

Development and Protection of Service Mark and  
Trademark Rights in the United States

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1. Introduction

Trademarks are defined as words, symbols, phrases, or designs, which the public associates with a single source of goods. Trademarks and service marks are essentially identical, except that Trademarks designate a single source of goods, while service marks designate a single source of services. Both shall be referred to as "marks." A mark may function and be protected as both a service mark and trademark. For example, a mark which, is used in connection with products, which the trademark owner also repairs or services, may be both a trademark and a service mark.

Use of a mark is usually necessary in order to create such public recognition or association, with the important exception of "intent to use" rights acquired by federal filing. The establishment of ownership rights in trademarks and service marks requires either actual use of a mark in commerce or the filing of an intent to use application for registration with the United States Patent and Trademark Office. As the public association with a mark and the source of goods on which it appears becomes stronger, the rights of the owner of that mark become stronger, more valuable, and more easily enforceable.

The development and comprehensive protection of trademark and service mark rights in the United States typically require four types of activities: 1) selection of a mark; 2) actual use of a mark in commerce or federal intent to use filing; 3) prosecution of appropriate registrations; and 4) conscientious enforcement of the rights in the mark against those who make unauthorized use of the same or confusingly similar marks on related goods or services.

2. Trademark Selection

Care should be taken when selecting new marks. A new mark should be as distinctive as possible to help serve as a good marketing tool and to render it as protectable as possible. A trademark search should be conducted to help ensure that the mark selected is one that is not already used or close to an already used mark.

The spectrum of trademarks ranges from coined highly-distinctive marks or "arbitrary" marks which are "strong", to marks closely linked to the goods or services with which they are used, which are "weak." The stronger a mark, the better it will serve to distinguish its owner's goods and services, the less likely it will be to infringe any other mark and the easier it will be to protect against infringement by others. KODAK and EXXON are examples of coined, highly distinctive, strong marks. APPLE is an example of an "arbitrary" mark (a common word used in an uncommon way) which has become a highly-effective trademark. Other strong marks are those which suggest qualities which are desirable for

product, such as IVORY, suggesting purity, for soap, or GREYHOUND, suggesting swiftness, for passenger bus transportation. Not only words, but designs, such as the ARCUATE on the back pockets of Levi Strauss & Co. Jeans or the Wells Fargo STAGECOACH DESIGN also can be highly-distinctive marks.

Weaker marks are those that instead of suggesting, describe, or nearly describe, the qualities of the products or services on which they are used. For example, ALO has been held descriptive for an aloe-based cream. However, the weakest marks of all are those which are, or become, the generic name for their product or service. For example, "Salted Nuts" or "Hamburger Stand" cannot function as a trademark for nuts or a service mark for restaurants and are not protectable.

Stronger trademarks can become weak through improper usage. "Escalator," "thermos," and "aspirin" were marks which, were originally coined and highly-protectable but became the generic names for their products and lost their trademark status. Accordingly, as discussed more fully below, it is essential to use properly, any trademark which is selected.

After a new mark has been selected, it should next be determined if it is free for use. Because trademark rights are based on use, the first to use, or file an "intent to use" application, owns it. Therefore, before advertising under a new mark, printing labels, letterhead, brochures, and the like, a trademark search should be conducted for each field in which the mark may be used. Such a search typically canvasses state and federal trademark registrations, tradename and telephone book listings, and trade directories in the field in which a mark is proposed to be used to determine whether someone else already has used the mark on related goods or services. Although such searches are not an absolute guarantee that another party is not using a mark, they are as comprehensive as necessary for most purposes, and are relatively inexpensive.

In some cases the same mark can be used on totally unrelated service or goods without confusion. For example, BLUE-SHIELD as a mark for mattresses was found unlikely to cause confusion with BLUE SHIELD as a mark for medical care plans. Particularly strong marks, however, may not be used even on unrelated goods and services. For example, although COCA COLA is used primarily on soft drinks, the owner of the mark could prevent its use on unrelated goods such as beach towels. If a mark's availability is not checked before it is adopted, the user takes the risk that a prior user with superior rights could prevent use of the mark at a later date. Besides the inconvenience and expense of a legal dispute, the investment in months or years of goodwill as well as letterhead, signs, product labels, hang tags, and whatever else the mark has been used on, could be destroyed.

One common misunderstanding regarding selection of a trademark is that having rights to a tradename does not necessarily confer rights to use the tradename as a trademark. Filing a fictitious business name statement for the tradename or adopting a tradename as a corporation's tradename in its filed articles of incorporation does not guarantee exclusive rights to use that tradename as a trademark. A fictitious business name filing serves to allow the public to identify the entities operating under the assumed business name. It does not confer trademark rights beyond providing some evidence that a particular name has been used at least as early as the filing date. Similarly, the filing of articles of incorporation identifies the principals in this fictitious business entity. Although it may be difficult to find a "free" corporate name, once filed, no trademark rights are conferred. Registration only means there is not another corporation incorporated or qualified to do business in that state with virtually the same name. To illustrate, a corporation registered as "WHEATIES INC." in California, for example, does not thereby obtain any rights to use the mark WHEATIES on breakfast cereal.

