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news

Corporate & Business Law Newsletter

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TRADEMARKS FOR START UPS AND OTHER SMALL BUSINESSES

Protect Your Trademark Without Breaking the Bank

We often get calls from business owners with questions like:

- “I was told that I should trademark my company’s name...what should I do?” or
- “I was told that before I pick a name for my new company, I should hire someone to do a trademark search...is that true?” or
- “I was told that my incorporation or LLC formation gives me the exclusive right my company’s name?”

In order to make intelligent decisions about adopting a trademark that will best suit your business, you should first learn a little bit about trademarks...this Newsletter is our short primer on that topic.

The US Patent and Trademark Office (“USPTO”) website provides the following concise definition:

“TRADEMARK - a word, phrase, symbol or design, or a combination of words, phrases, symbols or designs, that identifies and *distinguishes* the source of the goods (or services) of one party from those of others.”¹

People often confuse “trademarking” a product or service with “registering” that trademark.

¹ <http://www.uspto.gov/sites/default/files/about/offices/ous/121205.pdf>

- To “trademark” a product or service means to use the mark (words or logo) on a product or with a service, to identify the source of the product or service....think “Coca-Cola” on soda bottles...or “Google” for search engine services.²
- To “register” the trademark in question, means to submit an application for registration³ with the US Patent and Trademark Office (“USPTO”) or with a state agency.⁴

In most cases the people advising you to “trademark your company’s name” are actually telling you to register the name as a trademark with the USPTO.

TRADEMARK RIGHTS

It is widely misconceived that trademark rights may only be established through federal or state registration. In fact, ownership of a mark in the United States may be established by being the first user of a distinctive mark followed by regular and consistent use of that mark in connection with the product or service in question.⁵ This means that The Coca-Cola Company or Google Inc. could own “Coca-Cola” or “Google” respectively without ever having registered the marks with the USPTO.⁶

TRADEMARK NOTICE

An important step in protecting your trademark is to give the world notice that you claim the word(s) or the symbol as your trademark...this is typically accomplished in one of two ways:

- By using the ® designation if your mark is registered with the USPTO. Note however, that if you use the ® for a mark that is not USPTO registered you have committed a federal crime!
- By using the “™” designation if your mark is not registered with the USPTO. Anyone can use the ™ to claim trademark rights...no federal or state registration is required. While this does not provide the same legal protections as a federal registration, it at least puts potential infringers on notice that you intend to protect your trademark rights.

² The trademark for a service company may sometimes be referred to as a “service mark” and any trademark or service may also be correctly referred to as a “mark.” The terms are generally interchangeable.

³ When we refer to USPTO registration in this Newsletter, we are referring to registration on the USPTO “Principal Register.” There is a Supplemental Register that is outside the scope of this Newsletter. For more about the Supplemental Register see for example:

<http://www.inta.org/TrademarkBasics/FactSheets/Pages/PrincipalvsSupplementalRegister.aspx>

⁴ You can also register a trademark with a state agency, but that will generally limit the protection afforded to the registrant to the state where registered...which is generally of limited use in today’s internet economy. See Trademark Application to NY Department of State at: <https://www.dos.ny.gov/forms/corporations/0241-f-l-a.pdf>

⁵ This is the case in “common law” countries...i.e. those countries whose legal system evolved from the British legal system, such as Canada, Australia, and the United States. In many other countries, known as “civil law” countries the earliest registration controls ...see <http://www.arelaw.com/publications/view/trademarkvisa/print/>

⁶ In fact, “Google” was registered on May 6, 2014; whereas the first “Coca-Cola” registration goes back to 1893...see <http://fineprintnyc.com/blog/the-history-of-the-coca-cola-logo>

DO I NEED TO REGISTER MY TRADEMARK

As indicated above, you do not NEED to register. However, you will probably WANT to register, at least at some point in time. There are many advantages to a federal. Not shockingly, the USPTO strongly urges the benefits of federal registration on its website ⁷ and in a pamphlet⁸ where it describes the benefits of registration as follows:

- A legal presumption of your ownership of the mark and your exclusive right to use the mark nationwide on or in connection with the goods/services listed in the registration (whereas a state registration only provides rights within the borders of that one state, and common law rights exist only for the specific area where the mark is used);
- Public notice of your claim of ownership of the mark;
- Listing in the USPTO's online databases;
- The ability to record the U.S. registration with U.S. Customs and Border Protection to prevent importation of infringing foreign goods;
- The right to use the federal registration symbol “®”;
- The ability to bring an action concerning the mark in federal court; and
- The use of the U.S. registration as a basis to obtain registration in foreign countries.

