

# Client Advisory

## SELECTING A STRONG TRADEMARK MAKES GOOD BUSINESS SENSE

Choosing a strong trademark is a critical task for any business. A strategic approach including selection of a legally strong name and prior use searches conducted in advance of use can help ensure that you secure a return on the time and money you will no doubt invest in having the public associate your mark with your goods and services.

Trademarks are words and/or designs that indicate a product or service's origin to the consuming public. The public may not know anything about the NESTLÉ company or where it is located, but the public knows that cookies, candy and other products marked with the NESTLÉ label meet a certain standard of quality imposed by the mark's owner. Trademarks thus create the unique association between consumers and your company's goods and services. As a symbol of your company's good will, trademarks are of enormous value and it is critically important for any business to choose a trademark which consumers internalize and return to in the future. A strategic approach to mark selection can ensure your company obtains strong legal protection of your chosen brands. Consider the following when deciding on a trademark for your products or services:

### TRADEMARK AVAILABILITY AND PRIOR RIGHTS

Marks already in use, even if never registered, have prior rights superior to subsequent users in the U.S. Further, you cannot limit your investigation only to exact matches of your mark. If you adopt a mark that is confusingly similar to an existing mark, your company may be liable for trademark infringement and possibly damages. Additionally, your company may be forced to discontinue use of its mark. To avoid liability, it is common practice to conduct a thorough search of existing marks prior to use.

*Preliminary or Knockout Search.* The first search that should be done is a preliminary search of relevant databases. When conducted by a para-professional trained in conducting trademark searches, a knockout search is likely to reveal obvious similar marks and is used to weed out problematic mark proposals.

*Full Search.* A preliminary search alone is insufficient because it will reveal only registered matches. A full search conducted by an individual trained in trademark searches will examine databases that include company and product names which have not been registered. As mentioned above, if a company is using a name similar to your proposed name, even if the similar name is not registered, that company will be able to stop your company from using its name. Accordingly, to ensure your use is cleared, it is necessary to conduct a full search.

### ENFORCEABILITY & THE LEGAL STRENGTH OF A MARK

The scope of the legal protection you will obtain largely depends on the distinctiveness of the mark you choose. A *fanciful* mark is a coined term of its creator (e.g., KODAK for camera needs). An *arbitrary* mark



takes an existing word and applies it to unrelated goods or services (e.g., APPLE for computers). Fanciful or arbitrary marks are afforded the strongest legal protection because such marks are distinctive and competitors have no reason to use them.

*Suggestive* marks do not immediately describe the goods or services, but they suggest the qualities of the underlying product (e.g., COPPERTONE for suntan oil). A suggestive mark requires the imagination of the consumer to connect it with the products or services. Although suggestive marks generally do not receive the level of protection that fanciful or arbitrary marks enjoy, they are considered inherently distinctive and can receive immediate protection. It is important to balance the legal and marketing interests; for instance, it may be important to give the consumer a hint regarding the nature of products or services.

*Descriptive* marks closely describe a product or service. Business people will often unwittingly choose descriptive names to help customers immediately understand the product or services. However, doing so is perilous to the company's ability to protect the mark in the future because competitors must remain free to use such terms in connection with their own products or services. Therefore, a descriptive mark will acquire trademark protection only if it achieves "secondary meaning," i.e., when it is clear that the public associates the mark with a particular company or source.

*Generic* marks cannot be protected. For example, "sheer strips" is the generic name, and "BAND-AID" is the brand name receiving trademark protection. No person or entity can own "sheer strips" for bandages. Generic terms must remain available for everyone to use. If your chosen name becomes the term used by the public to refer to the product itself, rather than to its source, the mark will become generic (e.g., ASPIRIN was once the brand name owned by BAYER; now it is generic and can be used by anyone). If you foresee this as a potential problem, one way to avoid "genericide" is to place the product's generic name after your mark, for example, "BAND-AID brand sheer strips."

## **DO I NEED TO REGISTER MY TRADEMARK?**

Trademark rights are initially acquired through use. You do not need to register a trademark to obtain ownership of the mark. Federal registration, however, significantly expands trademark rights by granting the registrant the following: (1) constructive notice nationwide of the trademark owner's claim; (2) evidence of ownership of the trademark; (3) jurisdiction of federal courts; (4) registration can be used as a basis for obtaining registration in foreign countries; and (5) registration may be filed with U.S. Customs Service to prevent importation of infringing foreign goods.

## **INTENT TO USE**

The trademark registration system accommodates young businesses by allowing "intent-to-use" (ITU) applications. An ITU application allows your company to reserve your rights before investing any marketing, advertising or goodwill in the mark. As long as your company can show a bona fide intent to use the mark at a future date, an ITU application will reserve your rights in the mark you are developing.

*The above is intended to highlight some of the more significant aspects of trademark selection and strategy. If you would like further assistance in developing a trademark selection strategy, please contact Loletta Darden at 312.207.2415, John Hines at 312.207.3876, E. Leonard Rubin at 312.207.6464, George Vinyard at 312.207.6406, or Angela Washelesky at 312.207.3854.*