

Legal Update

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SELECTING AND CLEARING NEW TRADEMARKS IN A CHANGING WORLD

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Businesses have faced enormous challenges this year during the COVID-19 pandemic. In the midst of the resulting economic turmoil, launching new products or services has required careful planning as well as a solid branding strategy. Selecting a distinctive brand name for an innovative new product or service can add enormous value to a business. Indeed, a trademark or service mark can be a company's most valuable intellectual property asset. Too many businesses, however, choose new brand names with little knowledge of basic trademark concepts and without conducting proper due diligence. In this *Legal Update*, we discuss important considerations and best practices in selecting and clearing new trademarks and service marks.

Selecting Distinctive Marks

A brand name, in legal parlance, is a trademark or service mark. A trademark is any word, phrase, design, or device (*e.g.*, sounds or colors) that is used to identify and distinguish one's products from those of its competitors. A trademark therefore identifies a particular product or group of products as coming from a single source. For example, the Nike "swoosh" design logo, the NIKE brand name, and the "Just Do It" slogan are trademarks that identify athletic shoes and apparel of Nike, Inc. The difference between a trademark and a *service mark* is that a service mark identifies and distinguishes services, rather than products. While the remainder of this newsletter mostly refers to trademarks rather than service marks, the principles are applicable to both kinds of marks.

Special care should be taken in trademark selection because the choice will impact whether, and to what extent, a trademark will be legally protectable if a dispute arises and whether the mark will be registrable with the U.S. Patent and Trademark Office. Trademark counsel should play an important role in the selection process. Experienced trademark practitioners counsel their clients to select strong, distinctive trademarks. They do so for a good reason. Distinctive trademarks are legally protectable, while those that lack distinctiveness are not. In selecting a trademark, it is therefore important that companies have a basic understanding of the following types of trademarks and how they differ in distinctiveness and protectability.

Fanciful Trademarks. Fanciful trademarks consist of words coined or invented solely to function as trademarks, and thus have no other meaning or significance in language. Examples of fanciful trademarks are STARBUCKS, EBAY, and PEPSI. Fanciful trademarks are considered the strongest of all types of trademarks in terms of distinctiveness. They are immediately protectable and eligible for federal registration when used in commerce.

Arbitrary Trademarks. Arbitrary trademarks are words that have a meaning in language, but are used incongruously as trademarks for the products they identify – that is, they are used entirely out of the context

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of their ordinary meaning. Examples of arbitrary trademarks are APPLE for computers and AMAZON for an online marketplace. Like fanciful trademarks, arbitrary trademarks are considered strong, distinctive trademarks. They, too, are immediately protectable and eligible for federal registration.

Suggestive Trademarks. Suggestive trademarks are those that hint at the nature or an attribute of the product without, however, actually describing it. Instead, some thought or imagination is necessary to make an association between the trademark and the product it identifies. Examples of suggestive trademarks are COPPERTONE for suntan lotion and GLEEM for toothpaste. Although not as strong as fanciful or arbitrary trademarks, suggestive trademarks also capably serve to identify and distinguish the source of a product or service from those of others. As such, suggestive trademarks are protectable and may be registered.

Descriptive Trademarks. Descriptive trademarks describe a quality, characteristic, function or the nature of the products they identify. Many trademark owners and marketers favor descriptive trademarks because they effectively communicate information about a product or service. Trademark law, however, recognizes that descriptive words should be available to competing sellers for use in describing their own products in the marketplace. Trademarks that are merely descriptive are therefore not considered distinctive trademarks. They are accordingly given very little – if indeed any – protection, and are not registrable on the Principal Register of the U.S. Patent and Trademark Office until they acquire distinctiveness. Examples of descriptive trademarks are DENT EXPERTS for auto body repair services and PERENNIALS for magazines in the field of gardening.

A descriptive trademark acquires distinctiveness or “secondary meaning” when, through wide use over a period of time, consumers come to associate the trademark with a particular company or source. For instance, HOLIDAY INN was merely descriptive for hotel services for holiday travelers, but acquired distinctiveness and trademark protection through extensive use over many years. As this discussion illustrates, there is a trade-off between choosing a descriptive trademark for the benefit it may have for marketing purposes and choosing a fanciful, arbitrary or suggestive trademark that is distinctive and legally protectable. Having the guidance of experienced trademark counsel in the selection process is vital.

Generic Terms. The name of a product or service itself is a generic term and is afforded no protection under trademark law. No one can, for example, adopt the term “cell phone” as a trademark for a wireless telephone device and claim exclusive trademark rights to it. Generic terms are in the public domain. Interestingly, a number of once strong brand names have become generic terms and fallen into the public domain when their owners misused them and permitted the general public to use them in a way that they became the commonly known name of the product itself. Examples include “aspirin,” “escalator,” “thermos” and “cellophane.”

Trademark Clearance

Prior to adopting a trademark, a company should take steps to determine whether it is available for use and not precluded by another trademark owner’s prior use of the same or a confusingly similar trademark. The first step is to conduct a preliminary screening or “knock-out” search of the proposed trademark. The object of a preliminary search is to screen for obvious conflicts that might show up with a quick search and eliminate the need for a more comprehensive trademark search. Typically, a proposed trademark is searched in the U.S. Patent and Trademark Office’s database for existing trademark registrations and pending

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applications. Another important screening tool is to search a proposed trademark using one or more Internet search engines, such as Google.

If no conflict is found with a preliminary screening search, the next step to clear a trademark is to conduct a full, exhaustive trademark search. A trademark search company will formulate search strategies to uncover not just identical trademarks, but also phonetic equivalents, those having the same or similar prefixes, suffixes or root words, corrupted spellings, synonyms and homonyms, as well as other trademarks that might be regarded as confusingly similar to the proposed trademark. The search should cover not only trademarks that have been registered or are the subject of pending applications, but also trademarks that are not registered – known as “common law” trademarks – which may also preclude the use and adoption of the proposed trademark. The full search encompasses numerous government records, business and news databases, as well as domain names and uses on the Internet. The analysis of comprehensive trademark search reports is not an easy task and often presents difficult legal questions concerning a proposed trademark’s availability for use and registration.

Finding an available trademark for use in today’s global marketplace can be challenging. For that reason, companies should have at least a few back-up alternatives if their first choice for a trademark cannot be cleared. Experience also shows that it is often easier to clear a proposed trademark that consists of a fanciful word or term because, by its very nature, the word or term was conceived to serve as a trademark. Trademark owners may therefore be rewarded with lower search costs by selecting a highly distinctive, fanciful trademark.

Conclusion

A trademark can be a company’s most valuable intellectual property asset. Your organization should therefore follow best practices in selecting and protecting its trademarks and be sure to work with an experienced trademark practitioner who can guide you every step of the way.

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