

BASIC PRINCIPLES OF TRADEMARK LAW
For Practicing Law Institute, San Francisco, July 2003

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Anne Haring, Esq.
Law Offices of Anne Haring; haringlaw.com
San Anselmo, California

I. INTRODUCTION

Trademarks and service marks are an important aspect of every business operation. Through principals of unfair competition law, traditional trademarks such as words and symbols can be enforced against unlawful third party use. In addition, broader aspects of doing business that are part of the business “trade dress” can also be protected. Trademark law needs to be considered in combination with copyright, patent, rights of publicity and trade secret rights in determining the various aspects of a business operation’ intellectual property that require protection. This paper addresses only the principles of trademark law and then only the basics – what trademarks are, how they are different from domain names, how they can be registered and how they can be enforced.

This paper focuses on housekeeping aspects of trademarks – searching, registration and enforcement. For a broader discussion of enforcement issues, please see the companion papers to this one.

II. DEFINITION OF TRADEMARKS AND SERVICE MARKS

Trademarks and service marks are those words, symbols, phrases or designs which the public associates with a single source of

goods or services. 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 in this paper as "marks" or "trademarks". A mark may simultaneously function and be protected as both a service mark and a 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. A retail store with house-brand merchandise may use their mark as both a service mark for retail store services and a trademark for various products.

A. Federal Law

The Lanham Trademark Act of 1946, found at 15 U.S.C. Sections 1051 *et seq.* is the federal statute governing trademark rights. It was extensively amended, effective November 1989, and has been amended since then, often to create comity with non-U.S. trademark laws in the context of trade negotiations. Citations to this statute will be referred to by Section number.

Section 45 of the Lanham Act defines a trademark as "any word, name, symbol, or device or any combination thereof - (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." Section 45 similarly defines a service mark as "any word, name, symbol, or device . . . [used] . . . to identify and distinguish the services of one person . . ."

In the United States, the establishment of ownership rights in trademarks and service marks requires either the : 1) filing of intent to use applications to register with the United States Patent and Trademark Office, or 2) actual use of the mark in commerce. To perfect rights initiated under "intent to use" filing, use of a mark must be made and demonstrated to the Patent and Trademark Office. In all cases, 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.

It is not necessary to register a mark federally in order to enjoy the protection of the Lanham Act. Section 43(a), the federal unfair competition statute, allows for enforcement of unregistered marks, as well as protects against related types of unfair competition.

B. State Law

The source of Congressional power to regulate trademark rights at the federal level stems from the Commerce Clause, not Article I, Section 8, which creates exclusive federal rights under the patent and copyright laws. Therefore the Lanham Act, for the most part, does not preempt state laws regulating trademarks. Accordingly, there is a parallel regime of state law for protection of trademarks.

State trademark statutes provide trademark and service mark protection within each state. State statutes closely parallel the Lanham Act. *See* The Model State Trademark Bill. To illustrate, California's trademark statute defines a trademark in terms nearly identical to those in the Lanham Act as "any word, name, symbol, or device or any combination thereof adopted and used by a person to identify goods made or sold by him and to distinguish them from goods made or sold

by others." Cal. Bus. & Prof. Code Section 14207. California and most states, with a few exceptions, such as Florida, do not recognize state trademark rights based on intent to use filings, or provide for them under the state law.

III. IS A TRADE NAME A TRADE MARK? WHEN IS IT ENFORCEABLE?

A "trade name", as opposed to a trademark or service mark, signifies the goodwill in an enterprise as a whole, rather than particular products or services offered by that enterprise. *See* J.T. McCarthy, McCarthy on Trademarks and Unfair Competition (4th Ed. Vol. I, 2002) Section 9:1 *et seq.* (hereinafter cited as "McCarthy"); Section 45.

The names of corporate, business and professional organizations are generally called trade names, not trademarks or service marks. Trade names can also function as trademarks or service marks. For example, "E. I. duPont de Nemours" is the trade name for a large chemical company, also known under the informal trade name "DuPont". DUPONT and DUPONT and Design are corporate trademarks or "house marks" for E. I. duPont de Nemours' products. DuPont also uses individual product marks, e.g. LUCITE paint and MYLAR polyester resin.

Infringement of a trade name is policed much like infringement of a trademark or service mark. "Likelihood of confusion" is the test of infringement in both cases. *See* Golden Door, Inc. v. Odisho, 437 F.Supp. 956, 967 (N.D.Ca. 1977), *aff'd*, 646 F.2d 347 (9th Cir. 1980). However, only trademarks and service marks can be registered in the United States Patent and Trademark Office and the various states. Therefore, use as a mark, not just as a trade name, is

important and desirable. For example, if a publisher designates its name on its publications only on the title page as: "Published by Acme Press", that use is as a trade name only. To secure trademark protection, the words ACME or ACME PRESS should appear separately on the spine of the book, on the cover, or in a similar location that serves as a means for consumers to select an ACME PRESS book.

One common misunderstanding is the belief that having rights to a trade name automatically confers rights to use the trade name as a trademark. It does not. Filing a fictitious business name statement or articles of incorporation for a trade name does not guarantee exclusive rights to use the trade name as a trademark. *See Cal. Bus. & Prof. Code* § 14417. A fictitious business name filing allows 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, filing articles of incorporation or qualifying to do business do not confer trademark rights beyond providing *some* evidence that a particular name has been in existence at least as early as the filing date.

To illustrate, a corporation registered as "Wheaties, Inc." does not thereby obtain any rights to use the mark WHEATIES on breakfast cereal. Because corporate qualification is not sufficient to obtain trademark rights, conducting a trademark search, discussed following, may still be advisable even if a trade name 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 another mark for use on products to avoid future difficulties.

IV. DOMAIN NAMES AND TRADEMARK RIGHTS –

BRIEF OVERVIEW

Similar misconceptions arise about the interrelationship of domain names and trademarks as have arisen in the past about trade names and trademarks. Many business people today assume that all they need to do is acquire rights to a domain name (for which they may spend thousands of dollars) and then they have rights to use a name for any and every purpose. Unfortunately, acquisition of domain name rights involves only that. Using the same "Wheaties" example, if a client obtained the domain name "wheaties.com" it could not then use that name on breakfast cereal. In fact, its rights to use even the domain name could be blocked by the holder of the federal trademark registration for the WHEATIES mark.

Because of the increasing importance of Internet transactions, rights in domain names and how they fit into the scheme of trademark protection is important. First, a few words on the technology.

The Internet is the world's largest computer network (a network consisting of two or more computers linked together to share electronic mail and files). The Internet is actually a network of thousands of independent networks, containing several million "host" computers that provide information services. . . . The Internet is a cooperative venture, owned by no one, but regulated by several volunteer agencies. . . . Each host computer providing Internet services ("site") has a unique Internet address. Users seeking to exchange digital information (electronic mail ("e-mail"), computer programs, images, music) with a particular Internet host require the host's address in order to establish a connection.

