

TRADEMARKS

1. Introduction

A trademark, as defined in the applicable federal statute, includes any word, name, symbol, device, or combination thereof, adopted and used by a manufacturer or merchant to identify his or her goods and distinguish them from those manufactured or sold by others.

A trademark's function may be characterized as an identification of origin, a guarantee of quality, and an advertising device. In identifying origin, a trademark affords a convenience to both owner and customers by minimizing confusion of the goods of the trademark owner with those of others. In guaranteeing quality, it assures the purchaser that the goods bearing the mark will have the same quality as those previously purchased under the same mark. In both instances, the public interest is cited by the courts as a basis for protection to avoid deception or confusion. In advertising, the trademark offers a convenient shorthand device to help focus the attention and the good will of the public on the product. Protection of the trademark represents protection by the courts of a property right of the trademark owner.

Related to trademarks are service marks, certification marks, and collective marks. Service marks are words, names, symbols, devices, or combinations thereof, used to identify the services of one party and distinguish them from the services of others. Certification marks are used in connection with the products or services of one or more parties other than the owner of the mark to certify the product's origin, material, mode of manufacture, quality, accuracy, or other characteristics, or that the work or labor on the product was performed by members of a union or other organization. Collective marks are trade or service marks used by members of a cooperative, association, or other collective group. They include marks indicating membership in a union, association, or other organization. Principles applicable to service, certification, and collective marks are generally similar to those applicable to trademarks.

Ownership of a trademark confers the exclusive right to use it or authorize its use in connection with the goods of its owner or goods made by others to the owner's quality standards. Conversely, it also confers the right to prevent others from using the mark, or another mark so similar as to be confused for the original, on similar or related goods. Trademark protection is a type of restraint afforded by the courts against unfair competition.

In the United States and other common law countries, the right to protection of a trademark arises independently of statutory provisions. Both the public and the owner have an interest in such protection. The owner's interest lies in protecting the value of the mark as a device for attracting and retaining customers for the goods sold under the mark, based on recognition gained through use of the mark in advertising and the reputation for quality of the goods on which it is used. The public interest lies in avoiding the confusion, deception, and fraud that would likely result from unauthorized use of the mark or similar marks by others.

Although distinct from trademarks, trade names also are entitled to protection against unfair competition. Trade names and trademarks should not be confused. A trademark identifies particular goods as originating from a specific

business; a trade name identifies the business itself. Trade names include individual names and surnames, firm names, and other names used by manufacturers, industrialists, merchants, and others to identify their businesses, vocations, or occupations. Depending on the manner of its use, a trade name may also function as a trademark. For example, the name General Electric, when used to refer to the corporation, is a trade name; when applied to merchandise, eg, General Electric refrigerators, it is a trademark.

2. Trademarks, as Distinct from Patents and Copyrights

Trademark rights are generally acquired by use of the mark on or in connection with the goods of its owner. It is accorded legal protection at common law independent of statutory provisions or registration. Registration, available under the laws of the states as well as under federal statute, enhances or facilitates protection of the trademark right. Acquisition of the trademark right by use in connection with the goods is a prerequisite to obtaining registration. Under the 1988 Trademark Revision Act, applications for trademark registration may be filed on the basis of a bona fide intent to use the mark, but proof of actual use is still required before a registration is issued.

Patents afford the owner the right to exclude others from making, using, or selling an invention or process, and are entirely dependent on statutory registration. They are acquired by disclosing an invention in an application duly filed and prosecuted in accord with the patent laws (see PATENTS AND TRADE SECRETS).

Copyrights afford in most cases an exclusive right to control distribution, reproduction, adaptation, public performance, and public display of literary or artistic works. They arise automatically upon creation of an eligible work, but the exercise of such rights is governed exclusively by federal statute.

Authority for protection of patents and copyrights is set out in the Constitution and is the exclusive province of the federal government. Trademark protection is provided by federal and state legislation, as well as common law. Federal legislation to protect trademarks is based on the authority of Congress, under the commerce clause of the Constitution, to regulate interstate and foreign commerce of the United States; protection afforded by individual states is based on their power to regulate intrastate commerce.

3. History

Trademarks were known in ancient civilizations. Wine jars found in Pompeii bore the mark Vesuvinum, identifying their contents as a wine produced in the region of Vesuvius. The artisan's guilds of Europe adopted marks to identify merchandise originating with their members; such marks were protected against falsification by penal laws.

