

How to Use and Care for Your Trademark

Chapter 8 from Trademark: Legal care for Your Business & Product Name
NOLO 7th edition by Attorney Stephen Elias

Here we assume that you are a trademark owner who wants to take all the right steps to keep your mark legally healthy. Trademark ownership of the mark can be lost if you don't use the mark correctly. And if you have registered the mark with the PTO, your registration may lapse if you fail to take certain required follow-up steps. The chapter identifies the major pitfalls that owners of marks-registered or unregistered-can encounter, and suggests some easy steps for keeping your mark strong against all potential copiers.

A. Use of the Trademark Registration ® Symbol

If your mark is federally registered-on either the Principal or Supplemental Register-you have the right to use the symbol ® with your mark and should begin doing so immediately. If your mark is not on either of the federal trademark registers, you may not use the ® symbol.

The ® symbol, which lets others know that the mark is federally registered, is usually printed in a very tiny type-next to the mark. By placing the ® next to your mark, you place potential infringers on notice as to your federal registration and improve your chances of collecting damages or a defendant's profits if it is ever necessary to take an infringer to court. However, you won't lose ownership of the mark by omitting this notice.

Example: While searching for a name for his new word-processing program, Phil Programmer sees an advertisement in a trade magazine for a new program called *Sorcerer's Apprentice* that allows the user to construct databases for hobby collections. No "notice of registration" is displayed in the advertisement, so Phil foolishly decides the mark is probably not registered and proceeds to use it as a trademark for his program. The work is in fact registered. Although, the owners of the mark *Sorcerer's Apprentice* could sue Phil for infringement because the goods are so closely related (they're both software) and can probably force him to stop using the mark, they might have trouble collecting damages allowed for willful infringement (triple damages, the defendant's profits, and possibly attorney's fees) because they didn't use the ®.

It is enough that the symbol appears at least once on each label, tag, or advertisement. You don't need to use the symbol on every occurrence of your mark. Incidentally, instead of using the ® symbol, you may state that "(Your Mark) is a registered trademark of (Your Name)." This has the same legal effect as the ® symbol, but it takes up more space.

Be sure to specify how you want the symbol used when hiring advertising services or printers, or when you allow others to use your mark-for example, on a website or in conjunction with another product or service. It is your responsibility to make sure the world knows your mark is registered. However, it isn't necessary to include the symbol

when your mark is being referred to for reasons that have nothing to do with the underlying goods or services. For instance, this book refers to many marks, including McDonald's without an accompanying registration symbol, because the reason we are referring to the marks is to discuss their characteristics as marks and not to sell the goods or services associated with them.

Use of ® If Your Federal Registration is Canceled

The PTO will cancel your federal trademark registration if you fail to file certain required follow-up documents after your initial registration (see section C below). However, you won't receive notice of this fact from the PTO. It is easy, therefore, to inadvertently continue using the ® on a mark, that is no longer technically registered. Obviously, the easiest way to prevent this from happening is to meet the follow-up requirements. But if you slip up-and many do-use your best efforts to stop using the ® unless and until you re-register your mark.

B. Use of the TM or SM Symbol for Unregistered Trademarks

You may use TM (for trademarks) or SM (for service marks) alongside an unregistered mark to show that you claim ownership of the mark and intend to assert your rights against imitators. These symbols are usually placed in smaller type to the right of the mark, for example "The Purple World"™. Use of the TM or SM symbol provides no statutory legal benefits, but warns would be copiers that the name or other device is already being claimed as a mark, and in most instances this would keep others away from the mark. As with the ® symbol, you don't need to place the TM or SM symbol next to every appearance of your trademark. Nothing can be more distracting than seeing the same word appear over and over again on a page with a little TM mark appearing next to it. The principle in using these symbols is to make sure you get the "lay off-this is a trademark" message across once, or if there are many pages, at most once on every page. There is no rule for how often the symbols should be used; common sense should do fine.