Hosts actually possess two fungible addresses: a numeric "IP" address such as 123.456.123.12 and an alphanumeric "domain name" such as microsoft.com, with greater mnemonic potential. Internet domain names are similar to telephone number mnemonics, but they are

of greater importance, since there is no satisfactory Internet equivalent to a telephone company white pages or directory assistance, and domain names can often be guessed. A domain name mirroring a corporate name may be a valuable corporate asset, as it facilitates communication with a customer base.

The uniqueness of Internet addresses is ensured by the registration services of the Internet Network Information Center ("InterNIC"), a collaborative project established by the National Science Foundation. . . . InterNIC 'hand[s] out the names for free under a very simple rule: First come, first served. Trademark violations are the requestor's responsibility." MTV Networks v. Curry, 867 F. Supp. 202 (S.D.N.Y. 1994), footnotes 1 and 2.

What a domain name consists of is various locators:

"www.http/" and then a unique alphanumeric reference - the e-mail or URL (Uniform Resource Locator), followed by a top level domain designation, most frequently ".com". It is the URL portion of the domain name, the second level domain name, that is "customized" and presents trademark issues.

For example, Microsoft has the domain name "microsoft.com" consisting of the top and second level portions of the domain name. It is only the second level of the domain name which is assigned by domain name registrars, and the only portion of the domain name that could be viewed as a trademark.

Because the Internet lacks a classification system like a telephone book, a typical way to find a company on the Net is to search under a company or product name. By using any of the search engines, one can type in the name of a business, say "mci" to find, presumably, the nationwide telecommunications company "MCI Communications", or type in "paramount" to find the motion picture company Paramount Pictures.

A threshold question is whether a domain name functions as a trademark or not and whether using another's mark in a domain name is a trademark infringement. Whether a domain name with the same term as a mark "infringes" will depend upon what activities occur on the site.

A good analogy can be drawn between the "addressing" functions of a domain name and the "addressing" functions of a phone number. In both cases, the functional aspects of both have nothing to do with the actual numbers involved that digitally connect the caller or e-mailer to a particular party. As a practical matter, however, when the phone number or the domain address are converted into easy-to-remember words or abbreviations, the technical function is subsumed in the communicative function, and the domain name becomes a commercial impression that signifies source.

It has been well established in cases involving telephone numbers that spell out a mark that such use can lead to a likelihood of confusion and constitute trademark infringement.

For example, in Murrin v. Midco Communications, Inc., 726 F.Supp 1195 (D.C. Minn. 1989), a Minnesota attorney acquired in 1978 a local phone number which spelled out "Dial LAWYERS", used DIAL LAWYERS as a service mark, and federally registered the phrase "Dial LAWYERS". In New York, in 1976 or 1977, a New York attorney acquired a local phone number which spelled out 212-LAWYERS, and used in advertising the phrase: "Dial LAWYERS." Both attorneys later wanted an 800 number that spelled 1-800-LAWYERS. The Court noted the parties' dispute about whether a telephone number in and of itself is protectable as a trademark and whether a slogan mark such as "Dial LAWYERS" can be used independently of an actual phone number that spells "LAWYERS."

The Court based its decision on the fact that an 800 number (800) LAWYERS would encroach on the mark "Dial LAWYERS" and lead to confusion if used in the same trading area. Accordingly, the Court awarded the 800 number to one party with the proviso that it could only be used in that party's actual trading area, the New York City metropolitan area, and not that of the other. Similarly, that party's other advertising was limited to its trading area. See also, Holiday Inns v. 800 Reservations, 838 F. Supp. 1247 (E.D. Tenn. 1993) (defendant reservations service enjoined from using the number 1-800-H(Zero)LIDAY even with disclaimer that caller had not reached Holiday Inn, where Holiday Inn had 800 number 1-800-HOLIDAY (with a letter "o", not a numeral "zero"; Dial-A Mattress Franchise Corp. v. Page, 880 F.2d 675 (2d Cir. 1989); American Airlines, Inc. v. A 1-800-A-M-E-R-I-C-A-N Corp. 622 F.Supp. 673 (N.D. Ill. 1985).

The same reasoning as has been applied in the telephone number cases has been, and should continue to be, applied in determining whether use of a domain name leads to confusion with another's mark. See, e.g., Comp Examiner Agency v. Juris, Inc., No. 96-0213-WMB (ctx) (C.D.Cal. 1996); Lozano Enters. V. La Opinion Publ'g Co. 444 U.S.P.A.2d 1764 (C.D.Cal 1997); Panavision Int. v. Toeppen, 945 F. Supp. 1296; aff'd 141 F. 3d 1316 (9th Cir. 1998).

The Ninth Circuit clarified in Panavision Int. v. Toeppen , 945 F. Supp. 1296; aff'd 141 F. 3d 1316 (9th Cir. 1998) that domain names have full status analogous to trademarks:

"We reject [defendant's] premise that a domain name is nothing more than an address. A significant purpose of a domain name is to identify the entity that owns the web site. 'A customer who is unsure about a company's domain name will often guess that the domain name is also the company's name.'"

The law continues to evolve. Two important Ninth Circuit cases illustrate the range of issues arising from domain names, their use and whether or not their use is infringing. See Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F. 3d 1036 (9th Cir. 1999) (use of the term MOVIE BUFF in domain name “moviebuff.com” for video rental store chain would create likelihood of confusion with MovieBuff mark used by entertainment industry information provider; similarly use of MOVIE BUFF as metatag would create likely confusion); Avery Dennison Corp. v. Sumpton, 189 F. 3d 868 (9th Cir. 1999) (owners of trademarks “AVERY” and “DENNISON” for office products could not prevent use of “avery.net” and “dennison.net” as domain names for e-mail usage by persons with surnames of “Avery” or “Dennison” under anti-dilution or cybersquatting laws).

V. WHAT CONSTITUTES "USE" OF A TRADEMARK

Trademark rights in the United States arise only from the *actual use* of a mark (except in the limited case where the “use” is constructive based an intent to use filing based on a foreign trademark registration under Section 44 of the Lanham Act). Even if you have obtained constructive rights based on a federal intent-to-use filing, you will not perfect those rights and actually have a registration and right that can be enforced until the mark *is used* in commerce. The Lanham Act defines "use in commerce" as "the bona fide use of mark in the ordinary course of trade, and not made merely to reserve a right in a mark." Section 45.

The Lanham Act defines both trademarks and service marks

as marks adopted and "used" to identify the owners' products and services. *See* Section 45. This is premised on the notion that trademarks embody goodwill in actual products. If products bearing the mark are not in commerce, no goodwill in them, or in the marks on their containers, accrues. Remember the well-known maxim in trademark law: "No trade, no trademark".

