

## Trademark strategy

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While many startups rightly focus much of their attention on developing and protecting their patents, a strong trademark strategy can also benefit every company's bottom line, especially when implemented at an early stage. A key consideration in developing a trademark strategy is securing and protecting your marks in the appropriate markets. In the United States, unlike many other jurisdictions in the world, trademark rights are based on common law rights, *ie*, first-to-use, as opposed to statutory rights, *ie*, first-to-file. However, the US federal trademark system does allow you to apply to register a trademark you intend to use, which we explain in more detail below.

### Strong v. weak marks

Trademarks have to be distinctive in order to function as trademarks; that is, consumers have to understand that the trademark indicates the source, affiliation or sponsorship of a product or service. Trademark law treats marks differently depending on how distinctive they are. The distinctiveness of a trademark (and, thus, its ability to be registered at the federal level) is judged along a continuum: from fanciful and arbitrary marks, which garner the strongest protection, down to generic names, which are not protectable at all. A fanciful mark is a made up word, a word that didn't exist until someone coined it and used it as their trademark. Examples of fanciful marks are STARBUCKS and VERIZON. An arbitrary mark is a plain, English word that is unrelated to the products or services offered under the mark. Fanciful and arbitrary marks are inherently distinctive, that is, just by existing they have the ability to work as source identifiers, and receive the most protection from their inception. Next along the continuum are suggestive marks. These marks suggest something – a quality, characteristic or purpose - about the product or service, like GREYHOUND for bus services. Suggestive marks require consumers to use their imaginations to identify the characteristic of the products or services. Suggestive marks are also considered inherently distinctive, but just barely. Next you have descriptive marks, which describe a quality, characteristic or purpose of the product or service, like VISION WORKS for optometry services. Descriptive marks are not inherently distinctive; they have to acquire their source-identifying properties through use over time. Finally, at the bottom of the list are generic marks, which aren't really marks at all, but just the generic word for the product or service, like RESTAURANT for restaurants. Generic marks are unprotectable because they cannot serve a source-identifying function.

When you are developing your trademarks, then, you want to focus on the first few types of marks: fanciful, arbitrary and suggestive. If you have a descriptive trademark, you cannot register it on the Principal Register in the US until it has acquired distinctiveness, usually after a minimum of five years' of substantially exclusive use.

### Protecting your trademarks

Trademark rights in the United States are based on use in commerce; the first person to use a trademark in commerce is considered the senior user of a mark. "Use in commerce" is also required in most instances before you can register a trademark in the U.S., and is a term of art that refers to different types of uses for products and services. A trademark is used in commerce when the mark is used in the sale or transport of products in interstate commerce between more than one state or U.S. territory, or in commerce between the U.S. and another country. For products, the mark must appear on the products (eg, tags or labels), the container for the products, or displays associated with the products. For services, the mark must be used in the sale or advertising of the services.

However, even if you haven't started using your trademark in commerce, you can still apply to register your trademark in the US on an intent-to-use basis.

Registering your trademark is beneficial for several reasons. First, it provides notice to others that you are claiming rights in a trademark. Second, a registration serves as prima facie evidence that your mark is valid and distinctive and that you have the exclusive right to use the mark for the registered products and services throughout the US. Registration (and even the application for registration) also provides a basis for trademark examiners at the Patent and Trademark Office to reject later-filed proposed applications as being confusingly similar to your mark.

Remember: trademark rights are territorial, that is, they are limited to the jurisdiction in which they are protected. So, just because you use or register your trademark in the US, that doesn't mean that your mark is protected in other countries. And, unlike in the US, most countries grant trademark rights to the first person to register a mark in that country, not use it. Therefore, if you want to protect your trademark internationally, you will need to file internationally as well.

Registered trademark rights are also limited to the products and/or services that are included in your registration. So, Delta's registration for DELTA for airline transportation services did not prevent another company from using DELTA for faucets.

It's always good to start with protecting your main trademarks for the products and services that are the core of your business. As you expand into other areas, you can register your existing trademarks for new products and services and register new trademarks for your existing products and services.

## Trademark prosecution process

### Clearance

You should always perform a trademark search to determine whether your mark is available and registrable. Your trademark attorney can help by conducting preliminary searches that give you a high-level overview of the trademark landscape of registered and pending marks, or a comprehensive search which can give you a deeper analysis of whether your trademark is available, including consideration of common law, unregistered marks, which could be asserted as a basis to oppose your use or registration of a mark. A preliminary search aims to uncover any clear blocks to the use and registration of your proposed mark, so that if a mark is clearly unavailable because there is a prior existing registration for the same or highly similar mark, you don't waste resources pursuing it. Usually, preliminary searches are limited to the information available in the federal and state trademark databases, *ie*, registered marks and pending applications. Preliminary searches generally do not cover common law uses, such as on the Internet or trade and business names. Comprehensive searches, as the name implies, cover a broader range of information and do include the common law uses that can pose concern with registering and using a mark in the US.

