

# Trademark Basics



Presented by: Roberta Jacobs-Meadway, Esq.  
Eckert Seamans Cherin & Mellott, LLC  
rjacobsmeadway@eckertseamans.com

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## Intellectual Property

### Term of Protection - generally

trademarks - protected as long as in use

copyrights - ninety five years (or life of author plus 70 years)

patents - twenty years from filing date

design patents - fourteen years from issue

trade secrets - so long as maintained in secret



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## Intellectual Property

### Subject Matter – generally

Trademarks – indicia of origin that are not merely descriptive or functional

Copyrights – works of authorship that are original and fixed in a tangible form

Patents – inventions which are new, useful and non-obvious

Design Patents – the ornamental aspect of useful articles

Trade Secrets – any proprietary information possession of which provides a commercial advantage to the holder



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## Trademarks

### The Subjects of Trademarks

words  
phrases  
symbols  
package dress/get up  
package configuration  
colors  
sounds  
smells

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## Trademarks

### What Can Not Be The Subject of Trademark Rights

Descriptive words, terms with no acquired distinctiveness

- surnames
- geographic designations

Generic words, phrases

Titles of single works

Functional attributes of products or packages

Mere ornamentation, background designs

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## Trademarks (cont'd)

Certain words and symbols subject to special protections

- "Olympic"
- The American flag

Note: Trade names are not trademarks, but the same term can function as a trademark or as a trade name, depending on how it is used.

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## Trademark Rights Can Overlap With Other Intellectual Property Rights

Logo of Superman character in particular pose can be subject of both copyright and trademark protection, if used as a trademark

Bottle designs for alcoholic beverages and perfumes can be protected by design patent and as a trademark

Image of Elvis Presley can be protected under the Lanham Act and by copyright.

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## Proper Use of Trademarks

Trademarks are used on the goods or the packaging for the goods or on point of sale displays; service marks are used on advertising and informational materials

Trademarks (and service marks) are adjectives, not nouns  
Trademarks should be used consistently

Permitted use of trademarks by third parties should be subject to the owner's control, subject to the first sale doctrine

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## Acquisition of Trademark Rights

First In Time As First In Right

### Common Law Rights

Trademark use of inherently distinctive term creates rights in the geographic area within which the mark is used and known - issue: geographic scope of rights

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## Acquisition of Trademark Rights (cont.)

### Registered Rights

Filing of an application provides a constructive date of first use on a nation-wide basis – contingent on registration issuing on the Principal Register

Exception: non-U.S. applicants can secure registration based on non-U.S. registrations provided there is a bona fide intent to use the mark in the U.S. and non-U.S. applicant can secure benefit of earlier foreign date if U.S. application is filed within six months

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## The Trademark Registration Process

Applications are generally filed on the basis of use or intent to use.

The application must identify the goods and/or services on or in connection with which the mark is used or intended to be used.

Once an application is filed, the list of goods and services can not be expanded; it can only be narrowed or clarified

The application must identify the mark in which rights are claimed.

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## The Trademark Registration Process (cont.)

A design element can not be deleted or modified or added if it changes the commercial impression.

If an application is filed on the basis of use, a specimen showing such use is submitted and dates of first use are claimed.

In a use based application, the dates of use can be corrected, but the mark must have been in use when the application was filed.

It is possible to amend the basis for filing an application.

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## Trademark Ownership

The first to use or to apply for federal registration of the mark is the owner

As between a manufacturer and distributor, absent an agreement, the manufacturer is presumed to be the owner.

The owner of the trademark is the entity that controls the nature and extent of the use of the mark.

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## Trademark Ownership (cont.)

An application filed on the basis of intent to use can not mature to registration until a declaration of use is filed, with a specimen showing such use, and is accepted.

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## Issues In Trademark Ownership

A trademark is said to indicate a single source.

so two unrelated entities cannot each own the same mark for the same goods in the same market

but a trademark may be owned by a joint venture or two individuals as well as by a business entity or individual

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## Trademarks –Use Them (Properly) or Lose Them

Avoid genericide

“There are 2 Rs in XEROX®”

Band-Aid® brand adhesive bandages

Avoid abandonment

abandonment can be done intentionally

- non-use with intent not to resume

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## Trademarks –Use Them (Properly) or Lose Them (cont.)