C. File Your Section 8 and 15 Declarations

Trademark owners who are not federally registering their marks should skip this section and Section D, but read Sections E, F, and G, as they contain general principles that apply to all mark owners.

Between the fifth and sixth year after federally registering your mark, you should complete and file two important forms with the PTO: the Section 8 Declaration and Section 15 Declaration. You can file each declaration separately, or you can use one form that combines both the Section 8 and 15 Declarations and can be filled out online using the PTO's TEAS program.

You can access the form at www.uspto.gov/teas/eTEASforms.htm.

By filing these declarations, you'll protect your mark in two extremely important ways. The Section 8 Declaration officially advises the PTO that your mark is still in use and that your registration should continue in force. The Section 15 Declaration advises the PTO that your mark has been in continuous use from the date of registration and therefore deserves extra protection against potential challengers. In PTO jargon, you're requesting "incontestability status" for your mark. You'll need to briefly evaluate the use of your mark to make sure you're eligible to file these declarations. Here's how:

1. Is Your Mark Still in Use?

To file the Section 8 and Section 15 Declarations, you must still be using your mark in the manner described in your registration certificate. This means that you must still be using it, at a minimum, on the same products or services and in the same way (on packaging or pamphlets, etc.) as you originally stated, and be able to come up with samples that demonstrate your continued use.

File in Name of Current Owner: The section 8 and 15 declarations must be filed by the current owner of the federal trademark registrations. (The current owner should calculate the filing period from the date of registration, not the date the mark was transferred or acquired.) If you have acquired the trademark registration by an assignment, or if your company has changed its business name or form, for example, from a sole proprietorship to a corporation, you will also need to file a record of the transfer of ownership with the PTO. (See section H below.)

2. Has Your Mark Been in Continuous Use for Five Years?

As mentioned, you'll qualify for incontestable status (the Section 15 Declaration) if your mark is in continuous use for five years after being placed on the Principal Register. More specifically, your mark can become "incontestable" if all of the following apply:

- Your mark was placed on the Principal Register at least five years ago and you have used the mark continuously-without a lapse-since that registration date in the same manner and on the same goods or services for which it was originally registered. (If you are using the mark for some of those original goods or services but not for others, it may become incontestable for the goods and services you are still using it for.)
- No court has rendered a final decision that affects your ownership claim since the date of registration.
- There is no pending court or PTO challenge to your right to use the trademark.
- The mark is not and has not become generic (that is, synonymous with the underlying product or service-see Section G).

Incontestability status makes it more difficult-but not impossible-for anyone to challenge the validity of your mark. The result is that it will be easier for you to protect your mark from infringement. Even though an incontestable mark can still be challenged on a number of grounds in an infringement lawsuit (see “Incontestable Really Means Harder to Contest”), it is safe from attack on the basis that it lacks distinctiveness. This is a key benefit-once a mark is considered distinctive beyond argument, it gets very strong protection.

Example: Park ‘N Fly, Inc. sued Dollar Park and Fly, Inc. for trademark infringement. Dollar Park and Fly defended on the ground that the Park ‘N Fly mark was too weak to deserve protection. But the U.S. Supreme Court ruled that the Park ‘N Fly mark had obtained incontestability status and couldn’t be challenged on that ground. (*Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985).)

Of course, even after the mark attains incontestability status, the mark can be deemed abandoned and dropped from the Federal Register if you stop using it for a sufficiently long time. (See Section E, below, on what constitutes abandoning your mark.)

Example: In 2003, Frank Brown invents an inexpensive but highly accurate blood pressure testing kit and starts distributing it under the trademark *F/B Stresstest*. The mark is registered on the Principal Register in 2004. In 2009, the mark is entitled to incontestable status if Frank has kept the mark in continuous use for this five year period. But if he later stops using it for three years more, he will risk losing his incontestable status as well as his federal registration altogether.