A trademark generally is considered "used" for trademark registration purposes when it is placed on the goods or their containers, and the goods are sold or transported for sale. The initial sale must be a bona fide commercial transaction and should be evidenced by paid invoices and shipping records (although these or similar evidence need not be submitted to the Trademark Office). A service mark is considered "used" when it appears in advertising or other promotional material and the service is actually being provided. Lanham Act Sections 1 and 45. *See* Blue Bell, Inc. v. Farah Mfg. Co., 181 USPQ 62 (W.D. Tex. 1973); Pan American Life Insurance Co. v. Federated Mutual Insurance Co., 226 USPQ 914 (TTAB 1985).

Note that registration of a domain name is not equivalent to "use" of a mark in commerce. *See* Brookfield Communications Inc. v. West Coast Entertainment Corp., 174 F.3d 1036 (9th Cir. 1999).

"Token use", that is a single bona fide sale of a product bearing a new mark before full commercial availability of the product, once was used to establish "first use" for purposes of trademark registration. *See* On-Cor Frozen Goods, Inc. v. Ralston Purina Co., 220 USPQ 567 (TTAB 1983). However, with the amendment of the Lanham Act to provide for intent to use registrations, such "token" sales will not qualify to support or perfect federal registrations. Attempts to create and use "token use" to establish rights will be viewed as a fraud on the Patent and Trademark Office, and should be

discouraged.

Trademark rights can be weakened – or strengthened – depending upon how a mark is used. Strong marks can become weak through improper usage and weak marks can become stronger through proper usage. For example, "Escalator", "Thermos" and "Aspirin" were potential marks which were originally fanciful and highly protectable, but became the generic names for their products and lost their trademark status through improper use. Accordingly, proper usage is essential to creating and maintaining a mark, and is discussed further in Section VI below.

VI. TRADEMARK SELECTION PROCESS

A. Strength of Marks

Marks vary in strength along a spectrum from "fanciful" and "arbitrary" marks which are highly distinctive and "strong", to descriptive and generic marks which are closely linked to the goods and services with which they are used and which are "weak". S.S. Kresge Co. v. United Factory Outlet, Inc., 598 F.2d 694, 696 (1st Cir. 1979), *aff'd*, 634 F.2d 1 (1st Cir. 1980). The stronger a mark the better it will serve to distinguish its owner's goods and services, and the easier it will be to protect against infringement by others. Terms used to describe the types of marks, ranging from "strong" to "weak" marks, are (a) fanciful or arbitrary; (b) suggestive; (c) descriptive; and (d) generic. Generic terms are not protectable as marks and descriptive terms are protectable only if a secondary meaning has developed, but suggestive marks, as well as fanciful, arbitrary or coined terms, are highly protectable. Golden Door, Inc. v. Odisho, 437 F.Supp. 956, 967

(N.D.Ca. 1977), *aff'd*, 646 F.2d 347 (9th Cir. 1980); *see also* AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 (9th Cir. 1979).

1. Fanciful or Arbitrary Marks

A fanciful mark is one which has been "coined" for the sole purpose of functioning as a mark. Fanciful marks are new words or words which were previously unknown to average consumers. *See, e.g., Telechron, Inc. v. Telicon Corp.*, 198 F.2d 903 (3rd Cir. 1952) (coined term TELECHRON held to be entitled to broad protection). KODAK and EXXON are additional examples of fanciful, high-distinction, strong marks. An "arbitrary" mark is a normal word used in an uncommon way. APPLE is an example of an "arbitrary" mark which has become a highly effective trademark. Not only words, but also designs, such as the ARCUATE on the back pockets of Levi Strauss & Co. jeans, the Wells Fargo STAGECOACH design, or the polka dot design on cans of Swift's cleanser are fanciful design marks which also can be highly-distinctive. *See, e.g., Application of Swift & Co.*, 223 F.2d 950 (CCPA 1955).

2. Suggestive Marks.

Less strong than fanciful or arbitrary marks, but also highly protectable, are "suggestive" marks. Suggestive marks are those which suggest qualities which are desirable for a product, such as IVORY, suggesting purity, for soap, or GREYHOUND, suggesting speed and sleekness, for bus transportation, but which do not literally describe attributes or qualities of the goods or services with which they are associated. *See, e.g., Greyhound Corp. v. Rothman*, 84 F.Supp.

233 (D.C. Md. 1949), *aff'd*, 175 F.2d 893 (4th Cir. 1949).

3. Descriptive Marks

Marks which describe, rather than suggest, the qualities of the products or services in connection with which they are used, are much weaker trademarks and may not be protectable unless they acquire a "secondary meaning". For example, ALO has been held descriptive for an aloe-based cream and not protectable as a trademark. Aloe Creme Laboratories, Inc. v. Milson, Inc., 423 F.2d 845 (5th Cir. 1970), *cert. denied*, 398 U.S. 928 (1970), *reh. denied*, 400 U.S. 856 (1970).

4. Generic Marks.

The weakest marks of all are those which are, or become, the generic name for their product or service. Properly speaking, these are not "marks" at all, but common product or service names. For example, "Cellophane" or "Montessori" cannot function as a trademark for clear plastic wrap or a service mark for an educational method and are not protectable. DuPont Cellophane Co. v. Waxed Products Co., 85 F.2d 75 (2nd Cir. 1936), *cert. denied*, 299 U.S. 601 (1936), *cert. denied*, 304 U.S. 575 (1938), *reh. denied*, 305 U.S. 672 (1938); American Montessori Soc. v. Assoc. Montessori Internationale, 155 USPQ 591 (TTAB 1967).

From a legal viewpoint, distinctiveness is important. The more original and unique the mark, the "stronger" the mark, the less the chance of infringing the rights of others and the easier the mark is to protect. "Strength" of a mark is also an important factor in

determining whether one mark infringes another. *See Golden Door, Inc. v. Odisho*, 437 F.Supp. 956, 967 (N.D.Ca. 1977), *aff'd*, 646 F.2d 347 (9th Cir. 1980).

From a marketing viewpoint as well, distinctive marks offer greater advantages in the long run. On the other hand, the most distinctive marks require the heaviest investment over the longest time to build customer recognition and meaning, an effort which is normally reserved for significant new services or products.

B. Trademark Searches

After a new mark has been selected, it should be determined if it is free for use. Because trademark rights are based on use or federal intent to use filings, the first to use a mark, or apply to register under the intent to use statute, owns it.

