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BRIEFING ON INFORMATION TECHNOLOGY LAW

PROTECTING YOUR COMPANY'S INTELLECTUAL PROPERTY: TRADEMARKS

Part One of a Three Part Series¹

I. Introduction

The success of a commercial enterprise often rises or falls on whether one company has ideas that are better than those of its competitors. Those ideas, as they take form in the products a business manufactures or the services that it renders, are the lifeblood of the company. The execution and embodiment of a business' idea, whether in the form of a new computer program, a new power generator or a particular branding to accompany a product or a unique style of rendering a service are protected by a body of law collectively referred to as "intellectual property law".

Trademarks, Copyright, Patents and Trade Secrets all come under the broader heading of "intellectual property law". Although there is often confusion as to the interrelation between these specific areas of the law, each field is very distinct from the others. In brief, a Trademark is a word, slogan or logo that identifies the products or services of a business. A Copyright protects original "writings" by granting the author the exclusive right to reproduce and distribute the copyrighted material. The term "writings" is broad and includes books, jewelry designs, sculptures, songs, music, computer programs and similar creations. A Patent grants to creators of new, useful, and non-obvious inventions and processes the right to exclude others from manufacturing, using or selling the patented invention or process. A trade secret is any formula, pattern, or compilation of information used in one's business which provides an advantage over competitors who do not know or use it. Trade secrets include chemical compounds, processes for manufacturing, treating or preserving materials, patterns for machines or other devices and lists of customers.

¹Part 2 of this series will deal with Copyrights & Patents. Part Three of the series will deal with Trade Secrets.

From a legal point of view, there is rarely any merger between Trademark, Copyright, Patent and Trade Secret law.² However, from a practical point of view, consumers routinely encounter products which are protected by all three branches of intellectual property law. For example, a computer may bear the IBM Trademark, contain a hard drive patented by Simple Technologies and run on copyrighted Windows 98 software developed by the Microsoft Corporation.

In operating a business, it is important to have a basic understanding of these areas of law in order to assess how the expression and embodiment of your business' ideas can be protected from your competitors.

II. TRADEMARK FUNDAMENTALS

A. TRADEMARKS & SERVICE MARKS

A Trademark is a word, slogan or logo attached to consumer goods such as appliances, food products and automobiles. Although less frequently encountered, Trademarks can also be in the form of sounds, colors and even scents. Trademarks serve to distinguish one business' products from those of competitors and to identify the source of the goods. The brand name "Coke", the slogan "It's the Real Thing" and the distinctive, cursive Coca-Cola logo are all Trademarks uniquely associated with a specific product and source.

A Service Mark functions like a Trademark, but is used in connection with the rendering of services, rather than the sale of goods. The Delta Air Lines logo is an example of a Service Mark. A consumer does not purchase a specific good from Delta Air Lines, but rather, the services of air transport. Like a Trademark, a Service Mark functions to distinguish one business' services from those of a competitor.

B. USE OF THE ®TM SM SYMBOLS

A Trademark is designated by the use of the TM symbol. A Service Mark is designated by the use of the SM symbol. If a trademark or Service Mark is registered federally, it may be designated by use of the TM symbol.³

C. The Value of a Trademark

²An exception to this general proposition can be seen with software, which was previously protected almost exclusively by Copyright law, and to a lesser extent by trade secret law, and now sometimes by Patent law. Additionally, Trademarked logos are often copyrighted as an extra layer of protection.

³For all intents and purposes, a Trademark and a Service Mark are treated identically for purposes of this discussion and shall hereafter be referred to collectively as "Trademarks" or "Marks".

Customer loyalty to a brand often constitutes a large part of a company's business "goodwill". Accordingly, Trademark protection should not be thought of as a secondary concern. The goodwill surrounding a particular brand of goods or service is protected, in part, by protecting the Trademark from infringing use by others. Infringement is the use of an identical or confusingly similar Mark in connection with goods or services which are identical or similar to those covered by the Trademark.

D. How Rights to a Trademark Are Established

Rights in a Trademark are established by use. Accordingly, if a business wishes to establish rights in a Trademark, it must use the Mark in commerce. Unless federally registered, the right to the use of the Mark is established only where the Mark is used. If, for example, a product bearing a particular Trademark is sold only throughout the states of Georgia, South Carolina and North Carolina, the protection afforded the Trademark will be limited to those three (3) states alone. This is referred to as "common law usage".

