

Legal Perspective: Launching and Protecting Your Trademark

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Adopting a product name implicates important legal considerations. Legally, a product's name - the designation that identifies and distinguishes the product from others - constitutes its "trademark." This article will discuss the legal issues that should be addressed early in the process of establishing a new trademark - namely, protection and availability.

Protectable

The first issue is whether the trademark is protectable. That is to say, does it possess a distinctive quality that will prevent competitors from using the same term. This "distinctiveness" determines the degree of protection that will be afforded. The legal categories of distinctiveness are 1) generic, 2) descriptive (including geographic and surname), 3) suggestive and 4) fanciful and arbitrary.

Generic terms essentially name the product. There are basically two kinds - terms that are already generic and those that become generic through the public usage. As to the first, it is fairly obvious that one may not obtain trademark protection for APPLE for the named fruit. As to the second kind, terms including ASPIRIN, ELEVATOR and THERMOS were all initially introduced to the public as trademarks but are now considered generic.

Descriptive, geographic and surname designations are protectible if it can be shown that the terms have "acquired distinctiveness" or "secondary meaning." Acquired distinctiveness is often established through exclusive use of a mark over a prolonged period of time, along with evidence of extensive advertising, promotion and commercial success. One such example is MCDONALDS. While other food related companies might have a founder with the same surname, protections assigned to MCDONALDS would prevent them from use. Similarly, the NANTUCKET NECTARS trademark has acquired geographic distinctiveness and is protected.

Suggestive terms differ from descriptive terms in that they do not immediately convey information about the product. Rather, they "require imagination, thought or perception to reach a conclusion as to the nature of those goods." For example, ORANGE CRUSH was found to be suggestive of orange drinks and SWEETARTS was found to be suggestive of candy. Ultimately, the line between "suggestive" and "descriptive" trademarks is fine, and often a legal battleground.

Fanciful and arbitrary trademarks are considered to be the strongest. A fanciful trademark is a word that is coined for the express purpose of functioning as a trademark. PEPSI and KODAK exemplify fanciful terms. An arbitrary mark refers to a term in common use that does not describe or suggest a quality or characteristic of the relevant goods. APPLE for computers would be considered an arbitrary term as well.

From a legal protection standpoint, if not always from a marketing standpoint, fanciful and arbitrary trademarks are very desirable. Conversely, the more the trademark informs the consumer of product qualities, the less legal protection will be afforded. While there may be valid marketing reasons to adopt a descriptive term, the risks of doing so, and the ability to enforce trademark rights against potential competitors, need to be taken into consideration.

Availability

The question of availability centers on whether the new trademark potentially infringes or dilutes existing rights of another.

Under the federal Trademark Act, infringement exists where the use of a trademark is "likely to cause confusion" with another as to the source of the goods.

When considering "likelihood of confusion," the courts have created a multi-factored test for determining whether such confusion exists. These factors include 1) degree of similarity between the conflicting designations, 2) relatedness of the products, including marketing methods and distribution channels, 3) degree of care exercised in the purchasing decision, 4) strength of the senior user's mark, 5) presence of good faith and 6) extent of actual confusion.

In some cases, a single factor, such as the dissimilarity of the marks has been found to be dispositive. Another very important factor will be the relatedness of the goods. The degree of similarity required to find infringement is said to be inversely proportional to the relatedness of the goods. For example, and while they use the same name, the BLUE MOON BREWING COMPANY and the BLUE MOON RESTAURANT trademarks were found not to infringe each other because the court found beer not sufficiently related to restaurant services. It is important to remember that every case is fact-specific and there are no hard and fast rules.

Dilution refers to weakening or reducing the ability of trademark to distinguish a single source. Unlike infringement, dilution does not require a showing that the use would cause confusion in the marketplace. However, dilution is only available where it can be shown the mark in question is "famous." So long as one avoids established and famous marks, dilution should not be an issue in most cases.

Conclusion

Before bringing a new trademark to market, protectibility and availability issues must be fully considered. Likewise, introducing a trademark that potentially infringes or dilutes the rights of another can lead to costly litigation and may ultimately require that a new trademark be adopted. By addressing the important issues of protectibility and availability at the outset, you can look forward to, at least, a legal headache-free launch of your new trademark.