British and U.S. courts began developing case law to protect trademarks against infringement in the early 1800s. In 1883, the United Kingdom adopted a statute that provided for registration of fancy words as trademarks. The United States enacted its first federal trademark statute in 1870, but the statute was

declared unconstitutional in 1879. Subsequent federal trademark statutes were adopted in the United States in 1881, 1905, and 1920; the present comprehensive statute, known as the Lanham Act, was enacted in 1946. The Lanham Act was substantially revised for the first time in 1988 by the Trademark Law Revision Act of 1988. The 1988 act, which became effective on November 16, 1989, both modified and supplemented the earlier statute.

4. Selection of Trademarks

Trademarks distinguish the merchandise of the owner of the mark from the merchandise of others. Thus, a trademark must be adequately distinguishable from other trademarks for similar merchandise to avoid confusing or deceiving customers about the origin of the goods (1).

To determine whether a prospective mark is distinct enough from other marks, a search in the fields of commerce in which the mark's use is contemplated is customary. As many marks are registered under the federal statute in the United States Patent and Trademark Office, this register provides a principal field of search. The search can be made in the Patent and Trademark Office under a classification of the goods for which marks are registered. A complete search, however, also requires a search of marks registered under state laws and of marks not registered but in use, as indicated in various trade directories, telephone books, Internet domain name listings, and the like. A number of professional organizations provide thorough searches including these additional fields. An international search may also be performed. The United States recently joined the Madrid Protocol, a system of international registration covering multiple jurisdictions throughout Europe and Asia. A putative trademark owner may look for possible conflicts through the databases of both the World Intellectual Property Office, which governs trademarks filed under the Madrid Protocol, and the Office for Harmonization in the International Market, which is the central database for the trademarks of the European Community, as well as conducting foreign national searches, as appropriate. Professional search organizations are capable of performing these international searches as well.

The web site of the United States Patent and Trademark Office is a useful means of determining whether or not a mark under consideration for adoption, or any mark resembling it, has already been adopted for similar goods. The site contains a list of the marks on the *Federal Register*, ie, marks registered in the Patent and Trademark Office, in alphabetical order under the various classes of merchandise and services together with the registration number and date. Full details concerning the goods, application serial number, date of application, and alleged date of first use with respect to a particular registration can be obtained by ordering a copy of the registration from the United States Patent and Trademark Office.

Principal considerations used to determine whether a prospective mark conflicts with an existing third-party mark include the similarity of the marks and the relationship between the kinds of merchandise for which the marks are used or are intended to be used (2). Similarity between marks may exist in appearance, phonetics, connotation, or any combination of these qualities. Simi-

larity of an accented or initial syllable, or otherwise dominant portion of a mark, may be an important factor in such determinations. However, in the final analysis, confusing similarity is determined with respect to the marks as a whole. For example, in a 1989 decision, the federal circuit court affirmed the Patent and Trademark Office Trademark Trial and Appeal Board's determination on summary judgment that the mark Pecan Sandies is not confusingly similar to the mark Pecan Shorties, in each case for pecan cookies. The court stated that the term *pecan* was merely descriptive of the principal ingredient of both parties' cookies and that, taken as entirety, they did not convey the same impression (3).

The nature of the goods for which the mark is used or intended to be used is an essential element in determining the likelihood of confusion between otherwise similar marks. If goods bearing similar marks are of such a nature that a purchaser or prospective customer would be likely to assume that the goods have a common source of origin, then a basis for confusion exists.

For example, the mark Classic Tiffany for luxury automobiles was held confusingly similar to the mark Tiffany for luxury items, including jewelry and household goods; Gentle Touch for deodorant was held confusingly similar to Kind Touch for a cleansing preparation; Calvins for condoms was held confusingly similar to Calvin and Calvin Klein for men's apparel and men's toiletries; Avita was held confusingly similar to Aveda, both for hair care products; and Brador for malt liquor was held confusingly similar to Bras d'Or for cognac. On the other hand, Lexus for a new line of cars was not considered confusingly similar to Lexis for computer-assisted legal research; product difference was decisive in that case.

The degree of fame enjoyed by a mark can add to its scope, bringing a broader range of goods and services under its protection. The 1995 Federal Trademark Dilution Act significantly broadened the scope of rights accorded famous and distinctive trademarks under the Lanham Act (4). Dilution differs from trademark infringement in that there is no need to prove a likelihood of confusion, and the goods do not need to be similar or even related. Instead, all that is required is that a third party's use of a trademark weakens, or dilutes, the "distinctive quality" of the famous mark. For example, an animated tiger design for petroleum goods and services was found potentially dilutive of the cartoon-tiger mark Tony the Tiger for cereal products, despite the clear differences in the products and services.

