflected his name and his interest in computer programming and software and was being used for that purpose. After heavy negative publicity, Rowe and Microsoft settled the case with Microsoft taking control of the domain.



TERM TO KNOW

Cybersquatting

A practice declared illegal by the Anticybersquatting Consumer Protection Act forbidding the purchase of a registered domain name identical to or confusingly similar to a protected trademark.

6. Defenses to Infringement

Companies or persons accused of trademark infringement have several defenses to rely on. The most obvious is arguing that no infringement has occurred because the two marks are sufficiently different that consumers won’t be misled.

➞ **EXAMPLE** In 2002, Jeep sued General Motors for infringing on what Jeep called its trademark grill. GM’s Hummer division released the H2 that year, with a similar seven-bar grill. A district court held that there was no trademark infringement because the grills were too dissimilar to cause consumer confusion.

Another defense is **fair use**. The Lanham Act prohibits the use of someone else’s trademark when selling goods. It’s not uncommon to see various items, such as laptop computers, telephones, soda cans, or other foods, with their labels covered by stickers or blurred out on television shows and movies because of trademark law.

On the other hand, what if a company wanted to mention a competitor’s product to draw a comparison with its own product? This is called **comparative advertising**, and it’s considered fair use.

➞ **EXAMPLE** Honda, therefore, is free to claim that its “Honda Accord is better than the Ford Taurus” in its advertising, even though Ford and Taurus are both trademarks owned by Ford Motor Company. The First Amendment also recognizes the use of **parody**, comedy, or **satire** as fair use.

➞ **EXAMPLE** Comedy skits on television that make fun of, or use, company logos are fair use.

➞ **EXAMPLE** Canadian nonprofit Adbusters claims to be an organization seeking to advance “a new social activist movement in the information age.” Part of its work involves making fun of corporations by spoofing their commercial messages. Although these “ads” undoubtedly infringe on trademarks, they are considered fair use because of the social commentary and satire behind their message.



TERMS TO KNOW

Fair Use

A defense to infringement of intellectual property. May include use for solely educational and nonprofit purposes, using only a small portion of the work, parody, satire, comedy, commentary, news reporting, or criticism of the work.

Comparative Advertising

A defense to infringement of trademark law where product advertisers are allowed to compare their products or services to those of competitors.

Parody

A form of fair use that imitates or exaggerates to make fun of a protected work.

Satire

A form of fair use that uses humor or irony directed at a protected work to criticize others.



SUMMARY

In this lesson, you learned that the **purpose of trademark law** is to identify the unique origin of goods or services. Trademarks are granted under the federal Lanham Act and can last forever. Words, symbols, pictures, slogans, sounds, phrases, and even shapes **can be trademarked**. A trademark must be distinctive or strongly associated with a particular source to merit protection. Beyond a company's name or logo, other **types of trademarks** include **trade dress**, **service marks**, **certification marks**, and **collective marks**.

You also learned that there are **limitations on trademarks**: They must not be descriptive, generic, or similar to a trademark already granted. When a trademark is no longer associated with a specific origin, it undergoes **genericide** and loses legal protection. Trademark owners can take legal action against **trademark infringement** and **dilution** of their marks. Trademark protection extends to the Internet, where mark owners can prevent bad faith **cybersquatting**. There are, of course, **defenses to infringement**, including several fair use exceptions.

Best of luck in your learning!

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TERMS TO KNOW

Certification Mark

A type of trademark that refers to an endorsement by an organization as in the Good Housekeeping (registered certification mark) Seal of Approval.

Collective Mark

A type of trademark that refers to the name of an organization, typically a collective professional organization, such as Realtor (a registered collective mark).

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A defense to infringement of trademark law where product advertisers are allowed to compare their products or services to those of competitors.

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A practice declared illegal by the Anticybersquatting Consumer Protection Act forbidding the purchase of a registered domain name identical to or confusingly similar to a protected trademark.

Dilution

A description of infringement on a trademark that uses a similar word or phrase (without exactly copying the mark) even where similarity may not lead consumers to associate the infringed mark with the protected mark.

Distinctiveness

One of the requirements for trademark protection, referring to uniqueness of the mark.

Fair Use

A defense to infringement of intellectual property. May include use for solely educational and nonprofit purposes, using only a small portion of the work, parody, satire, comedy, commentary, news reporting, or criticism of the work.

Genericide

In trademark law, the process whereby a trademark becomes a popular word and no longer identifies the original product or service that first used the mark.

Infringement

The use of legally protected intellectual property without permission by the owner or legally sanctioned exceptions (such as fair use, for example).

Lanham Act

A U.S. federal law first passed in 1947 pertaining to trademark law.

Merely Descriptive

In trademark law, a mark that is not distinctive enough to merit protection because it merely describes something about the product or service.

Parody

A form of fair use that imitates or exaggerates to make fun of a protected work.

Satire

A form of fair use that uses humor or irony directed at a protected work to criticize others.

Secondary Meaning

A requirement for protection of a trademark referring to the mark's likely recognition by consumers.

Service Mark

A type of trademark that refers to the brand of a service rather than a product.

Substantial Degree

A description of infringement on a trademark that uses a similar word or phrase without exactly copying

the mark where the similarity can lead consumers to associate the infringed mark with the protected mark.

Trade Dress

A type of trademark that refers to the visual appearance of a product, its packaging, or the building in which it is sold.

Trademark

A distinctive mark or symbol that identifies and distinguishes the manufacturer or merchant of a product and granted exclusive rights to usage thereof.