Abandonment can happen unintentionally

licensing without quality control

assignment in gross

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## Issues In Trademark Licensing

License estoppel does not preclude a third party  
challenge to rights based on naked licensing

A licensee has no standing to bring an action for  
trademark infringement under the Lanham Act

Only an exclusive licensee has standing to bring suit for  
unfair competition under 43(a) of the Lanham Act.

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## Examination of Trademark Applications

At the time of initial filing, there is a preliminary examination to confirm that the application meets the minimal requirements for receiving a serial number

The application is later examined to determine if it meets the requirements for publication for purpose of opposition.

A mark may initially be refused registration on any of the grounds set out in 1052(a)-(e) including:

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## Examination of Trademark Applications (cont.)

1. the mark is generic
2. the mark fails to function as a trademark
3. the mark is merely descriptive
4. the mark is deceptive
5. the mark is confusingly similar to a mark previously registered and applied for
6. the matter claimed as a mark is functional
7. the mark is immoral or scandalous (HEBE)

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## Prosecuting The Application

Assuming an initial refusal of registration issues (or an initial refusal of declaration of use) the applicant can:

- amend the application to address the issue
- present argument and evidence against the refusal
  - TMEP as a guide for responding

Assuming response is not accepted or is accepted only in part, applicant may request reconsideration of a final refusal and/or file an appeal within six months of a final refusal

Ex parte appeals are taken to the Trademark Trial and Appeal Board

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## Opposition Proceedings

Once an application for registration of a mark is allowed, the mark is published in the OGT

There is a 30-day period from the date of publication (which may be extended) for anyone with standing and grounds to oppose issuance of the registration

If a notice of opposition is timely lodged, the Trademark Office will institute the proceeding

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## Cancellation Proceedings

Can be instituted within five (5) years of date of issue of registration on same grounds as would support an opposition

After five (5) years, grounds for cancellation no longer include descriptiveness, but still include abandonment, genericity, fraud, functionality.

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## Inter Parte Proceedings Before The Trademark Trial and Appeal Board

TTAB proceedings look much like litigations except:

1. The Board deals only with issues of rights to registration, not right to use.
2. The Board can not award monetary sanctions, damages or fees.
3. Trial is on the papers, testimony taken by deposition, and other evidence submitted by notices of reliance.

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## Inter Parte Proceedings Before The Trademark Trial and Appeal Board (cont.)

4. The parties can agree to an Accelerated Case Resolution (ACR) where they can limit discovery, limit the evidence presented at trial, and submit the case for decision in a manner similar to summary judgment, except the TTAB will resolve disputed issues of fact and issue its opinion on an expedited basis.

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## Appeals From Decisions of the TTAB in Inter Partes Proceedings

There are two routes for appeal:

1. To the Court of Appeals for the Federal Circuit on the record below.
2. To a District Court – where the parties can introduce new evidence and raise additional issues; including infringement, and can seek additional relief (injunction/damages).

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## Trademark Infringement

Test is likelihood of confusion

factors considered:

- \* similarity of marks
- \* similarity of goods
- strength of senior user's mark
- similarity of trade channels
- similarity of promotional media
- sophistication of purchase
- conditions of purchase
- actual confusion
- intent of the junior user

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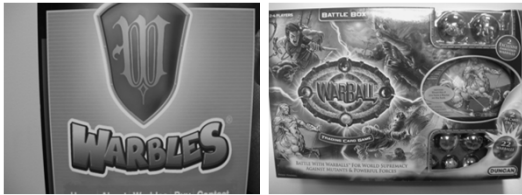
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## Trademark Infringement



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## Strength of Marks - functions to expand scope of trademark protection

Inherent strength- mark is not merely descriptive

Acquired strength- based on:

- length of use
- extent of sales
- extent of advertising
- impact in market
- shown by consumer recognition
- shown by diversion
- shown by market position
- absence of significant third party use

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## Strength Of Marks



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## Family of Marks - functions to expand scope of trademark protection