In addition to the question of possible conflict with other trademarks, it is also necessary to consider whether a proposed new mark has such descriptive character with respect to the goods for which it is intended as to render the mark incapable of distinguishing the goods of the owner from the goods of others. At one extreme are generic terms, ie, names that the public uses to identify the product itself, rather than the source of the product. Such terms can never function as trademarks, at least not for the products they denote, because they are not capable of distinguishing the goods of the owners from goods in general. At the other end of the spectrum are terms that are descriptive, but are used long enough and extensively enough such that the public identifies them as trademarks. The latter, although descriptive, may nevertheless function and be pro-

tected as trademarks on the ground that they have acquired a secondary meaning in the mind of the public.

Descriptive marks that have been held registrable include Lens Bright for eyeglass-cleaning fluid; Beer Nuts for sweetened, salted nuts; Home Savings for savings and loans services; Mastic for vinyl siding; The Daily Catch for a seafood restaurant; and California Cooler for a wine cooler. Marks held incapable of trademark function include Intelligent Modem for a computer modem; Honey Roast for nuts roasted with honey; Shear Pleasure for a hairdressing salon; Cozy Warm Energy Savers for flannel pajamas and nightgowns; and Pizzaz for zippy or zesty pizza.

Names of persons, especially surnames, are treated in the same manner as descriptive terms: they may function as trademarks only if they have been used long enough and extensively enough such that the public identifies them as trademarks. When used exclusively for merchandise of a given class to such an extent that the public understands them as trademarks, they acquire secondary meaning and are accorded protection. For instance, Ford and DuPont have long since been recognized as trademarks, despite the fact that they are surnames. Other names or parts of names that have become trademarks are Gallo, Gucci, Sardi's, and McDonald's.

Marks that are not descriptive, but rather suggest the character, quality, or function of the goods are much favored as they are especially useful in advertising and encourage easy recall on the part of the public. Examples of suggestive marks include Ecotrin for an enteric-coated aspirin; Citibank for a modern or urban bank; Classic Cola for a soft drink; and Sheer Elegance for pantyhose. Such marks are entitled to protection in the first instance without acquisition of secondary meaning.

Depending on the circumstances, seemingly descriptive marks when taken as a whole might constitute only suggestive terms. A 1968 decision of the Court of Customs and Patent Appeals is illustrative. Sugar and Spice was held registrable for bakery goods. The court stated: A mark that merely denotes ingredients, quality, or composition of an article is not capable of being adopted exclusively and used as a trademark, since for policy reasons, descriptive words must be left free for public use. On the other hand, a legal distinction—albeit often obscure—has been drawn between terms that are (merely descriptive and those that are) only suggestive of the goods. The terms sugar and spice, used individually, are well known and well understood by the purchasing public. However, when combined and used on bakery goods, we think they may function as an indication of more than a mere description of the goods. (5).

The final two classes of marks comprise those that are wholly arbitrary with reference to the goods for which they are to be used or fanciful, invented words. Arbitrary marks are words having a meaning that bears no relationship to the goods for which they are used, eg, Apple for computers, Shell for gasoline, Arrow for liqueurs, and Mustang for a motel. Fanciful marks are coined, synthetic terms having no significance, eg, Kodak for cameras, Yuban for coffee, or Zazu for hair-care services and products. Arbitrary and fanciful marks are entitled to trademark protection in the first instance.

In addition to letter combinations or numbers, such as 4711 on cologne and IBM for business machines, a trademark may be an acronym; a nickname such

as Pan Am; a logotype, design, or symbol, such as the McDonald's golden arches or the Olympics' five interlocking rings; the configuration or contour of a product or its container, such as Lifesaver candy, the Perrier bottle, and Ferrari automobiles; a color or combination of colors such as the green and yellow Crayola box; a scent such as that of pueria blossoms on sewing thread; a series of musical notes such as the NBC signature; or a song such as General Motors' advertising theme, "The Heartbeat of America."

An Internet domain name also may be a trademark if it is sufficiently distinctive to identify the product or its source and is used as a trademark, not merely as an Internet "address". The Anticybersquatting Consumer Protection Act was enacted in November 1999 to target individuals who register domain names that incorporate the names of famous persons or the trademarks or trade names of others in order to resell them (6). The Act provides for liability upon a showing of bad faith on the part of the domain-name registrant. Remedies include forfeiture or cancellation of the domain name.

5. Trademark Registration

5.1. Registration Rights. The right to trademark protection arises through exclusive use of the mark in connection with the goods of the owner. This right is protected by common law independent of registration. Trademark registration is a statutory creation; it affords a means of publicizing a claim to a trademark right and facilitating its protection. The federal statute, the Lanham Act, provides for two separate types of registration: a Principal Register for marks fulfilling all requirements for full registration, and a Supplemental Register for those lacking certain of the requirements for registration on the Principal Register. Registration on the Principal Register constitutes constructive notice of the claim of ownership of the mark. Federal registration on either register extends protection to all parts of the United States and its territories and possessions. A common law trademark right, on the other hand, is effective only in the region where the mark has become known through use. Federal registration on either register also confers jurisdiction of trademark actions on the federal courts and affords the trademark owner additional rights against infringers. Substantial advantages can thus be derived from federal trademark registration.