Prior searching before adoption and proper follow-through on the results of a search can be critical. In an important recent case, *International Star Class Yacht Racing Association v. Hilfiger*, 80 F.3d 749 (2d Cir. 1996); 38 USPQ2d 1369, the Second Circuit concluded that an infringing clothing manufacturer had acted in bad faith in part because only a cursory trademark search was conducted, without follow-up. In that case, Hilfiger wished to market a STAR CLASS line of clothing based on its knowledge of the Star Class Yacht Racing Association, an exclusive yachting group. A screening search of only federally registered marks in Class 25, the clothing class, revealed no registrations. Although counsel advised that a broader federal and further common law search be conducted, the client did not do so. Upon receiving a cease and desist letter from Star Class Yacht Racing, Hilfiger did not recall its clothing, but sold the line out, reasoning that

no judgment could be obtained before all sales were made.

Failure to search thoroughly and continuing with sales after having been advised of the infringement were sufficient in the Second Circuit's view to support a finding of bad faith justifying disgorgement of profits to plaintiff (over \$3 million) and award of plaintiff's attorneys' fees. This case therefore significantly raises the stakes in searching and clearing marks.

Another serious new factor with respect to evaluating the availability of marks is the passage of the federal anti-dilution statute, Section 43(c) of the Lanham Act, 15 U.S.C. 1123(c). The dilution statute provides protection for "famous marks" against their dilution - the tarnishment or blurring of a mark - which can occur in the absence of likelihood of confusion. While only "famous" marks may be protected by the federal dilution law, it nevertheless provides a basis for any owner of a trademark used on any product, no matter how unrelated, to protest a use of mark on even very different products or services. Clients should be advised of the possibility of dilution claims in all search report advice letters. See discussion in Section X below.

Therefore, before advertising under a new mark, printing labels, letterhead, brochures, and the like, a trademark search should be conducted for each class of product or service on which the mark may be used.

Before ordering a formal search through a professional trademark search firm, clients and counsel should take advantage of free Internet search resources.

A good first place to look for potential conflict is in the United States Trademark Office website, www.uspto.gov. Marks may be searched free of charge. A brief search on Google or other reliable search engine, is also a prudent first step before adopting a mark. The

search can reveal not only if a third party is using the mark, but also if it has meaning in a particular industry and is thus descriptive. Another aspect of a preliminary search is to review registers of domain names. While offered as part of standard professional "full" searches, these types of searches should be performed by the client, in a law office or corporate law department as part of a "knock-out" or "screening" search. "Office searches", once consisting primarily of paging through a paper copy of the Trademark Register, now can be performed through a variety of search engines over the Web, as well as through pay-as-you-go on-line subscription services such as Dialog.

A search ordered from a professional search company typically canvasses state and federal trademark registrations, trade name and telephone book listings, and trade directories in the trade areas in which a proposed mark shall be used, and Internet domain name listings to determine whether someone else already has used or applied to register the mark on identical, or related goods or services. Although such searches are not an absolute guarantee that another party is not using a mark, or has established constructive rights, they are as comprehensive as necessary for most purposes and are relatively inexpensive. Be cautioned that considerable delays may occur in the processing of applications in the Trademark Office. Therefore, weeks can elapse between actual filing, which will create a constructive date of first use, and when the mark appears in Trademark Office records. A list of trademark search resources is included in these materials.

If a mark's availability is not checked before it is adopted, the user takes the risk that a prior user or applicant 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.

In some cases the same mark can be used by different persons on totally unrelated services or goods without confusion. For example, BLUE SHIELD mattress was found not to infringe the trademark rights of an entity selling BLUE SHIELD medical care plans. Nat'l Assoc. of Blue Shield Plans v. Standard Mattress Co., 478 F.2d 1253 (CCPA 1973). DOVE is used as a trademark for soap as well as for chocolate ice cream and chocolate confections.

Particularly strong marks, however, are accorded broad protection and 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 probably could prevent its use on unrelated goods such as beach towels. Indeed, recent developments in merchandising demonstrate that the COCA COLA mark may very well function as a mark for clothing, beach towels and a variety of products that are not beverages.

VII. PROPER USE OF A MARK

As noted above in Section V, trademark rights exist due to actual use of a mark in trade. Proper use in commerce in the U.S., and that alone, maintains those rights. Trademark owners can be their own worst enemies by failing themselves to use their trademarks properly.

There are no statutory rules on proper trademark usage, although the Lanham Act and state law provide that certain proprietary notices may be used with marks. Rather, proper trademark usage is a matter of common sense and is based on use of marks as proper adjectives, which they are.

Why is proper trademark usage so important? Trademarks and service marks are frequently just words – and word usage can make trademark rights or destroy them. Some of the strongest marks – those that are coined terms – are the most fragile. As noted above, for example, "Aspirin", "Escalator" and "Thermos" are each words that once signified the source of a particular brand of painkiller, moving staircase and insulated food container. Now they are common terms for these products.

Famous marks for dominant products in their industries, such as XEROX photocopiers and BAND AID adhesive strips, are constantly policed by their owners with advertising and product notices stating that these are trademarks, not generic names for their products.

Following are some guidelines:

A. Distinguish Marks in Print

A trademark should always be used in a manner which will distinguish it from surrounding text. Capitalize trademarks completely, or use initial caps with quotes, or at a minimum use initial caps. The generic product name should not be capitalized. If the material is being prepared by a printer, other suitable alternatives for distinguishing a mark are to place it in italics, bolder-faced type or a different color. For example: "KLEENEX facial tissues" or "Kleenex facial tissues".

B. Use Proprietary Notices

Whenever possible, a trademark notice should follow the mark. As a minimum requirement, it should be used at least once in each piece of printed matter and preferably the first time a mark

appears on a page or product surface.

If a mark has been federally registered in the U.S. Patent and Trademark Office, the registration notice ® or "REG. U.S. PAT. & TM OFF." should be used. The ® or "REG. U.S. PAT. & TM OFF." should never be used if the mark has not been federally registered for the product concerned. Use of such notice before actual issuance of a certificate of registration for the mark is improper and may be the basis for refusal of registration.

If a mark is not yet federally registered, the letters "TM" should follow a trademark and "sm" should follow a service mark. Or an asterisk can be used to refer to a footnote stating: "*WIDGETS is the trademark of ABC Group". Other forms of notice are also acceptable; there is generally no statutory formulation, except for federally registered marks. If a mark is registered in a state, but not federally, the term "Registered" may also be used. For example: COCA COLA® (federally registered) or WIDGETS™ (not federally registered), or WIDGETS* (WIDGETS is the registered trademark of ABC Group) (registered in a state, but not federally).

Note that use of proprietary notices with descriptive or generic terms will not create trademark rights. Using "All Nite Supermart™" will not rescue this name for an all night market from the common ground of descriptive and generic terms.

C. Use With the Proper Generic Term

Always use a trademark as a proper adjective. Whenever possible, the common descriptive name (noun) of the product should follow the mark. This should be done at least the first time a trademark appears in a piece of printed material. For example: "Kleenex facial

tissues".