USING AN ATTORNEY FOR REGISTRATION

If and when you decide to apply for USPTO registration, you can theoretically do it yourself. In fact, the USPTO website gives detailed instructions on how to conduct a search and then process the application on your own using the USPTO's “Trademark Electronic Application System” (TEAS)⁹. However, even the USPTO endorses the use of a private attorney:¹⁰

“A private trademark attorney can help you before, during, and after the trademark application process, including policing and enforcing any trademark registration that may issue. While you are not required to have an attorney, an attorney may save you from future costly legal problems by conducting a comprehensive search of federal registrations, state registrations, and "common law" unregistered trademarks before you file your application.”

However, the USPTO does not mention that lawyers, particularly lawyers with special expertise like trademark law, may charge a lot for their services...even for the apparently simple process of registering

⁷ A written transcript of the USPTO's “Should I Register My Mark” is appended at the end of this Alert or it may be found at: <http://www.uspto.gov/trademarks-getting-started/trademark-basics>

⁸ “Protecting Your Trademark; Enhancing Your Rights Through Federal Registration” at <http://www.uspto.gov/sites/default/files/BasicFacts.pdf>

⁹ <http://www.uspto.gov/trademarks-application-process/filing-online>

¹⁰ <http://www.uspto.gov/trademarks-getting-started/trademark-basics>

a trademark. Start-ups are often strapped for cash, and the available funds may better serve the company in other ways...like payroll and the rent!

Moreover, even the most competent (and expensive) trademark lawyer may not help you pick the best mark or marks for your business at its initial stages. We have observed multiple situations where registration was applied for at the outset...and several months later it becomes clear that a different version of the mark would have better served the company's marketing plans. This would cause the company to incur the expense of amending the application and/or filing an additional application.

TRADEMARK SEARCHES

Before you adopt a mark...and certainly before you submit an application... prudence dictates that you investigate whether any other company is using that mark or a confusingly similar mark for a competitive market. In the pre-electronic era, the only way to investigate was by hiring a trademark "search company"¹¹ to conduct a search which generally consisted of a review of the USPTO and state trademark records and other sources like trade directories and phone books. In those days a search would typically cost between \$500 and \$1,000...more if you wanted to be extremely thorough. In the digital age, a more comprehensive professional search is quicker and sometimes less expensive.

We urge our clients to obtain a search from an expert trademark search firm before undertaking the effort and expense of registering the mark at the USPTO.

However, if there are budget constraints and/or you are not totally sure about the precise wording of the mark you wish to adopt, there are several ways you can conduct a "quick and dirty" search free of charge.

First, the USPTO makes its on-line trademark data base available free of charge through the "Trademark Electronic Search System" or (TESS)¹² which enables you to conduct your own on-line search, but only of marks registered at the USPTO.

Also, you can conduct a rough trademark search by using Google and/or other search engines. While you should not rely on this type of search to finally adopt and register...it can be helpful in many ways and may certainly uncover an obvious prior user in a competitive field so that you learn immediately that a mark under consideration is not available for you.

STATE INCORPORATION PROTECTION

As stated above, we get the following pretty often: "I was told that my incorporation (or LLC formation) gives me the exclusive right to the name on the Certificate of Incorporation."

That advice is incomplete and misleading. If for example you form a corporation (or an LLC) under New York law, the New York Department of State will not allow another corporation (or LLC) to be

¹¹ Specialty trademark law firms are often able to conduct searches themselves without engaging a "search firm."

¹² <http://tmsearch.uspto.gov/bin/gate.exe?f=tess&state=4806:9ja4od.1.1>

formed in New York with the same or very similar name.

However, that does not prevent anyone from forming a corporation (or an LLC) under New Jersey law (or in any other state of the union) and then doing business in New York under that same name!

In other words, corporate law protection and trademark protection are simply not coextensive. To maintain a monopoly on your company's mark you must adopt and use the mark properly and, at the right time, register it with the USPTO.

THE MORAL OF THIS STORY

If you initially adopt and then use a name or logo to identify your products or service, you will eventually want or need to register it with the USPTO.

However, except for situations where money is no object, we often counsel start up clients to first:

- Conduct a “rough justice” search through Google or TESS and
- Then use the proposed mark for a period of time to see (1) if you like the way it works in your marketing scheme and/or (2) if you get a “cease and desist” letter from a prior user's lawyer.