“ Incontestable” Really Means “Harder to Contest”

Paradoxically, you can contest an incontestable trademark in quite a few ways. The upshot is that “Incontestable” really means “Harder to contest.”

If accused of infringing a particular mark that has achieved incontestable status, you can defend on any of the following grounds:

- The registration or its incontestability was obtained fraudulently
- The mark has been abandoned by the registrant
- The mark is being used to misrepresent the source of the goods or services with which it is being used (for instance, a mark is used to deceive consumers into believing they are buying another company’s products or services)
- Your mark was used in interstate commerce before the incontestable mark was used and registered
- Your mark was registered before the incontestable mark, or
- The incontestable mark is being used to violate the antitrust laws of the United States. (37 U.S.C. § 1115 (b).)

Both the Section 8 and Section 15 Declarations must be signed and filed with the PTO between the fifth and sixth years of registration. The fee for the combined filing is currently \$300 per mark (\$100 for the Section 8 Declaration and \$200 for the Section 15 Declaration). Your timing is crucial, because if you miss the deadline you'll have to pay an extra \$100 and file within the six month grace period. For that reason, file these declarations well before the six year deadline so that you'll have time to clear up questions or provide the PTO with more information if needed.

Example: If your mark was registered on May 15, 2001, you must sign and file your Section 8 and Section 15 Declaration between May 15, 2006 and May 14, 2007. It would be best to file it in June or July of 2006 so there is plenty of time to make corrections.

Failure to file the Section 8 Declaration on time will result in your federal registration being canceled unless you pay the \$100 fee and file within six month grace period. If the mark is canceled, you will have to re-register if you still want the benefit of federal registration. In addition, the failure to file the Section 8 Declaration means that you will not be able to obtain incontestable status for the mark until an additional five years has passed from your re-registration date. It is in your interest to make sure this document is filed on time.

4. Filing Section 8 and 15 Declarations Online

The Section 8 and 15 declarations (whether filed separately or as one application) are available for filing online through the PTO's TEAS program. On the PTO home page, click "File" under Trademarks. Then choose "File a POST-registration form or Renew and Existing Registered Mark." Then choose either the combined 8 and 15 form or the Section 8 form, depending on your needs. After that, you must answer a series of questions similar to those asked of applicants under the TEAS new trademark application (see Chapter 7). Like other TEAS form, you can pay by credit card at the end of the procedure.

D. File Your Section 8 Declaration and Section 9 Application for Renewal

If your mark was registered on or after November 16, 1989, it must be renewed within ten years from the date of registration. If your mark was registered before November 16, 1989, it must be renewed 20 years from date of registration. In addition to filing a renewal application (Section 9) you also must file another Section 8 Declaration at the same time. These two documents have been combined into one document and can be filled out online using PTO's eTEAS program. You can access the form at www.uspto.gov/eas/eTEASforms.htm.

The renewal application should be filed within the six month period directly preceding the ten- (or 20-) year anniversary of your mark's registration. Currently the fee for combined filing is \$500 per mark per class (\$100 for the Section 8 Declaration and \$400 for the Section 9 renewal application). For an additional \$100 per class fee, the renewal may be filed within a six month

grace period after the anniversary date. No renewal application will be accepted after that date. For instance, if your registration expires on May 15, 2006, your renewal application (1) must be dated after November 15, 2005 and (2) may be filed between November 16, 2005 and May 15, 2006 (or between May 16 and December 15, 2006, with the \$100 grace period fee). We strongly recommend that you file your renewal application as soon as you are able, to allow the maximum time possible for curing glitches.

E. Use It or Risk Losing It

The adage “use it or lose it” applies to trademark protection. A mark must be in continuous use for the owner to keep others from using it. If the mark falls out of use for a long enough period of time, it may be considered abandoned. A mark that has been registered with the PTO, if not used for three years or more, will be presumed abandoned. A “presumption” is a legal standard that means it is “more likely than not” that something has happened. Every presumption can be rebutted by credible evidence to the contrary. For example, a company challenges the validity of a trademark arguing that it has not been used for three years. If the trademark owner can present a good explanation of why the nonuse does not constitute an “intent to abandon”, the mark will not be abandoned.