The word "brand" may also be used to reduce the possibility that the trademark will be thought of as the generic name for the product or a line of products. When used, it should always appear in small print. For example: "SANKA brand decaffeinated coffee".

D. Use in Singular

Because a trademark is not a noun, it should never be used in the plural form (although, of course, some trademarks actually end with "S" such as KEDS, COETS and Q-TIPS).

E. Use As a Proper Adjective

Trademarks are proper adjectives and should never be used as common descriptive adjectives. Thus, never use a trademark for a raw material to describe finished products made from it, i.e. "Styrofoam boogie boards float better". Because a trademark is a proper adjective and not a verb, it should *never* be used as a verb, i.e. "Xerox your copies with a Xerox brand photocopier".

F. Clarify Ownership of Mark

If it is not readily apparent who owns a trademark, for example where the company letterhead is not being used, or a house mark does not appear with the product mark, a notice of ownership should be given. This can be accomplished by placing an asterisk after the trademark, which refers to a footnote stating that the trademark is the brand name for a product. Third parties' marks should also be

properly noticed and proper trademark notices used if they appear in advertisements.

G. Summary

"®" means a mark federally registered in the U.S. Patent and Trademark Office.

"™" means a trademark, either registered or unregistered.

"SM" means a service mark, either registered or unregistered.

"© Copyright 1996 XYZ Co." and "© 1996 XYX Co." are copyright notices, not trademark notices. The copyright notice is used under the Copyright Act to preserve copyright rights. Copyright protects the literary and artistic expression in an advertisement or brochure. Copyright and trademark notices complement one another and should be used together.

VIII. TRADEMARK REGISTRATION

The United States has a dual registration system – marks may be registered at the state level, the federal level, or both. Federal registration provides rights throughout the United States, but registration in one or more states is an alternative, or an addition to, federal rights. Reasons for state registration are that it is quicker and cheaper. It will seldom be advisable to register in all 50 states. But it is usually a good idea to register in the state or states where a product will have its major market, as well as at the federal level.

A. State Registration

California law provides for registration of trademarks and service marks under California Business and Professions Code Sections 14220 to 14300. Applications are filed with the Office of Secretary of State. *See* Business and Professions Code § 14230. The statutory requirements for the contents of a California state trademark application are set forth in Sections 14230 to 14233 of the Code. Besides filing a written application, a \$70.00 fee per mark per class must be submitted, together with examples of how the mark is used.

The advantages of obtaining state registration, over relying just on common law principles, are principally: (1) *prima facie* evidence of ownership of a mark, Business and Professions Code § 14241; (2) the state-wide constructive notice of ownership provided by the registration, Business and Professions Code § 14270; (3) the practical advantages that the registration will be found if a competitor searches state records, and that conflicting applications will be rejected by the Secretary of State.

Obtaining state registration is a low-cost (filing fees are currently \$70.00 per mark per class in California; other state fees vary, but are typically less) and relatively quick procedure ;registration certificates usually issue within three months. State registration is an obvious alternative for businesses that are conducted wholly within California, for whom federal registration would provide too much protection, or for whom it simply may not be available if there is no use of a mark in interstate commerce. Usually, however, state registrations will be combined with federal registration. Although creating overlapping rights, state registrations may be found even if no federal searches are made, and will prevent registration of conflicting marks by local competitors.

B. Federal Registration

The Lanham Act provides for the registration of trademarks and service marks that are used in interstate or foreign commerce. It provides two separate registers on which the marks may be registered, a Principal Register and a Supplemental Register. *See* Sections 1-4 and 23-25.

The requirements for registration of a mark on the Principal Register are set forth in Section 2 of the Lanham Act. Section 23 of the Lanham Act establishes a Supplemental Register for the registration of marks. Discussed following, registration on the Principal Register confers important rights and advantages not available to registrations on the Supplemental Register. However, registration on the Supplemental Register is a good fallback position if a mark is rejected based on descriptiveness. Provided it can be shown that a mark is "capable of distinguishing" goods or services, the mark is registrable on the Supplemental Register. Once registered on the Supplemental Register, a mark generally may be registered on the Principal Register after 5 years' continuous use of the mark. *See* Section 2(f).

Most federally registered marks are registered on the Principal Register because registration on the Principal Register offers significant advantages over registration on the Supplemental Register. The latter may be thought of as a sort of "second class" registration for those marks which do not qualify for registration on the Principal Register because they are descriptive or otherwise non-distinctive. Marks registrable on the Supplemental Register must be "capable" of distinguishing a product or service. Once sufficient use and recognition of a mark on the Supplemental Register is shown, it can be

"elevated" to registration on the Principal Register. Registration on the Supplemental Register does not confer several of the more important advantages associated with federal trademark registration on the Principal Register, which are discussed below.

Important benefits of a federal Principal Register registration include:

1. Jurisdiction in federal court to sue infringers;
2. *Prima facie* evidence of exclusive right to use;
3. Incontestability;
4. Constructive nationwide notice of rights and constructive use;
5. Increased damages and attorney fees; and
6. Remedy against importation of infringing goods.

1. Jurisdiction in Federal Court. An action for infringement of a federally registered mark (on either register) may be brought in United States District Court; see Section 39 of the Lanham Act, regardless of the amount in controversy or diversity of citizenship between the parties.

2. *Prima facie* evidence of exclusive right to use. Section 7(b) of the Lanham Act provides that registration constitutes *prima facie* evidence of rights in a mark throughout the United States.

A certificate of registration upon the Principal Register provided by this Act shall be *prima facie* evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the mark in commerce in connection with the goods and services

specified in the certificate, subject to any conditions or limitations stated in the certificate.

Note that registration on the Supplemental Register does not enjoy the status of *prima facie* evidence of the registrant's exclusive right to use the mark.

3. Incontestability. A mark which has been registered on the Principal Register and which has had five years' continuous and exclusive use since registration becomes incontestable (Section 15 of the Lanham Act). This means that the grounds for attack of an incontestable mark are restricted to those enumerated in Section 33(b). For example, once the mark has become incontestable, an infringer no longer can raise the defense that the mark is merely descriptive and lacks secondary meaning. Park 'N Fly, Inc. v Dollar Park & Fly, Inc., 469 U.S. 189, 205 (1985).

No comparable status of incontestability attaches to a mark registered on the Supplemental Register or under common law.

4. Actual and constructive nationwide notice and constructive use. Registration constitutes constructive, nationwide notice of the registrant's claim of ownership of the mark (Section 22). A junior user in a remote locality therefore cannot claim that adoption of an infringing mark was made in ignorance and therefore in "good faith".

Even more potent, the filing of an application to register constitutes constructive use of the mark throughout the United States. This means that for intent to use applications, rights will accrue, and revert back to, the filing date of the intent to use

application, even if actual use is not made for two or more years after the application has been filed. Rights based on use date from the first use of the mark in commerce.