A trademark is registrable on the Principal Register if it is in use in commerce subject to regulation by Congress, ie, interstate and foreign commerce of the United States, and does not (1) comprise immoral, deceptive, or scandalous matter, or matter disparaging persons, institutions, beliefs, or national symbols; (2) comprise the flag or coat of arms or other insignia of the United States or any state, municipality, or foreign nation; (3) comprise the name, signature, or portrait of an individual without his or her written consent, or the name, signature, or portrait of a deceased President of the United States during the lifetime of his widow without her written consent; (4) comprise a mark that so resembles an already registered mark, or one previously used in the United States and not abandoned, as to cause confusion or mistake or to deceive when applied to the goods of the applicant unless limitations of use can be implemented to prevent confusion, in which case concurrent registration may be permitted; (5) consist

of a mark that, when applied to the goods of the applicant, is merely descriptive or deceptively misdescriptive, or is primarily geographically descriptive or deceptively misdescriptive, or is primarily a surname (7). Exceptions to the last item are permitted if the mark has become distinctive of the applicant's goods in commerce by use. Proof of substantially exclusive and continuous use of a mark in commerce over a period of five years may constitute *prima facie* evidence that the mark has become distinctive as used in connection with the applicant's goods.

A trademark may consist of any symbol, label, package, configuration of goods, name, word, slogan, phrase, surname, geographical name, numeral, device, or any combination of any of the foregoing, provided it is capable of distinguishing the applicant's goods or services. A mark lacking the distinctiveness to qualify for registration on the Principal Register, but accorded registration on the Supplemental Register, may be registered on the Principal Register at a future date if it can be shown that the mark has become distinctive of the applicant's goods. Registration on the Supplemental Register, as distinguished from the Principal Register, does not constitute constructive notice of the claim of ownership by the registrant. However, as with marks registered on the Principal Register, registration on the Supplemental Register, entitles the trademark owner to display with the mark a notice of registration and to have the registration cited against later-coming applicants seeking to use the same or similar mark for related goods or services. Like registration on the Principal Register, registration on the Supplemental Register may serve as a basis for obtaining registration in countries that require home registration as a prerequisite. In addition, it provides a priority date for purposes of soliciting registration in foreign countries under international treaties (8).

5.2. Registration Procedure. The procedure for registering a trademark under the Lanham Act involves filing an application with the Patent and Trademark Office requesting registration on either the Principal Register or the Supplemental Register, and declaring either an actual, present use of the mark in interstate or foreign commerce or a bona fide intention to use the mark in commerce. Prior to the amendments of the 1988 act, a domestic applicant was required to assert actual, demonstrable use of the mark in commerce in connection with the goods or services for which registration of the mark was sought and could not apply for registration on the basis of intended future use. Although actual use still serves as a basis for filing an application for registration and is still a prerequisite for obtaining the registration itself, an application may now be filed prior to actual use so as to secure a mark.

Use-Based Applications. An application filed on the traditional basis of actual use must set forth the date of first use; the date of first use in commerce subject to regulation by Congress, ie, interstate or foreign commerce; and the goods on which the mark is used. The application must include a drawing that shows the mark in the form in which it is used and one specimen, ie, labels or other reasonable facsimiles such as photographs, that show the mark in the form in which it is applied to the goods. When specimens such as labels are not available or the manner in which the mark is used does not lend itself to inclusion of specimens in the application, photographs or other facsimiles may be used. In the case of a word mark, or letters or numerals, for which the design or form of the letters or numerals is not critical, the drawing may be typed, show-

ing the mark in block letters. The application must be executed by the owner or an authorized representative. The application is filed in the Patent and Trademark Office and must be accompanied by a filing fee (9).

After examination, any objections, including rejection in view of prior registrations, are communicated to the applicant in an office action, requiring a response within a limited period. The response may involve amendment of the application, an argument to overcome the grounds for rejection, or a showing of further facts. Final rejections of applications may be appealed to the Trademark Trial and Appeal Board.

