

## Trademark Basics

### What is a Trademark?

A trademark is a sign capable of distinguishing the goods or services produced or provided by one enterprise from those of other enterprises. Any distinctive **words, letters, numerals, drawings, pictures, shapes, colors, logos, labels or combinations** used to distinguish goods or services may be considered a trademark (or “mark”).

*Examples:*  

### Other Types of Marks

**Service Mark:** A **service mark** is very similar in nature to a trademark. Trademarks distinguish the goods of one enterprise from those of others, while service marks fulfill the same function in relation to services. Services may be of any kind, such as financial, banking, travel, advertising or catering, to name a few.

**Collective Mark:** A **collective mark** is generally owned by an association, a cooperative, or other collective group or organization (including fraternal organizations and unions) whose members may use the collective mark to market their products or services.

**Certification marks:** There are generally three types of certification marks. They are marks that certify: (1) that the goods or services originate in a specific geographic region; (2) that the goods or services meet certain standards of quality, materials, or mode of manufacture; and (3) that the work or labor on the products or services was performed by a member of a union or other organization, or that the performer meets certain standards.

### What are trademarks for?

The main function of a trademark is to enable consumers to identify a product (either a good or a service) of a particular company or individual so as to distinguish it from products provided by others.

### The Value of Trademarks

A carefully selected and nurtured trademark is a **valuable business asset**. For some companies, it may be the most valuable asset they own. Estimates of the value of some of the world’s most famous trademarks such as Coca-Cola or IBM exceed 50 billion dollars each. This is because consumers value trademarks, their reputation, their image and a set of desired qualities they associate with the mark, and are willing to pay more for a product bearing a trademark that they recognize and which meets their expectations. Therefore, the very ownership of a trademark with a good image and reputation provides a company with a competitive edge.

### Why should you protect your trademark(s)?

Registration gives you the **exclusive right to prevent others from marketing identical or similar products under the same or a confusingly similar mark**. Without trademark registration, your investments in marketing a product may become wasteful as rivals may use the same or a confusingly similar trademark for identical or similar products. If a competitor adopts a similar or identical trademark, customers could be misled into buying the competitor’s product thinking it is your company’s product. This could not only decrease your company’s profits and confuse your customers, but may also damage the reputation and image of your company, particularly if the rival product is of inferior quality.

### **Trademarks:**

- ensure that consumers can distinguish between products;
- enable companies to differentiate their products;
- are a marketing tool and the basis for building a brand image and reputation;
- may be licensed to provide a direct source of revenue through royalties;
- are a crucial component of franchising agreements;
- may be a valuable business asset;
- encourage companies to invest in maintaining or improving product quality;
- may be useful for obtaining financing.

### **How can you protect your trademark(s)?**

In the United States trademark protection is obtained through **use**. But even though marks can be protected through use, registering a mark provides the exclusive right to prevent unauthorized use of the **trademark**.

### **Can you register a trademark without having used it?**

You may apply for registration before you have used a mark by filing an “Intent-to-Use” application with the United States Patent and Trademark Office (USPTO). However, the USPTO will not officially register the mark until you have filed an Allegation of Use and provided specimens of use. There is an additional filing fee for filing an Allegation of Use or a Request for Extension of Time to file an Allegation of Use.

### **Who may own a trademark?**

Any individual who (or entity that) intends to use a trademark, or have it used by third parties, may own the trademark registration.

### **What are the main reasons an application is rejected?**

**Generic terms.** For example, if your company intends to register the mark CHAIR to sell chairs, the mark would be rejected since “chair” is the generic term for the product.

**Descriptive terms.** These are words that are usually used in trade to describe the product in question. For example, the mark SWEET is likely to be rejected for marketing chocolates as being descriptive. In fact, it would be considered unfair to give any single chocolate manufacturer exclusivity over the word “sweet” for marketing its products. Similarly, qualitative or laudatory terms such as RAPID, BEST, CLASSIC or INNOVATIVE are likely to give rise to similar objections unless they are part of an otherwise distinctive mark. In such cases, it may be necessary to include a disclaimer clarifying that no exclusivity is sought for that particular part of the mark.

**Deceptive marks.** These are marks that are likely to deceive or mislead consumers as to the nature, quality or geographical origin of the product. For example, marketing margarine under a mark featuring a COW would probably be rejected, as it would be considered misleading for consumers, who are likely to associate the mark with dairy products (i.e. butter).

**Marks considered to be contrary to public order or morality.** Words and illustrations that are considered to violate commonly-accepted norms of morality and religion are generally not allowed to be registered as trademarks.

**Flags, armorial bearings, official hallmarks and emblems of states and international organizations** which have been communicated to the International Bureau of WIPO are usually excluded from registration.

**Confusingly Similar.** Having two identical (or very similar) marks for the same type of product could cause confusion among consumers. If a mark is considered to be identical or confusingly similar to an existing one for identical or similar products, it will be rejected or cancelled, as the case may be.

## What should be kept in mind when selecting or creating a trademark?

While selecting one or more words as your trademark you should also take into consideration the implications of selecting certain types of words:

**Coined or “fanciful” words.** These are invented words without any intrinsic or real meaning. Coined words have the advantage of being easy to protect, as they are more likely to be considered inherently distinctive. On the negative side, however, they may be more difficult to remember for consumers, requiring greater effort to advertise the products.

*Example: Kodak*

**Arbitrary marks:** These are words that have a meaning that has no relation to the product they advertise. While these types of marks will also be easy to protect, they may also require heavy advertising to create the association between the mark and the product in the minds of consumers.

*Example: The trademark ELEPHANT for marketing mobile phones.*

**Suggestive marks.** These are marks that hint at one or some of the attributes of the product. The appeal of suggestive marks is that they act as a form of advertising. A slight risk, however, is that the USPTO may consider a suggestive mark to be too descriptive of the product.

## Five Point Checklist for Selecting Your Trademark

1. Check that your trademark of choice meets all the **legal requirements** for registration (see “What are the main reasons for rejecting an application?”).
2. Do or request a **trademark search** to make sure that it is not identical or confusingly similar to existing trademarks.
3. Make sure the trademark is **easy to read, write, spell and remember** and is suitable to all types of advertising media.
4. Make sure the mark does not have any **undesired connotations** in your own language or in any of the languages of potential export markets.
5. Check that the corresponding **domain name** is available for registration.

## Basic steps taken by the USPTO to register a trademark

**Formal examination:** The USPTO examines the application to make sure that it complies with the administrative requirements or formalities (i.e., whether the application fee has been paid and the application form is properly filled in).

**Substantive examination:** The USPTO examines the application to verify whether it complies with all the substantive requirements (e.g., whether it belongs to a category which is excluded from registration by the trademark law and whether the trademark is in conflict with an existing mark on the register in the relevant class(es)).

**Publication and opposition:** The trademark is published in the USPTO’s “Official Gazette” for 30 days for third parties to oppose its registration.

**Registration:** Once it has been decided that there are no grounds for refusal, the trademark is registered, and a registration certificate is issued.

**Renewal:** The mark may be renewed indefinitely by paying the required renewal fees, but the registration may be canceled entirely for certain goods or services if the trademark has **not** been used.

### **TM or ®?**

The use of ®, TM, SM symbols next to a mark is a convenient way of informing others that a given sign is a trademark, thus warning possible infringers and counterfeiters.

The ® symbol may only be used after the mark has been registered. TM (or SM for service marks) may be used to denote that a given mark is registration-pending.