5. Increased damages and attorney fees. Damages from trademark infringement may, of course, be recovered under the common law. However, federal trademark registration gives the court discretion to augment the award beyond actual damages in an amount ". . . not exceeding three times . . . actual damages" (Section 35). While it is very rare that a court awards increased damages, nevertheless it is sometimes done in cases of extremely egregious conduct by an infringer. Attorney fees may also be awarded in exceptional cases.

6. Remedy against importation of infringing goods. Section 42 of the Lanham Act provides for the prevention of importation of goods bearing any mark which copies or simulates a trademark registered under the Act on the Principal Register. After recordation of the registration, Customs officers may enforce this prohibition by preventing entry at any United States Customs House at any port of entry.

C. Procedure for Obtaining and Maintaining Federal Registration

1. Application for Trademark Registration

Upon formulation of a "bona fide" intent to use a mark or after actual use of the mark on the goods in interstate commerce, an application for federal trademark registration may be

made by submitting a written application to the United States Patent and Trademark Office. Prior to Trademark Law Treaty Implementation Act of 1999, clients had to sign all papers, including applications, themselves. Now counsel can sign as attorney of record.

The statutory requirements for the contents of an application for registration of the Principal Register are set forth in Section 1 of the Lanham Act, and, for the Supplemental Register, in Section 23. Besides the written application, one must submit the proper fee (currently \$335.00 per mark per trademark class), examples of how the mark is used (if the application is based on use) and a "drawing" of the mark. These statutory requirements are supplemented by detailed rules published in the Trademark Rules of Practice, contained in 37 C.F.R. and in the Trademark Manual of Examining Procedure. These publications can be obtained from the Government Printing Office and online at www.uspto.gov. Note that applications, extensions of time to file statements of use, statements of use, continuing use and renewal affidavits, among other documents, can now be filed online. Filing electronically can save the time and headache in incorrect information intake and delays in processing.

IMPORTANT NOTE: The Trademark Office is instituting a dual-track filing system which will give important advantages to on-line filing. If you haven't been filing on-line, start now and look for the new system in early 2004.

2. Examination

Upon filing, clerks check for the sufficiency of the application. Incomplete applications are returned. If accepted, about 5 to 7 months after filing, each application is examined by a Trademark

Attorney in the Trademark Office. The application is checked for compliance with technical trademark rules, as well as substantively, to see that the mark is not confusingly similar to another registered mark and that it is distinctive, not merely descriptive, among other things. If no obstacles to registration on the Principal Register are found by the Trademark Attorney, he or she will pass the mark for publication in the Official Gazette (Trademark) of the Patent and Trademark Office, pursuant to Section 12(a). This publication puts others on notice of the applicant's claim of rights in the mark. If no person files an opposition or request to extend time to oppose within 30 days of publication in the Official Gazette, the application is then approved for issuance of the certificate of registration.

If, during the process of examination, the Trademark Attorney objects to the registrability of the mark, he or she notifies the applicant, who then has six months to file a response. *See* Section 12(b). If the applicant can overcome the objections, the application will be passed for publication as just described. If not, the application will be abandoned.

Prosecution of intent to use applications proceeds up to publication in the Official Gazette in the same manner as use-based filings. However, before any registration certificate can issue, the applicant must perfect the application by filing either an amendment to the application to allege that the mark has been used in commerce, or a statement of use. At such time, another \$100.00 fee must be paid, and examples of use submitted. Which procedure to follow will depend upon how soon use can be shown. If it occurs and can be shown before the mark is approved for publication, an amendment is in order. Thereafter, an applicant must wait during the so-called "black-out" period while a mark is published for opposition. At the end of the

period for opposition, or if one is filed and resolved, at such time, a Notice of Allowance is issued by the Trademark Office. After receipt of such Notice, a statement of use may be filed.

Extensions of time totaling 24 months after approval of the mark can be obtained to lengthen the time period in which use can be shown. Each extension can be for only six months, and a \$150.00 fee must be paid for each. If use cannot be shown at the end of such time, the application will be abandoned. *See* Section 1.

Marks on the Supplemental Register are not published for or subject to opposition; after examination, certificates of registration are issued directly. *See* Section 24. Marks registered on the Supplemental Register may, however, be the subject of cancellation proceedings, which are discussed below in item 5.

D. International Registration

The focus of this paper is protection of trademark rights in the U.S.. However, starting in November, 2003, it will be possible to extend a trademark application filed in the U.S. to many important jurisdictions worldwide, such as Japan, Australia , and the European Union (via the Community Trademark filing system). Thus as a practical matter, the psychological and practical barriers to foreign registration have been lowered. All U.S. trademark owners who file in the U.S. should consider extending rights to other jurisdictions. The cost of international filing and the procedure will be greatly streamlined.

3. Length of Registration; Section 8 and 15 Affidavits

Since 1989, marks are registered for periods of 10 years, and may be renewed indefinitely, provided the mark is still used in commerce and this can be demonstrated. Before the 1989 amendments, marks were registrable for 20-year terms. To keep a registration in force for the full term, however, between the fifth and sixth year after registration, the registrant must file with the Trademark Office an affidavit showing that the mark is still in use or showing that non-use is due to special circumstances which excuse such non-use and is not caused by any intention to abandon the mark. Failure to file such an affidavit, which is required by Section 8(a) of the Act, will result in cancellation of the registration by the Commissioner of Trademarks on the sixth anniversary. The purpose of this section of the Act is to remove from registration those "deadwood" marks whose use is so fleeting as not to survive the six-year period. Such an affidavit is commonly denominated a Section 8 Affidavit.

If the mark has been registered on the Principal Register and use by the registrant has been continuous and exclusive for five years since registration, an affidavit may be filed with the Section 8 affidavit stating that use has been continuous for five consecutive years. Such an affidavit, filed under Section 15, is a requirement for the operation of the incontestability provisions of the statute. It is commonly called the Section 15 Affidavit.

It is quite common to file Section 8 and Section 15 Affidavits at the same time, because the requirement for both arises between the fifth and sixth anniversaries of registration.

4. Renewal

When use continues for more than ten years after

registration, the registration may be renewed during the six months preceding the 10th anniversary of registration (see Section 9). Another Section 8 affidavit must also be filed with the renewal. Renewal may be obtained even up to three months after the expiration of the ten-year renewal period upon payment of an additional fee. The renewal application requires a verified application setting forth the goods or services recited in the registration with which the mark is still in use in commerce accompanied by a specimen showing current use of the mark. At the same time as the Section 9 renewal, Section 8 Affidavits must also again be filed, every 10 years. This procedure has made the renewal provisions more expensive, but aligns U.S. with most foreign practice under the Trademark Law Treaty Amendments of 1999.