- key is promotion of "family" members together
- key is maintaining consistency in use of "family" Formative
  - pattern: adjective identifying hair characteristic (BIG)
  - Family formative (SEXY)
  - generic term (HAIR)



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## Trademarks - Registration is not a prerequisite for protection

- trademarks are protected under state and common law as well as under federal law
- Federal Registration provides a number of significant benefits



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Defense To Actions For Infringement  
Fair use of trademarks

classic fair use

descriptive terms can be used in their ordinary descriptive sense and not to identify source or sponsorship

nominative fair use

use of author's trademark to identify the product of the other (compare Wal-Mart brand to ...)

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Defense To Actions For Infringement  
Fair Use of Trademarks (cont.)

parody

taking what is necessary to make the point amusing, not confusing

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7-Eleven: Parody (?)



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## Heineken: Parody (?)



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## Arm & Hammer: Parody (?)



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## Defenses to Action for Infringement

### Equitable Defenses

- laches (may only bar damages)
- acquiescence
- estoppel
- unclean hands/fraud

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## Avoiding Trademark Infringement

Due Diligence in acquisition of rights

Pre-filing search

USPTO

Comprehensive Search

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## Trademark Dilution

Dilution doctrine: protects distinctive marks from use of essentially the same term irrespective of competition or confusion which use is likely to dilute the distinctiveness of the senior user's mark or tarnish it.

Federal Trademark Dilution

Protection is restricted to truly famous marks which are in effect household names

No recognition for niche fame or local marks

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## Trademark Dilution (cont.)

State and Common Law Dilution

Protection is generally extended, where it is extended, to distinctive marks with no requirement of fame.

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## Remedies for Trademark Infringement

1. Injunctive Relief
  - mandatory – including recall of product
  - prohibitory –
2. Damages
3. The profits of infringer – unjust enrichment
4. Enhanced damages
5. Fees

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## Trademark Counterfeiting

Requires registration

Remedies apply where counterfeit goods are

Those covered by the registration of the mark

Penalties include statutory damages

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## Benefits of Trademark Registration on the Principal Register

presumption of validity

incontestability after 5 years

provides constructive notice of exclusive rights

availability of Customs recordation

serves as basis for non- U.S. registration

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Trademark Licenses Trips and Traps

- Why license a trademark?
  
- Why accept a license?
  - Most trademark licenses involve willing parties
  
  - Not all do (resolution of litigation; evidence of litigation)



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Trademark Licenses Trips and Traps

- Licensor seeks to extend goodwill into new areas
  
- Licensor seeks an income stream



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Trademark Licenses Trips and Traps

- Licensee seeks to benefit from licensor's goodwill
  
- Licensee seeks to benefit from licensor's efforts
  - Advertising
  - Policing



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### Trademark Licenses Trips and Traps

- What is a reasonable royalty?
  - Answer: it depends (but 5% seems to be the outcome of various calculations)
- And what does it depend on?

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### Trademark Licenses Trips and Traps

- Factors impacting royalty amounts:
  - Investment of licensee
  - Fame of licensed mark
  - Comparables in the industry

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### Trademark Licenses Trips and Traps

- Obligations of the licensee:
  - Obvious one: payment of royalties
  - Submit to quality control by licensor
  - May be minimum sales obligations
  - May be minimum promotional/advertising obligations

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### Trademark Licenses Trips and Traps

- Obligations of the licensor:

- Exercise quality control
- Protect brand
- May be obligations to promote



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### Trademark Licenses Trips and Traps

- Obligations may be joint or delegated:

- Policing mark
- Quality Control
- Developing product



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### Trademark Licenses Trips and Traps

- Traps to Avoid:

- Ambiguity as to ownership
- Ambiguity as to permitted uses of licensed mark
- Ambiguity as to scope of license
- Ambiguity as to consequences of termination/expiration



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## Trademark Licenses Trips and Traps

- Particular issues and concerns:
  - Joint or composite trademarks
  - Rights of exclusive vs. non-exclusive licensees
  - Impact of territorial issues on licensing schemes
  - License vs. franchise

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