When the application is found to be allowable, it is published in the *Official Gazette* of the Patent and Trademark Office, and within 30 days, or within such extension thereof as may be granted to a potential opposer, any person may file an opposition alleging the belief that he/she will be damaged by the registration, and the grounds of that belief. Possible grounds include any of the five criteria cited earlier as bars to registration, as well as dilution. The application is then transferred to the jurisdiction of the Trademark Trial and Appeal Board, which fixes terms for discovery and taking testimony by the opposer and the applicant. The testimony is taken before an official, ie, a court reporter, authorized to do so, and representatives of the adverse party may cross-examine. The depositions and evidence are submitted by the reporter to the Patent and Trademark Office. A final hearing is held before the Trademark Trial and Appeal Board, which renders a decision based on the testimony presented by the parties. This decision may be appealed to the Court of Appeals for the federal Circuit, or the applicant may have a remedy by civil action in the federal district courts. If the parties are able to negotiate a settlement while the matter is pending, the opposition can be withdrawn.

If no opposition is filed, or if a decision favorable to the applicant is made in an opposition, the application is allowed, and the registration is issued.

Should a party fail to file an opposition against a published application within the time allowed, the objection can be filed after issuance of the registration by petitioning for cancellation on grounds similar to those available for opposition. Although the procedures are similar, the burden of proof, which falls on the party seeking cancellation, is theoretically higher in a cancellation proceeding.

Intent-to-Use Applications. Pursuant to the amendments of the 1988 Act, an intent-to-use application may be filed in advance of actual use and, subject to approval, remain pending for a specified period of time until a statement of use is filed. Once the registration is issued, the applicant can refer to the date of filing of the intent-to-use application as the date of first use for purposes of establishing priority. This new provision was added in part to address the problems encountered under the prior law of the necessity of expending start-up costs before being able to ascertain with certainty whether an application for registration would be granted and of the possibility that another party could make actual first use of the same or a similar mark between the time a mark was searched and cleared and the time it was put into actual use.

To receive a filing date, an application made on the basis of intent-to-use must include a claim of bona fide intention to use the mark in commerce, a description of the goods upon or in connection with which the applicant has

the intention to use the mark, and a statement that the applicant is entitled to use the mark and that, to the best of the applicant's knowledge, no other person or entity has the right to use the mark or a confusingly similar mark. A drawing of the mark must be submitted with the application; where the mark consists of words only, the requisite "drawing of the mark" is the words themselves, rendered in block upper-case letters.

As in the case of an actual use application, a filing fee must be paid, and the application must be executed by the owner of the mark or an authorized representative. If the applicant makes use of the mark at any time during the examination process, he or she may amend the application and convert it to an actual use application. If the application has not been amended to allege use by the time its examination has been completed and it receives a favorable examination, it is published in the *Official Gazette* and, unless a successful opposition proceeding is brought, the applicant receives a notice of allowance. From the date of the notice of allowance, the applicant has six months to file a statement of use with specimens demonstrating actual use of the mark in commerce. An automatic 6-month extension is available, and upon a showing of good cause, four additional 6-month extensions may be obtained. Thus it is possible for an applicant to secure a total of three years after receipt of the notice of allowance within which to obtain registration of a trademark.

5.3. Maintaining Registrations. All marks registered under the Lanham Act are subject to cancellation by petition of a third party at any time within the 5 years following registration. The same time period applies after publication of a notice in the *Official Gazette* converting a registration under a prior trademark statute to one entitled to protection under the Lanham Act. Such conversions are allowed except in those instances in which the mark has become the common descriptive name of the article or substance, has been abandoned, dilutes the distinctive quality of a mark that has been previously used or registered, or is disqualified by one of the five criteria listed earlier precluding registration. Cancellation proceedings may be brought after expiration of the 5-year period only in certain circumstances, such as if the mark is a generic name, has been abandoned, or was fraudulently obtained.

Marks registered only under prior trademark acts are subject to cancellation proceedings at any time at the initiative of someone who claims damage or potential damage by the registration of the mark. Certification marks can be similarly canceled if the owner fails to exercise control over their use or misuses them (10).

For maintenance of a registration, the Lanham Act requires that an affidavit or declaration under penalty of perjury be filed within the sixth year of registration showing that the mark is still in use in commerce subject to regulation by Congress or that its nonuse is the result of circumstances excusing nonuse and not to an intention to abandon the mark. If the document includes a statement that a mark has been in substantially continuous use for five consecutive years following the date of registration, the right of the registrant to use the mark for the same goods or services becomes incontestable. The registration of an incontestable mark is immune from cancellation on most grounds, but may still be subject to attack if the mark infringes a valid trademark right based on contin-

uous use antedating the publication thereof, becomes the generic name of the goods, is abandoned, or was improperly registered.

The requirement of filing a declaration within the sixth year of registration and the availability of incontestability apply only to marks registered under the Lanham Act, and those marks registered under earlier acts that have been converted to registrations under the Lanham Act by appropriate application and publication.

