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Intellectual Property &  
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# TRADEMARK LAW

When managing a brand, trademark registration is an indispensable aspect of leveraging your brand name, logo, slogan, packaging design, or other distinctive hallmarks of your business. A trademark protects your commercial identity and consumer goodwill, both of which are important aspects of your intellectual property assets. A federal registration provides you with additional and more efficient legal options in the case of infringement, and it demonstrates professional sophistication to potential investors and collaborators. Trademark attorneys play a strategic role in the registration, licensing, use, and enforcement of your brand identity, thereby aligning your legal rights with your business objectives.

## THE LANHAM ACT

For a trademark to be protectable under the Lanham Act, also known as the Trademark Act, a trademark must be conceptually distinctive with respect to the goods or services with which it is used. In other words, different types of marks for a brand name may or may not be allowable based on their conceptual "trademark strength," that is, how distinctive they are in relation to the underlying business activity. The different levels of strength fall under the categories of:

- **Generic marks** include names of products or services, such as Fax for a fax machine or Car for a car company. These are not registerable.
- **Descriptive marks** describe a quality or characteristic of a product or service, such as Hot Coffee for a café or Cherry for a cherry-flavored candy. Descriptive marks are not automatically eligible for registerable unless they have achieved commercial distinctiveness, or "secondary meaning." For example, American Airlines has become distinctive of airline services through decades of commercial use and a significant volume of sales and customers.
- **Suggestive marks** hint at the type of product or service, such as Microsoft for a company that offers microchips and software, or NETFLIX, a company that uses the internet to stream movies. Suggestive marks are eligible for federal registration.
- **Arbitrary marks** are words that are arbitrarily associated with a brand that has nothing to do with the product. This includes the brand Apple, a word not associated with computers or software, or Monster, a job search platform that has nothing to do with monsters. These marks are eligible for registration.

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- **Fanciful marks** are entirely made up and are not in a dictionary. Think: Verizon, Adidas, and Yahoo. These are the most distinctive marks and can be registered.

If the mark is registerable, it is advisable to perform a thorough search of the US Patent and Trademark Office's (USPTO) database and internet to reveal whether any similar marks are already registered or in use. Eligibility will depend on the similarity between the unregistered and already-registered mark. For example, are the same words or terms spelled differently? Are the words or phrases sound-alikes? Are the images look-alikes? Also, how similar are the products or services?

Once a trademark is found to be strong enough and not conflicting with other trademarks, it can then be registered through the USPTO. The application can also be filed on an intent-to-use basis if it is not yet being used and the applicant has a bona fide intent to adopt the mark. However, the application will not register until the applicant makes actual commercial use of the mark.

### DRAFTING TRADEMARK LICENSING AGREEMENTS

Licensing can be one of the most profitable uses of intellectual property, but these obligations should be strategically undertaken to promote overall business objectives. Terms to be negotiated may include:

- The scope of goods or services with which the trademark can be used
- Whether the trademark can be sublicensed
- How the trademark is displayed on the products or packaging
- Where the trademark can be used
- How long the trademark can be used
- Whether any variations or derivatives of the trademark logo, such as an alternative color scheme, are permitted
- How royalties or other payments relating to the trademark will be handled

These rights need to be properly crafted to fit the circumstances of each licensing situation.

### PRECAUTIONS TO AVOID TRADEMARK INFRINGEMENT

Regardless of the product or service, trademarks are only as strong as their enforcement. Licensee activity, as well as internet activity, should be regularly monitored for infringement. When trademark infringement is discovered, a cease and desist letter may be all that is required. Some websites such as Amazon, Etsy, E-bay, and Ali Baba offer platform-specific ways to take action against offenders.

Should a brand owner not enforce its trademark and allow a licensee to act unrestrained or an infringement to continue unabated, the owner may be barred from enforcing its trademark rights against future infringement. In the absence of adequate enforcement, a brand owner could lose its trademark entirely through the process of "trademark genericization."

Legal action through the courts is often an option for trademark owners seeking damages caused by the infringement.

### TRADEMARK PORTFOLIO MANAGEMENT

As illustrated in the previous section, trademarks must be managed for infringement, for quality of treatment from licensees, and for alignment with business objectives. This will include following up with licensees, monitoring for and sending DMCA takedown requests or cease and desist letters when infringement is found, and other enforcement actions. In addition, federal trademark registrations require post-issuance maintenance, such as renewal with the USPTO every ten years after registration.

Having an active management system can ensure that your registrations do not lapse, that your licensees abide by the terms of their licenses, and that your brand stays viable in the marketplace.

### WHERE A TRADEMARK ATTORNEY CAN HELP

A knowledgeable trademark attorney can streamline the entire process – starting from selection and clearance of brands, to navigating the registration process, and managing and enforcing trademark registrations. Trademark advisors offer context to help maintain realistic expectations at each step. If you are dealing with trademark infringement, considering trademark licensing, or require trademark portfolio management services, speak with the trademark team of Hill Ward Henderson. We understand that your brand is the heart of your business and we will treat it with the diligence and

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respect it deserves.