A Trademark can be registered on the state or federal level. Federal registration, however, is preferable as it provides protection throughout the entire United States. Therefore, if a business wishes to establish rights to a Trademark nationwide, as a practical matter, it must register the Mark with the Patent & Trademark Office near Washington, D.C..

In order to secure federal registration, it is necessary that the Mark be in use in commerce currently or be a Mark which the applicant intends to use in interstate or international commerce. Also, the Mark must be inherently registerable - certain types of Marks, such as "generic" Marks, cannot be registered. If the Mark is registerable, an application must be filed, along with appropriate fees, with the Patent and Trademark Office. The application is eventually examined by an attorney within the Patent and Trademark Office and either granted or denied registration.

E. THE REGISTRATION PROCESS

Before an application for registration with the Patent and Trademark Office is submitted, a proposed Mark should be cleared through a Trademark clearance search. It is important to conduct a clearance search not only to determine if the Mark is available for registration, but also to ensure that the use of the Mark will not infringe on the registered Trademark of another company. After a clearance search is conducted, an application is completed and submitted to the Patent and Trademark Office along with a filing fee of Two Hundred and Forty Five Dollars (\$245.00) per international class.⁴ An applicant who has already begun using a Mark in commerce may file a "use" based application. An applicant who has not begun using a Mark in commerce may file an "intent-to-use" application based on the applicant's *bona fide*

⁴Good and services are scheduled within an International Classification scheme according to the nature of the goods and services. For example, fabric is within one international class, business services are in another.

intention to use the Mark in commerce.

Within a few months of submission, the application is reviewed by an attorney within the Patent & Trademark Office, referred to as an Examining Attorney. Upon review, it is not uncommon for the examining attorney to raise issues that must be addressed prior to a grant of registration. For example, the service or goods descriptions must frequently be amended or revised. Similarly, the Examining Attorney may refuse registration based on legal grounds. A common basis for refusing registration is that the Mark is descriptive. Another common basis is that there is a likelihood that the Applicant's Mark will be confused with another registered Mark.

If the Examining Attorney has no objections to registration of the Mark, or if the applicant overcomes all objections raised by the Examining Attorney, the Mark will be approved for publication in the *Official Gazette*, a journal printed weekly by the PTO. Upon publication, any party who believes it may be damaged by the registration of the Mark may file an opposition within thirty (30) days of the date of publication.

If no party files an objection, the PTO will register the Mark and issue a registration certificate if the application was based upon use of the Mark in commerce. If the Mark was published based upon an intent to use application, the PTO will issue a Notice of Allowance. The applicant then has six months from the date of the Notice of Allowance to either use the Mark in commerce and submit a Statement of Use, or to request a six-month Extension of Time to File a Statement of Use. The applicant may request up to five (5) additional extensions of time. After a Statement of Use is filed, the PTO will issue a certificate of registration.

The entire application process generally takes eight to twelve months. In certain instances, however, it may take longer. If registration of a Mark is granted, the registration will be effective for a period of ten (10) years. It is necessary, however, to file an Affidavit of Use between the fifth and sixth years following registration and a renewal every ten years in order to keep the registration active. As long as the Mark is used in commerce and the appropriate filing made with the Patent and Trademark Office, a Trademark can remain federally registered indefinitely.

F. BENEFITS OF FEDERAL REGISTRATION

Federal registration is not required to establish rights in a Trademark or to begin using a Mark. However, federal registration provides benefits beyond those acquired merely by use of a Mark. Chiefly, the holder of the Mark is presumed entitled to use the Mark nationwide and an infringing party may have its infringing use of the Mark enjoined. The infringer may also be subject to pay attorney's fees and damages if found liable.

III. CONCLUSION

Protecting the intellectual property of a business should be a primary concern for every commercial enterprise. Securing federal registration for company Trademarks and Service Marks is the first step in

protecting valuable business goodwill.

Next Issue: Copyrights & Patents

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About the Firm

FRIEND, HUDAK & HARRIS, LLP concentrates its practice in the representation of information technology clients. The Firm's attorneys combine extensive experience in corporate/commercial law with mastery of computer/communications law and intellectual property. As a result, the Firm is uniquely suited to represent growing information technology companies across all areas of corporate, commercial and information technology law.