Despite the “use it or lose it” rule, the law often permits nonuse for a considerable amount of time. Such contingencies as temporary financial difficulty, bankruptcy proceedings, and the need for a product revision may all qualify as satisfactory explanations for nonuse of a mark. There is no particular time period that the mark must be out of use to be considered abandoned (other than the three year presumption mentioned above). Rather abandonment will be decided on a case by case basis.

F. Maintain Tight Control of Your Mark

As we explain in other parts of the book, trademarks serve the primary function of identifying a particular product or service in the marketplace. If an owner allows others to use its trademark without restriction, the mark will no longer serve as a meaningful indicator of a particular product’s or service’s origin. If this occurs, the mark can be considered abandoned. For instance, if a fast food hamburger chain allows its franchise operators to have complete discretion as to the food, décor, and type of service they offer under the company logo, the logo quickly loses its ability to indicate a particular type of food service. In this situation, the logo can be abandoned-it no longer serves its original function of product or service identification-and anyone will be free to use it.

The way that McDonald’s controls its marks exemplifies the type of vigilance over the product or service that is necessary to avoid the possibility of abandonment. This company uses its service mark not only to distinguish its service from its competitors generally but also to call to a consumer’s mind such characteristics as a specific level of service, a specific type of meal at a specific price, and a specific level of cleanliness. It does this by requiring every owner of a McDonald’s franchise to operate the franchise tight rules and restrictions, designed to ensure that the characteristics associated with the McDonald’s mark are always present. Without such restrictions, the McDonald’s mark would stand for nothing; a McDonald’s franchise operation

would cease to provide the consumer with meaningful information about its products based on its usage of the McDonald's mark.

Another aspect of controlling your mark is to police its use by others. Even if you don't particularly care whether others use your mark, your failure to assert your exclusive ownership rights means that the mark may be considered abandoned. Policing your mark might mean annual checks of the trade literature applicable to our business, weekly scrutiny of the *Official Gazette* for new trademark applications, or even periodic full trademark searches.

You can also hire a third party to police your trademark. Most trademark search companies offer trademark watching services for a monthly or annual fee. In addition, companies such as TrademarkTracker (www.trademarktracker.com) will watch for use of your trademark in online databases, Web pages, and even online auction sites.

If you do discover other businesses using your mark, you can respond in the ways we suggest in Chapter 11, *If Someone Infringes Your Mark*. Or you could hire a lawyer to sue if necessary. To maintain your rights, you don't have to take an unauthorized user to court, but you should send a letter protesting the use of the mark and asserting your claim of ownership. If their use goes on for a long time—for example, several years—your delay may provide them a defense against your legal action, or you may lose your right to obtain an injunction (to order them to stop using the mark) once you finally do sue.

Beware Naked Licenses

If you grant others the right to use your trademark (known as trademark license), you must always supervise the nature and quality of the goods or services being produced using that trademark. For example, if you are the owner of a trademark for clothing and license its use to a shoe company, you must supervise the quality of the shoe company's product's using your trademark. Your failure to supervise is referred to as a "naked license," and the results can be disastrous. For example, in a 2002 case, a court canceled the trademark rights of a licensor (the owner) of a wine trademark because the company failed to supervise a company that had licensed the trademark. (*Barcamerica International USA Trust v Tyfield Importers, Inc.*, 289F.3d 589 (9th Cir. 2002).) Most trademark licenses are drafted to avoid this result by requiring that samples of all licensed trademark goods be periodically submitted to the trademark owner for approval and quality control.