Marks registered only under earlier acts are not incontestable and do not require the filing of an affidavit of use within 6 years after registration or renewal. All marks, however, require renewal at ten-year intervals after registration. Such renewal is effected by filing a declaration of use and a complete application within 1 year before expiration or within 6 months after expiration, identifying the goods or services for which the mark is still in use or showing that nonuse is the result of circumstances excusing such nonuse and not indicating an intent to abandon the mark. The nonuse of marks for alcoholic beverages during the period of prohibition was held to be excused in this sense, and the marks were upheld when prohibition was repealed. Nonuse has also been excused during wartime exigencies and, more recently, during the course of litigation over the right to use the mark.

5.4. Effect of Registration. Under the federal statutes, the registrant of a mark can bring civil action in the federal courts against the unauthorized use of a reproduction, counterfeit, copy, or colorable imitation of the mark in connection with any goods or services for which such use is likely to cause confusion or mistake or to deceive. A certificate of registration on the Principal Register of the Lanham Act, or republished from the act of 1881 or 1905, is *prima facie* evidence of the validity of the registered mark and the registration, the distinctiveness of the mark, the registrant's ownership of the mark, and the exclusive right of the registrant to use the mark in commerce.

If the mark has become incontestable because of proper filing of a statement of 5 years of continuous use, the registration is conclusive evidence of the validity and ownership of the mark and registration, of the distinctiveness of the mark, and of the exclusive right of the registrant to use the mark on or in connection with goods or services specified in the declaration conferring incontestability. Exceptions are made in certain well-defined circumstances, for example, fraudulent registration, abandonment, and generic use of the mark.

The registrant of a trademark can enforce his/her rights by civil action in federal court against one who makes an unauthorized use of the mark that is likely to cause confusion or mistake or to deceive. In cases of contributory infringement, where the unauthorized use is unknowingly made by one engaged solely in the business of printing the infringing mark or of reproducing for others an advertisement displaying the mark in a periodical or an electronic communication, the remedy is limited to an injunction against future printing or advertising of the infringing matter. Thus, although printers and publishers who innocently reproduce an infringing work may be liable for producing the infringing advertisements, labels, and so on, they do not suffer any monetary liability. The mark's owner can obtain only injunctive relief, that is, a prohibition against further printing or publication. Profits or damages are recoverable only if the infringement was committed with knowledge or an intent to cause confusion or mistake

or to deceive. Registrants may also bring causes of action for dilution or cybersquatting.

A registrant prevailing in a federal court action against an infringer is granted an injunction that is enforceable in any District Court of the United States. In addition, the plaintiff may recover the defendant's profits, damages sustained by the plaintiff, and costs. The court may, in its discretion, assess up to triple damages. The court may also order the destruction of all labels, signs, prints, packaging, wrappers, receptacles, and advertising in the possession of the defendant bearing the infringing mark and all plates, molds, matrices, or the like for producing them.

Registration of a mark on the Principal (but not the Supplemental) Register, as well as registration under the Acts of 1881 or 1905, constitutes constructive notice of the owner's claim to the mark. Damages and profits are available only from the time of actual notice to an infringer, unless the owner displays with the mark as used a notice of registration in the form specified in the statute, ie, the phrase *Registered in United States Patent and Trademark Office*, the abbreviation *Reg. U.S. Pat. Tm. Off.*, or the letter *R* enclosed in a circle. In those cases not precluded by the statute of limitations, damages and profits may be recovered for infringing acts that occurred within 3 years prior to institution of a civil action for infringement.

Registration of a mark on the Principal Register prohibits importation of merchandise that copies the registered mark. Under the regulations of the Department of the Treasury, the registration may be recorded with the Customs authorities and merchandise bearing the infringing mark is subject to seizure and exclusion. The recording procedure includes supplying the Bureau of Customs with a certified copy of the registration. Further copies are distributed to the various ports of entry and border stations for reference and notice to the Customs inspectors (11).

Unlike trademarks, trade names are not registrable as such. However, the use of a trade name in a business in which such use is likely to cause confusion with a preexisting trademark is subject to remedies similar to those available against a confusingly similar trademark. Conversely, a preexisting trade name may serve as the basis for attack, by opposition, cancellation, or suit for unfair competition, on a confusingly similar trademark.

Under the International Convention for the Protection of Industrial Property, to which the United States is a party, an applicant for registration of a trademark in the United States is entitled to a right of priority in other member countries from the date of the U.S. application, if a corresponding application is filed in the other country or countries within 6 months after the date of the U.S. application. Reciprocal rights are granted by the United States to nationals of other member countries. Nationals of such countries applying for U.S. registration based on a prior foreign registration need not allege use in commerce in the United States, but must allege a bona fide intent to use the mark in commerce in the United States. In such a case, the registrant may not recover for infringing acts prior to the date of the U.S. registration. Third party rights antedating the foreign priority date are not affected by the registration.

