

William C. Staley

BUSINESS PLANNING

October, 1996

PROTECTING TRADEMARKS AND BRANDS

Many business owners have invested heavily in promoting the name of their business or product, but have not taken steps to protect that investment. Others select a name for a business or product and begin to promote it without checking to see if anyone else is using that name or a confusingly similar name. These business owners would benefit from understanding the basic legal protection available to trademark owners. *Protecting brands can substantially increase the sale value of a business.*

A trademark is a brand name, a logo or another commercial symbol used to identify a product. Technically, “trademarks” identify products, “service marks” identify services and “trade names” identify businesses. A trade name can also be used as a trademark or a service mark.

Trademark protection generally is very limited (if available at all) for a name that merely describes the product or service or couples a description with a geographic designation (such as “Los Angeles Law Services”).

Common Law

In the United States the initial rights to a trademark are obtained by using the mark in commerce, not by registration. Generally, the first person to *use* a mark in a particular geographic area has enforceable

rights to the mark, even if it is not registered. *Use* creates so-called “common law rights” to the mark. Courts generally will protect the first user’s right to the mark against others who later begin using that mark, or a confusingly similar mark, in the same geographic area where the first user has been doing business with the mark.

To obtain protection, the original user of the mark must prove when he or she began using it and that the infringer’s use of the same mark or a confusingly similar mark either causes confusion in the marketplace or dilutes the value of the original user’s mark. These can be difficult to prove. In addition, to sue the infringer, the original user generally must go to the location where the infringer is misusing the mark.

These rules also apply to trade names.

Federal Trademark Protection

Federal law permits the owner of a trademark that is used in interstate or international commerce to register the trademark. (A trade name that is not also used as a trademark cannot be registered.) The process of registering a trademark involves searching for other possible users of the same or a confusingly similar mark, preparing an application and filing it with the Patent and Trademark Office, publication of the proposed registration and a period for others to oppose the registration.

Registering the mark provides several benefits to the registered owner:

- If the registered owner sues an infringer, the court will presume that the registered owner is entitled to use the mark throughout the United States. However, that presumption can be defeated by a person who proves that he actually used the mark first in a particular geographic area.
- Registering a mark makes it more visible. Persons considering a new trademark often run preliminary checks on lists of registered marks to determine if the proposed new mark is available. If a mark was not registered, it would not come to the attention of a person who conducted such a preliminary search. Accordingly, registration helps to avoid problems with inadvertent infringers. In addition, courts will not be sympathetic to an infringer who claims ignorance of a registered mark.

- An owner of a mark who uses it continuously for five years after registration can obtain substantial immunity from attacks against his rights by others who claim prior use or claim that the mark merely describes the product and is not associated in the consumer's mind with a particular source.
- In cases of willful infringement, attorneys' fees may be awarded to the prevailing party and treble damages may be awarded to the owner of the mark. Criminal penalties may be imposed for counterfeiting.
- If it becomes necessary to take legal action against an infringer or to defend the right to use a mark, the first party to apply for registration has the intangible benefit of showing the judge that he was serious about his ownership rights in the mark.
- Federal registration helps to confer certain international protections, such as the right to prevent importation of goods with infringing marks and rights under international conventions.

Federal law permits registration of a mark prior to its use if the applicant has a good faith intention to use the mark.

California Trademark Protection

California also permits registration of marks and offers favorable presumptions to registered owners. The California application is easier to prepare and is processed by the California authorities more quickly than

the federal application. Once the California registration has been obtained, others who perform preliminary searches of state registrations will usually learn that the mark has been registered in California.

For marks used in more than one state, federal registration offers substantial procedural advantages when the registered owner seeks protection against an infringer. For marks used only in California, registration in California may be sufficient.

Limitations on Federal and California Protection

The presumption that the registered owner of a mark is its true owner generally can be defeated by another party who proves that he actually used the mark first in a particular geographic area. Accordingly, before registering a trademark (and, ideally, *before adopting a trademark for use*), a search should be conducted for uses of the same or similar marks.

The Application Process

A trademark attorney can assist by obtaining trademark searches and interpreting them, preparing applications for registration, and defending against infringement.

Before applying to register a mark, the trademark attorney would have an attorney service firm search its database of registered marks, trade journals, phone directories and similar materials and provide a written report identifying others using similar words in their marks. The report is generally available within ten days, but can be obtained sooner.

If the report indicates that it may be possible to obtain federal registration, a trademark attorney would prepare a registration application for each mark.

Normally, the application can be completed and a mark can be registered by the trademark office about 12 to 14 months after the application is filed. If the examiner requests changes to the application, or if there is opposition from the public or other difficulty in obtaining registration, it can take longer.

I would be pleased to discuss with you how you can protect your valuable trademarks – and how to avoid infringing on the trademarks of others.

-- William C. Staley
(818) 936-3490

WILLIAM C. STALEY BUSINESS PLANNING is published as a service to our clients and friends. It should be viewed only as a summary of the law and not as a substitute for legal consultation in a particular case. Your comments and questions are always welcome.

If you would like to receive our newsletters, please call Susan Rognlie at (818) 936-3490.