5. Opposition and Cancellation

Section 13 of the Lanham Act provides for opposition to a registration, which can be filed within 30 days of a mark's publication in the Official Gazette, by any person who believes that he or she will be damaged by the registration of the mark upon the Principal Register.

Oppositions are a form of administrative hearing conducted in the Patent and Trademark Office before the Trademark Trial and Appeal Board. Oppositions are a form of litigation involving the taking of testimony by deposition by both parties within testimony periods set by the Patent and Trademark Office, and discovery under the Federal Rules of Evidence and Discovery. After Submission of trial briefs, if requested, there will then be a hearing before the Trademark Trial and Appeal Board followed by a decision whether or

not the opposition should be sustained. Appeal from the decision of the Trademark Trial and Appeal Board may be taken to the United States Court of Appeals for the Federal Circuit or a United States District Court (Section 21).

Cancellation actions may also be filed before the Trademark Trial and Appeal Board, at any time in the first five years after registration, and after a registration becomes “incontestable”, for grounds such as abandonment. The procedure is similar to that for oppositions; the sole remedy is cancellation of the attacked mark (see Section 14).

Both opposition and cancellation proceedings should be considered as relatively low-cost alternatives to infringement litigation. If registration can be prevented by timely opposition, this can even persuade another to cease use of an offending mark altogether.

IX. TRADEMARK POLICING

Defensive trademark policing involves maintaining proper use of the mark, which is discussed in greater detail in Section VII above. A trademark owner seeking to assert trademark rights should use a mark in a manner which makes it plain that the owner itself uses the mark as a mark, not as a descriptive or generic term.

Offensive trademark policing entails the vigilant assertion of the trademark owner's rights against infringers. The use of a watch service, which will monitor new applications to register marks, is one way to learn of infringing marks. Such services vary in their depth; typically only federal applications are watched, but common law searching is also available at more cost.

In-house "watching" over the Web can also be done, which is a good recommendation to clients with the resources to devote to this type of investigation. A corollary to clearance searching over the Net is trademark watch searching.

Good trademark policing involves educating the client of the need to inform the law department or outside counsel of any similar or confusingly similar marks that appear in the marketplace. Sales people who appear at trade shows and interact with customers are frequently the best source of information about potential infringements. Once uncovered, whether by company employees or watch services, infringements need to be investigated carefully. It is important to learn the identity of the infringer, its resources, the exact products or services on which the infringing mark is used, when use of the mark commenced, the marketing channels used to sell the products and related issues before any cease and desist letters are sent. Bear in mind also that any cease and desist letter could result in a declaratory judgment action. Therefore protest should be made with as much understanding of the infringer and its business as possible.

The Net offers an excellent means to quickly and cheaply investigate the services and products of a company suspected of infringing on a mark, to research facts that are useful before sending a cease and desist letter and proceeding with litigation. Many types of financial and structural information about companies are available for free, or for a slight charge, over the Net. Many major newspapers are currently offering on-line versions of their stories at no or reduced cost. In addition, of course, are the Web sites operated by the infringers themselves, which can offer important, and instant, insight on an infringer's operations.

Most importantly, however, clients should be encouraged to

scan the marketplace for infringers and report them to counsel for action. Absent policing, known infringers can, in time, develop laches defenses barring any enforcement of the mark against them. Further, if sufficient infringers emerge and go unprosecuted, a court may find that the mark has lost any distinctiveness to the public as indicating a unique source of goods sold under the mark, so that the trademark is lost and rights to it are deemed abandoned.

X. ENFORCEMENT: TRADEMARK INFRINGEMENT AND FALSE DESIGNATION OF ORIGIN, SECTION 43(a)

Enforcement is not the major topic of this paper; however following is a very brief overview of the theories of protection available for enforcement. Federally registered marks can be enforced in infringement actions under Section 32 of the Lanham Act. Companion state statutes in each of the states provide remedies for infringement of registered and unregistered marks. See, e.g. Cal. Bus. & Prof Code Section 17200 et seq. Trademarks do NOT have to be registered in order to be enforced. Unregistered trademarks can be protected under Lanham Act Section 43(a).

Section 43(a) of the Lanham Act, commonly referred to as the federal unfair competition statute, literally protects against "false designations of origin":

(a)(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which —

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Section 43(a) may be used to enforce rights in federal District Court that are not registered, but which are used in interstate commerce. It has also been construed broadly to provide protection against a variety of unfair practices, such as unfair comparative advertising, using a depiction of another's product to advertise one's own, and failure to attribute authorship in films or music. See 1 McCarthy, Section 1.09.

Note that contributory and vicarious liability is a very important aspect of protection. In an important recent case, the 9th Circuit found the operator of flea market which was known for booths selling counterfeit musical recordings liable under theories of vicarious and contributory liability, and both for trademark as well as copyright infringement. See Fonovisa Inc. v. Cherry Auction Inc. 76 F. 3d. 259 (9th Cir. 1996).

Today's web sites present a host of interesting questions involving not only direct infringement but also contributory infringement. Linking is an example. A simple link to another's web site is probably not actionable. However, creating a mechanism for third parties to obtain and copy copyrighted materials has been held to

be both a contributory and vicarious infringement. *A&M Records, Inc. v. Napster, Inc.* 239 F. 3d 1001 (9th Cir 2001).

Another court has even held that posting URL or Website addresses known to contain infringing materials could result in contributory infringement. *Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc.* 1999 U.S. Dist. LEXIS 19103 (D. Utah Dec. 6, 1999).

What about taking a portion of another web-site as a link to the site – such as using photographs from another site as the link? A recent case found it permissible to reproduce the photographs from another site as long as the photos were used to link to the site. See *Kelly v. Arriba Soft Corp.* , 1999 U.S. Dist. LEXIS 19304 (C.D. Cal. Dec. 15, 1999). This decision is extremely troubling to the copyright bar, and may not be followed.

Aggregation of information from a third party site is also the subject of litigation. Under unfair competition, copyright infringement and "hot news" theories, eBay is challenging the activities of aggregating auction information and offering it on another site. See *eBay v. Bidder's Edge* (N.D.Cal, filed Dec. 10, 1999).

Liability is also raised by deep-linking, the practice of linking to a particular portion of a third party web site, not to the home page. See *Ticketmaster v. Ticket.com* (C.D. Cal, filed July 23, 1999) and *Ticketmaster v. Microsoft Corp.* No. 97-3055 DDP (C.D. Cal filed 4.27.97) Both cases alleged that providing a direct link to ticket purchasing information for events, by-passing the introductory web page with advertising and endorsement information constituted unfair competition.