Authorized Uses of Your Trademark

Not all uses of your trademark by others place it in jeopardy. For example, it is common for stores to use marks belonging to other companies to tell their customers that the goods or services identified by the marks can be purchased at that store. When using marks in this way, however, the stores must it clear that the marks belong to their owners, not to the store. Usually this fact is clear from the context ("Levi's sold here", or , "An authorized distributor of Apple Computer products"). Often you will see-on labels of goods that incorporate others' products, like a sofa-a message like "Wear-Dated ® is a trademark of the Monsanto Company." Indicating

that the name of the sofa's fabric is a trademark of another company. Such uses become a problem only when it is not clear that the trademark belongs to the rightful owner.

Generally, textual use of a trademark—simply typed—is not a problem. However, if used in a comparative advertisement, the mark must have the same typeface and logo as used by the original mark owner. If the trademark does not look like it normally does, the use of the mark may be confusing or diluting.

G. Use the Mark Properly-Avoid Genericide

A few businesses—mostly large ones—have the apparent good fortune of owning a mark that has become a household word. Bust, paradoxically, once the mark becomes so much of a household word that it becomes synonymous with any product or service of the sort it originally represented, it ceases to be a mark—it becomes generic. For example, some people refer to all facial paper tissues as Kleenex, and all acetaminophen analgesics as Tylenol. These marks would be in danger of becoming lost through “genericide” if the companies did not protest such improper uses of the marks.

The problem is this: The more well known a particular mark becomes, the more the public is prone to equate the mark with the underlying product rather than view it as one brand name among many. This is just another way of saying that the mark loses its ability to identify a particular brand and becomes generic. Only a tiny number of companies will face this problem—it tends to arise with revolutionary new products that the public comes to associate with the name their first manufacturer gives them, like Rollerblades for in-line skates. But because genericide is avoidable, you ought to know how to prevent your mark from going generic if that seems even a remote possibility.

The best way to keep a mark from becoming generic is to:

- Accompany every use of the mark with the generic product or service (for example, Kleenex tissues)
- Never use the mark as a verb (for instance, you never go “rollerblading,” you skate on Rollerblade skates)
- Always capitalize your mark (Tylenol)
- Never use the mark as a general noun (for instance, don't call a photocopy a “Xerox”)

If you become aware that your mark is being used improperly, you must remind the public that it is a mark and not a generic name. For instance, Xerox Corporation has spent millions advising the public that *Xerox* is a registered trademark that must always be capitalized and used as a proper adjective describing a noun (for instance *Xerox* brand photocopier). If later on someone challenges the Xerox Corporation's right to exclusive use of the word “Xerox” on the ground it has become generic, Xerox will prevail if it can show that people understood these advertisements and that most use the term “Xerox” as a brand name—not a generic one.

H. Transferring Ownership of a Trademark

You should consider your registered mark as properly with a title, the same as a house or car. The title document is your Certificate of Registration. (See Chapter 7, Federal Trademark Registration, Section 1.) If for any reason you sell your business or the rights in products you manufacture or distribute, you will also need to sell the marks used to identify the business and products in the marketplace. The complete transfer of ownership in a mark to another person or entity is called an “assignment.” An assignment of a registered mark must be in writing to be valid. It can-and should-be filed with the PTO. The new owner can obtain a new Certificate of registration in its name. If you anticipate a sale (assignment) of your mark, see a trademark attorney. A sample assignment form is set forth below. When filing an assignment of trademark ownership with the PTO, use Form 1594, Recordation Form Cover Sheet (trademarks only), which can be downloaded from the PTO website (www.uspto.gov).

If you are selling a business, chances are you also selling any trademarks associated with it. If so, it makes sense to assign your ownership of the marks in a document that is separate from the contract of sale. This enables the new mark owner to record only the transfer of mark ownership with the PTO, while keeping private the many details of the deal that do not affect the transfer of trademark rights.

Note that in the sample assignment form, below, the trademark owner transfers ownership of the business’s “goodwill” as well as the mark itself. Goodwill is an intangible asset measure in large part by customer recognition of loyalty to the mark in question. Any transfer of ownership in the mark must include a transfer of the goodwill associated with the mark.