Therefore, a trademark search is still advisable even if a tradename has been previously filed as a fictitious business name or is the name of an incorporated business. If the search reveals a conflict, it is advisable to select a fresh mark to avoid future difficulties.

### 3. Trademark Use

Proper usage is essential to creating and maintaining a mark. Owners of a mark should observe three rules: 1) always use a word mark as an adjective, particularly with an innovative product (for example, XEROX paper copier, KLEENEX facial tissue. Escalator, through improper usage, became the generic term for a moving staircase. This could have been avoided by using the mark so: ESCALATOR brand moving staircase); 2) set a word mark apart by using a distinctive typeface, capital letters, or a least an initial capital letter; and 3) identify a mark as such by using a trademark notice.

If a mark is not registered, proper trademark notice includes using the letters "TM" or "SM" or stating that "\_\_\_\_\_ is the trademark of \_\_\_\_\_" in advertising. If a mark is registered in a state, the term "Registered," or the phrases "Registered Trademark" or "Trademark Registered" may be used. After receipt of a federal certificate of trademark registration from the United States Patent and Trademark Office, the designation "®," the phrase "Registered in U.S. Pat. & Tm. Off." may be used. Unlike with a copyright notice, which should be put on all publicly-distributed copies of a copyrighted work, using a trademark notice is not mandatory to preserve a mark, and trademark rights do not depend upon it. Using a trademark notice is advisable, however, to put the world on notice that trademark rights are claimed and thus to help establish the mark.

### 4. Trademark Registration

Once a mark is selected, rights to it can accrue by filing an intent to use application to register with the United States Patent and Trademark Office, or by actually using the mark. When a mark is used within a state, it may be registered as a state trademark or service mark. When a mark is used in foreign commerce between the U.S. and another country or in commerce across state lines, it is eligible for federal registration.

Use, not registration, creates and maintains trademark rights. However, the filing of a federal intent to use application will confer constructive rights to use the mark throughout the United States as of the filing date, provided the mark is actually used within the prescribed time after filing (about three years). So filing an intent to use application as soon as a mark is cleared for use can be extremely advantageous. Moreover, although not mandated to create or protect rights, state and federal registration provides certain procedural and substantive advantages and is therefore advisable.

Federal registration provides four main benefits: 1) constructive notice of the exclusive right to use a mark, which means others can be prevented from using confusingly similar marks on related goods and services even if the subsequent user had no actual knowledge of the mark; 2) authorized use of the "®" symbol; 3) access to federal courts to protect trademark rights; and 4) prima facie evidence of the exclusive right to use a mark which may, under certain circumstances, become incontestable.

Because federal registration generally takes one to two years, state registration, which can be obtained upon use in a given state or states and which takes only a few weeks is often desirable as an alternative or supplement to federal registration. Registration fees are also currently considerably less expensive for state than for federal registration. Although state registrations do not provide all the benefits conferred by federal registration, they do provide evidence of ownership of the mark and access to statutory infringement remedies under state law.

In order to complete applications for either state or federal registration, various information, including the time a mark was first used, and specimens of the mark are required. If registration is desired, we suggest that you complete a trademark information sheet (please ask for a copy from us) for each mark for which registration is sought and return the sheet to us.

## 5. Trademark Enforcement

Trademarks have an infinite life provided they are properly used. Proper use is one aspect of trademark maintenance; trademark enforcement is the other. Another person's unauthorized use of the same or a confusingly similar mark on the same or related goods and services may diminish a mark's value. Even wholly unrelated use can "dilute" the impact of the mark in the public's mind and thereby reduce its value. Therefore, to ensure that others do not subsequently adopt or attempt to register the same or confusingly similar marks, marks should be monitored by following the marketplace and by monitoring proposed new registrations in the Official Gazette of Trademarks.

Whether or not any registrations have been obtained for a mark, the trademark owner is entitled to prevent subsequent unauthorized adoption and use by others of identical or confusingly similar marks. Injunctive relief prohibiting further infringing use may almost always be obtained, and money damages may also result where the infringement is intentional. The more distinctive and widely recognized the mark, the broader the protection courts will give it. For instance, courts often limit the protection available to highly-descriptive marks with relatively minor consumer recognition to injunctive relief against use of similar marks on competing or closely-related goods. Owners of widely-recognized fanciful marks, by contrast, are often able to enforce their rights against non-competing and unrelated goods.

Whenever an infringing use is discovered, the nature and circumstances of the infringement should be evaluated, and appropriate steps should be taken to stop the infringement. Most often, a written cease and desist demand, followed by negotiation, will produce a satisfactory result. Litigation is seldom necessary, but sometime must be brought to protect valuable trademark rights.