Framing, the practice of putting third party content on another site with host site has also been the subject of litigation, usually

successful. The practice creates the impression that the host has created content which it hasn't, or that it has a relationship with the framed site, when it does not. See, e.g. Hard Rock Café Int'l v. Morton, 1999 U.S. Dist LEXIS 13760 (S.D. N. Y. Sept. 9, 1999) (company could neither frame nor link to Hard Rock Café site when the sale of merchandise outside its licensed area violated license agreement).

XI. ANTI-DILUTION STATUTES

Until 1996, no dilution provision existed under the Lanham Act. The new federal provision, Section 43(c), incorporates the common law rules of dilution, discussed below, by providing only for injunctive relief. Section 43 (c) creates a cause of action only if the offending use "begins after the mark has become famous and causes dilution of the distinctive quality of the mark." Monetary relief is limited to cases of willful infringement. To address concerns that dilution could encompass all use of another's mark, "fair use" provisions clarify that comparative advertising, non-commercial use of a famous mark, and use of famous mark in news reporting or commentary are not actionable "dilution".

The dilution doctrine has had extremely important effect in halting the pirating of domain names. For example, in Panavision Int. v. Toepfen, 945 F. Supp. 1296, aff'd. 141 F. 3d 1316 (9th Cir. 1998) the Ninth Circuit, following the lead in several district court cases, held on a motion for summary judgment that the unauthorized registration of the famous PANAVISION mark constituted dilution of the mark under both Section 43 (c) and California anti-dilution statutes. But see Avery Dennison Corp. v. Sumpton, 189 F. 3d 868 (9th Cir. 1999) (no dilution of AVERY or DENNISON mark by e-mail sites that used

www.avery.net and www.dennison.net for use of persons with these surnames.

Several states have enacted anti-dilution statutes which protect the senior user of a mark against the junior user's use of the same mark even on wholly unrelated goods if such use would dilute the distinctiveness of the senior user's mark, e.g. ROLLS-ROYCE for a cafeteria or STEINWAY for a beer mug. In California, for example, the Business and Professions Code, Section 14330, provides that:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this chapter, or a mark valid at common law, or a trade name valid at common law, shall be ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods and services.

The two prongs of dilution include prevention of the "watering down" or dilution of a mark's strength through use on unassociated products, as well as prevention of the tarnishment of a mark, where a mark is associated with an unsavory product or service that "tarnishes" the mark's reputation. See 2 McCarthy Section 24.

The courts have been justifiably concerned that such anti-dilution statutes would have the potential to destroy rather than promote competition. Toho Co. v. Sears, Roebuck Co., 645 F.2d 788 (9th Cir. 1981). Accordingly, the enforcement of anti-dilution statutes by the courts has been confined only to famous marks which enjoy universal recognition and acceptance as trademarks, such as KODAK, ROLLS ROYCE, TIFFANY and POLAROID. In California, courts have applied Business and Professions Code Section 14330 to protect only marks that are distinctive and associated with a single user, and

where the newcomer's use would be likely to degrade the first user's name. Steinway & Sons v. Robert DeMars & Friends, 210 USPQ 954 (C.D. Cal. 1981).

XII. TRADEMARK COUNTERFEITING

Special provisions both in the Lanham Act and under California state law provide extraordinary remedies against the particularly egregious form of infringement known as counterfeiting. Counterfeit goods are generally defined as spurious goods. Counterfeiters make their profits by passing off cheaper goods or services, usually of lesser quality, under another's trademark. The anti-counterfeiting provisions provide powerful tools for preventing counterfeit goods from entering the marketplace and for penalizing counterfeiters.

Sections 34, 35 and 36 provide for mandatory monetary remedies and give courts the power to grant ex parte seizure orders in counterfeiting cases. Under Section 34(d)(1)(A), a court may order seizure of counterfeit marks and goods bearing the counterfeit mark, as well as the means of making such marks, and the records documenting any use of a counterfeit mark in connection with the sale, offering for sale or distribution of goods or services. Since many counterfeit operations are structured to create quick profits from a short-lived business, the seizure provisions allow trademark holders to strike quickly at the heart of the illicit operation, effectively shutting it down.

CONCLUSION

The life of a trademark can be forever, if proper care is taken

in its selection, protection and enforcement. Increasingly, trademark rights supplant or complement patent and copyright rights to create protectable interests in various aspects of how companies do business – their names, logos as well as trade dress aspects of their business.

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- American Airlines, Inc. v. A 1-800-A-M-E-R-I-C-A-N Corp., 622 F.Supp. 673 (N.D. Ill. 1985)
- American Montessori Soc. v. Assoc. Montessori Internationale, 155 USPQ 591 (TTAB 1967)
- AME, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 (9th Cir. 1979)
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- Greyhound Corp. v. Rothman, 84 F.Supp. 233 (D.C. Md. 1949), *aff'd*, 175 F.2d 893 (4th Cir. 1949).
- Hard Rock Café Int'l v. Morton, 1999 U.S. Dist LEXIS 13760 (S.D. N.

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Holiday Inns v. 800 Reservations, 838 F.Supp. 1247 (E.D. Tenn. 1993)

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MTV Networks v. Curry, 867 F.Supp. 202 (S.D.N.Y. 1994)

Murrin v. Midco Communications, Inc., 726 F.Supp. 1195 (D.C. Minn. 1989)

Nat'l Assoc. of Blue Shield Plans v. Standard Mattress Co., 478 F.2d 1253 (CCPA 1973)

On-Cor Frozen Goods, Inc. v. Ralston Purina Co., 220 USPQ 567 (TTAB 1983)

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Ticketmaster v. Microsoft Corp. No. 97-3055 DDP (C.D. Cal filed 4.27.97)

Ticketmaster v. Ticket.com (C.D. Cal, filed July 23, 1999)

Toho Co. v. Sears, Roebuck Co., 645 F.2d 788 (9th Cir. 1981)

SELECTED PERTINENT STATUTES

The Lanham Act (Trademark Act of 1946), 15 U.S.C. Section 1051, *et seq.*

Federal Trademark Dilution Act of 1995 P.L. 104-98, at 15 U.S.C. Section 43(c)

California Business and Professions Code Section 14200 *et seq.*
(Registration and Protection of Trademarks)

California Business and Professions Code Section 17200 *et seq.*
(Tradenames and Designations)

California Business and Professions Code Section 14300 *et seq.* (Anti-Dilution Statute)

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United States Trademark Association, Trademark Management

EXAMPLES OF TRADEMARK SEARCH RESOURCES

Directories

The Trademark Register, The Trademark Register, 300 Washington Square, Washington, DC 20036.

The Compu-Mark Directory of U.S. Trademarks, Compu-Mark U.S., 1333 F Street N.W., Washington, DC 20005

Trademark Databases and On-Line Services

TRADEMARK.COM available on-line via subscription from Corporate Intelligence.com

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Other Databases

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WESTLAW database- full range of articles, legal opinions

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