Issues of foreign priority will be simplified as a result of implementation by the United States of the Madrid Protocol, which facilitates the filing process for

trademark applications in member countries and serves to centralize international trademarks. The central filing system created by the Madrid Arrangement will enable a mark owner to acquire a single international trademark registration that covers the United States as well as any additional Madrid member countries the applicant chooses to designate. Such a registration is obtained from the filing of a single “home country” application, in which protection in any number of additional Madrid member countries may be included.

6. Transfer of Trademark Rights

A trademark and its registration may be assigned, but only together with the good will of the business in connection with which the mark is used or that part of the good will of the business connected with the use of and symbolized by the mark. An assignment of an intent-to-use application for registration is further limited to instances where the business in which the mark is to be used exists and is ongoing and is transferred to the assignee of the application along with the application and rights therein.

A trademark right does not exist apart from the good will of the business or part of the business in connection with which it is used. Accordingly, an attempt to assign the right without the associated good will (known as an assignment “in gross”) is ineffective. In such a case, the owner divests himself / herself of the right and thus abandons the trademark. The intended assignee acquires no right based on prior ownership of the assignor. At best, an intended assignee may establish a new right to the mark based on his or her own exclusive use thereof, subject to prior rights of third parties.

An assignment of a trademark and its registration must be in writing and duly executed. A verification sworn to by the party signing the assignment before a notary or other official authorized to administer oaths creates a presumption that the assignment was validly executed. The U. S. Patent and Trademark office maintains a record of assignments submitted to it for recording. Unless recorded within 3 months of its date, an assignment of a registered mark is considered void if a subsequent purchase is made in good faith and the subsequent purchaser records in the Patent and Trademark Office first.

A trademark may be licensed, but special rules apply to such licensing because of the nature and function of the trademark right. Thus the public has an interest in the mark as a symbol of origin of the goods or services in the owner and should be able to rely on the mark as indicating the character and quality of the goods or services that the owner controls. Essential, therefore, to a valid license is provision for the licensor to control the nature and quality of the goods or services on or in connection with which the mark is to be used. Not only does the licensor have the right to exercise such control, but control must be effectively exercised to validate the license. Without such an arrangement, the license is invalid and constitutes an abandonment of the trademark by the licensor, which might result in the invalidation of the owner’s rights in the mark altogether, as the use by the licensee is inconsistent with the otherwise exclusive right of the owner to use the mark. A trademark license that lacks a quality-control provision is known as a “naked license.” On the other hand,

when a license contains provisions for suitable quality control and such control is exercised, use of the trademark by the licensee benefits the licensor (12).

7. Proper Use of Trademarks

Proper use of a trademark by the owner or a licensee under a valid license is essential to preservation of the exclusive trademark right. The Lanham Act provides, eg, that nonuse for a period of 3 years constitutes *prima facie* abandonment of the trademark right. A trademark may also be lost through other circumstances. For example, if the mark comes to be understood by the public, or the class of persons constituting the usual customers for merchandise sold under the mark, as a generic name for the product for which it is used, then the mark enters the public domain, and the exclusive right of the owner is lost. The danger of losing the exclusive right increases as a mark becomes more popular. Examples of marks that have been lost or severely endangered in this manner are Aspirin for acetylsalicylates, Escalator for moving stairways, and Cellophane for regenerated cellulose film. The Murphy bed, Yo-Yo toy, and Thermos insulated bottle were each originally trademarks that became generic names. Thus, the owners of the trademarks for Xerox copiers, Kleenex Brand facial tissues, Rollerblade in-line skates, and Velcro fastening systems scrupulously use their marks as adjectives to educate the public and avoid the ever-present risk of the genericism of the marks by consumers. Sometimes a mark that is on the verge of becoming generic may be reestablished by an assiduous advertising campaign: for an earlier generation, Singer became largely synonymous with sewing machine, but through vigorous publicity it is now reestablished as a trademark.

In the drug field, there is a need for simple and useful nonproprietary names for drugs. The United States Adopted Names (USAN) Council chooses generic names for drugs used in the United States. A list is available (13).