If after that period the mark works well for your marketing, with or without tweaking, we recommend that you:

- Obtain a professional trademark search and, if that uncovers no competitive mark, then
- Apply for registration at the USPTO.

If you have any questions about trademark law and processes, or about any other facet of intellectual property law, please contact Richard Waxman at: rwaxman@waxmanlaw.com

In case you have trouble accessing this alert, a PDF copy is attached in the banner at the top of this e-mail. If you do not see the footnotes in this e-mail, they do appear in the attached PDF.

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Please note that this Alert is limited to a very brief overview of the topics covered. It is not intended to be relied upon, and must not be relied upon, as legal advice for any specific situation. Appropriate legal advice must always be based on numerous factors including without limit all of the specific facts of the case and the jurisdictions whose law may apply.

Basic Facts About Trademarks: Should I Register My Mark

MARK

Hi there and welcome to the Trademark Information Network's Basic Facts Breakdown. I'm Mark Trademan.

In this segment, we're going to discuss the benefits of federal trademark registration, essentially asking the question of whether it's worth it to go through the whole federal trademark registration process.

We'll also talk about the little "R in the circle" symbol and when it's proper to use it. By the end of this video, you'll know why federal registration is so important and how to put people on notice that your mark is registered. Ready? Let's get started...

The first question applicants often ask is: "Is federal registration of my mark required?" The quick answer is "No, but it will enhance your rights." Using your trademark, in commerce, with specific goods and services, establishes legal rights in the mark, known as "common-law" rights.

Those common-law rights, however, may be limited.

Depending on your situation, those rights might only cover a limited geographic area and it might be more difficult to enforce those rights than it would be if you have a federal registration.

Federal registration, however, can greatly enhance those rights. Specifically, federal registration of your trademark on the Principal Register provides the following advantages:

One, it gives you a legal presumption of the exclusive right to use your mark nationwide on or in connection with the goods and services identified in your registration.

That's in contrast to a state trademark registration that only gives rights within the borders of that particular state.

Federal registration will give you a presumption of rights throughout the United States and its territories.

Two, it creates a legal presumption that you are the owner of the mark. That's a real advantage if you need to enforce your registration either in or out of court.

However, be aware that even with that legal presumption of ownership, someone else could prove that they are the rightful owner because they started using the mark before you.

This means a possibility exists that you might have to stop using your mark.

Three, it puts the public on notice that you are the owner of the mark. If there's a question as to who owns the mark, it can be looked up in the USPTO's online database.

And that's the fourth benefit. Being listed in the USPTO's database means that others considering potential marks can find your mark when they search the USPTO database to see if their mark is available.

The existence of your mark in the database can help others to avoid selecting a mark that is too similar to yours.

In addition, the USPTO relies on the same database for its own search and will find your mark when examining someone else's application. The USPTO will cite your registration against a confusingly similar mark in a later-filed application, preventing a potentially conflicting trademark from registering.

But remember, the USPTO only searches the USPTO's database of pending and federally registered marks. It does not search for state registrations. And it also does not search for marks that are not federally registered. Owners of unregistered marks may have superior common-law rights.

Five, a federal trademark registration gives you the ability to record your trademark with U.S. Customs and Border Protection. That agency will use your trademark registration to help prevent importation of infringing or counterfeit foreign goods.

Six, you have the right to bring legal action concerning the registered mark in federal court. Keep in mind that the USPTO cannot enforce your trademark rights or bring legal action against an infringer.

It is your legal responsibility to police your trademark and to protect it from infringement.

Only you (or your attorney) may bring legal action against others infringing your mark.

Seven, you have the ability to use your U.S. trademark registration as a basis for applying for a trademark registration in many foreign countries. It's a great benefit when your business takes off and you become a global phenomenon...

And, eight, a federal trademark registration means that you have the right to use the coveted "R in the circle" symbol with your mark, something you cannot do unless your mark is federally registered.

That symbol is typically placed on the right side of a mark and indicates that you have federally registered your trademark with the United States Patent and Trademark Office.

It puts the public on notice that your mark is registered and that you have nationwide rights in it.

Registration provides a lot of benefits and it probably explains why the USPTO has registered millions of trademarks from both domestic and foreign applicants over the years. For those applicants, the answer to the question "Should I register my mark?" was a resounding "Yes."

As always, for more information about trademarks, feel free to explore the Trademarks section of the USPTO.GOV website. Along with other trademark related content, there is a link to the downloadable "Basic Facts About Trademarks" booklet, as well as links to the other Basic Facts Breakdown videos.

Thanks for watching and see you next time. I'm Mark Trademan, Trademark Information Network.