Various usage rules have been devised to reduce the danger of a trademark degenerating into a generic name. Some companies publish information bulletins and management guides for the use of their trademarks (14). These rules may be particularly significant with respect to chemical products because their actual generic names are frequently cumbersome or not referred to in common parlance (15). It is essential that readily usable generic names be developed for any new chemical product and that the rules of proper use be followed in referring to the product and its trademark. The principle of these rules is to limit the use of the mark on goods or in advertising so as to signify the origin of the goods (with the trademark owner) not the goods themselves. Thus the mark is appropriately used as an adjective followed by a generic name for the goods. It should be set off from its context by capitalization, distinctive lettering, quotation marks, or the like. It should not be used as a noun, and most important, not as a plural noun. It should not be used as a verb or as a term characterizing a process. It should be clearly identified as a trademark in each context in which it is used. Thus, if it is registered under the federal statute, its trademark status may be indicated by a circled *R* or by the legend (or its abbreviation) showing registration in the U. S. Patent and Trademark Office. If the mark is not registered, its

trademark status may be indicated by an adjacent *TM* or by the term *Trademark* related, if appropriate, by asterisk to the mark itself. Preferably, the name of the trademark owner also should appear. Emphasis on the trademark status of the mark wherever it is used in commerce is the best means of preventing degeneration of the mark into a generic name for the goods.

Questions may arise as to the propriety of use of a mark by parties other than the owner in connection with goods originating with the owner and originally sold under the mark. Dealers are free to use the mark in advertising the goods for sale to customers, but they are not free to use the mark as a designation for a business establishment, except to the extent that this may be permitted by license from the trademark owner. Use of the mark in the resale of used or reconditioned goods bearing the mark of the manufacturer is not objectionable if the used or reconditioned status is clearly indicated to purchasers. Use of an ingredient mark on a composition containing the ingredient but compounded by a party other than the owner of that mark has been held permissible, provided that no overemphasized display is given the ingredient mark and adequate legends are placed on the goods to show the proportion of the ingredient contained and to indicate that the composition has been manufactured by its producer and has no connection with the owner of the ingredient mark.

8. State Registration

Registration of a trademark under state law is appropriate when the mark is to be used primarily in intrastate commerce. Procedure for registration generally parallels, but is simpler than, federal procedure. The office of the Secretary of State is usually the agency charged with granting trademark registration. Rules relating to procedures for registering trademarks at the state level are established by state legislation and, as such, vary from state to state. State registration may be convenient in some cases, such as when an owner desires to license or franchise one party in each state of a given territory without extending rights under the mark beyond the state boundary. A number of states afford remedies against encroachments that may exceed those afforded under the federal statutes. One such remedy is that against dilutive uses of the trademark that “tarnish” the distinctiveness of the mark, or link it to poor quality or unwholesome goods or services (16).

9. Foreign Trademark Registration

The trademark laws of foreign countries differ in many fundamental respects from the laws of the United States. Countries deriving their system of laws from the United Kingdom generally recognize use of a mark as the basis for the trademark right. Registration is permitted in some of these countries based on an allegation of intent to use the mark, and continuance of the registration is dependent on demonstrating within a specified period of time that the intended use has occurred. Countries that derive their legal systems from conti-

mental Europe generally permit registration without use, although nonuse may be a ground for cancellation after a period of years.

Under the International Convention for Protection of Industrial Property, which has approximately 150 member countries, including the United States, if an application for registration of a trademark has been filed in one member country, a subsequent application for registration of the same trademark in another member country will be treated as if it were filed on the same date as the first application for purposes of priority, as long as the later application is filed within 6 months of the first and convention priority is claimed (17). A U.S. application may also be based on foreign registration or a foreign application for registration cojoined with a bona fide intention to use the mark in commerce in the United States.

Certain countries of the convention are also parties to a treaty for trademark registration known as the Madrid Protocol. Under this treaty, a mark registered in the member home country of a trademark owner may be registered in the other member countries through the filing with the International Trademark Bureau in Berne an application showing the home country registration. The Bureau communicates the resulting registration to the registration authorities of the other member countries, which may accept or reject it in whole or in part. Subject to such limitations as are thereby imposed, the mark becomes effective as a registered mark in each member country under the provisions of local law governing registered trademarks. The term of a registration under the Madrid Protocol is 10 years. Only registrants whose home registration is in a member country are not entitled to corresponding registration under the protocol. Members of the Madrid Protocol include primarily continental European countries, their overseas possessions and former possessions, several Asian countries, and, as of November 2003, the United States. In addition to the Madrid Protocol, another treaty, the Madrid Arrangement, also provides for a system of international trademark registration. The Madrid Arrangement is in many ways similar to the protocol, ie, filing procedures, 10-year registration term, but does differ in certain technical respects. The United States is not a member of the arrangement, and thus United States' registrants may not obtain corresponding registration under the Madrid Arrangement.

The European Community Trademark (CTM) System also operates to centralize trademark law and procedure throughout the European Union. It provides for unitary trademark protection throughout the entire territory of European Union member states, by requiring a single application and affording the trademark owner Union-wide rights from use of the mark in only one member country. The fifteen member countries are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. United States' citizens and companies can file applications to register trademarks under the CTM System.

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