Of course, there are costs associated with conducting both preliminary and comprehensive searches (the comprehensive is more expensive), but the investment is well worth it to prevent having to unexpectedly re-brand if and when you discover that your trademark is not available.

You may hear from others that you can clear your trademark yourself, in order to save money, just by going to the United States Patent and Trademark Office's website and searching their database. While this is a good first step, this is never

recommended as the only step in clearance since the USPTO uses various factors to determine whether a new trademark will cause a likelihood of confusion with an existing one, and doesn't just look at whether two trademarks are identical or very similar.

## Application and examination

If you're already using your trademark in commerce, you should work with your trademark attorney to file a use-based application. In addition to the basic information in the application, you will need to provide a specimen of use. For products, this is generally packaging showing the mark being used for the products. For services, this is usually screenshots from your website or other advertisements.

If you aren't yet using your trademark in commerce, you should work with your trademark attorney to file an intent-to-use (ITU) application. You'll provide the same basic information in the application, but, because your products or services are not yet provided to customers under the mark, no specimen is needed. You will have to sign a declaration stating that you have a bona fide intent to use the mark in commerce in the US, though.

Once your application is submitted, it will usually take 3-6 months before it will be examined. During examination, the Examining Attorney will research in the USPTO's database of registered and pending marks to see if there are any prior filed marks that conflict with your mark. The standard is likelihood of confusion. Although there are several factors that the USPTO looks at, the principal ones are similarity of the marks and relatedness of the products. Marks that are similar for similar or related products and services have a higher likelihood of confusion and can be cited as a block to registration of your mark. Some additional reasons that the USPTO might refuse registration include the vague or indefinite description of products and services, differences between a mark as applied for and the specimen used to show use, and descriptiveness of the mark.

The previous list is in no way exhaustive; there are many issues that can pop up during examination. The Examining Attorney will issue an Office Action, detailing any objections to registration or additional information that is needed so your application can proceed. The good news is that you are allowed to present arguments to the Examining Attorney to overcome these objections. Your trademark attorney should work with you on arguments or amending your application to overcome objections.

## Publication

Once your application is approved, it is then published for opposition. Essentially, third parties are given a 30-day period in which to review your application and formally oppose registration. If a Notice of Opposition is filed, then your application will be moved into an adversary proceeding and cannot register until the Opposition is complete.

If no one opposes your application, then your mark will be registered if it's a use-based application, or the USPTO will issue a Notice of Allowance if it's an ITU application. The Notice of Allowance means that you have six months to file a Statement of Use or an Extension of Time to file a Statement of Use. You can extend the time to file a Statement of Use in six-month increments, up to a total of 3 years from the issuance of the Notice of Allowance. If you don't file a Statement of Use within the 3 year time period, your application will be abandoned. Once you file your Statement of Use and it's accepted by the USPTO, your mark will be registered.

## Post-registration

Congratulations! You have a registered trademark! Because rights in the US are based on use, you should use your trademark for your registered products and services. Trademark registrations are good for 10 years, but can be renewed indefinitely, as long as the mark is in use. A trademark may be cancelled for nonuse, if it is not used for 3 years.

Between the fifth and sixth year after your trademark first registers, you will need to file a Declaration of Use or Excusable Non-Use, also called a Section 8 Affidavit. At the same time, if your mark has been used continuously in commerce for 5 years and there are no pending adverse proceedings regarding the mark, you can file a Declaration of Incontestability, also called a Section 15 Affidavit. Incontestability is another perk of having a registered mark. It significantly limits the bases on which third parties can challenge your trademark.

Approximately 9-10 years after your trademark first registers, you will need to file a combined Section 8 Affidavit and an Application for Renewal, also called a Section 9 renewal. Then, every 10 years from your registration date you will need to file a Section 8 Declaration and Section 9 renewal. If you keep using the mark, your trademark can be renewed indefinitely.

The USPTO requires a fee for each of the above filings.

## Costs

As a start-up, you have to carefully manage your costs and trademark registrations aren't inexpensive. However, the return on investment from a sound trademark strategy can be enormous.

The following is an example of some of the common costs you might incur in clearing, registering, prosecuting and maintaining your trademark. The following examples include both the fees from a trademark attorney and the fees charged by the USPTO. For a list of the USPTO fees, please check the USPTO's website at [uspto.gov](http://uspto.gov).

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| Preliminary US search                                 | \$400-\$600 per mark   |
| Preliminary international search                      | \$750-\$950 per mark   |
| Comprehensive search                                  | \$2,500 per mark   |
| Application + USPTO fees                              | \$925 per mark for one class of products or services; \$475 for each additional class per mark |
| Statement of use                                      | \$400 per mark for one class; \$250 for each additional class per mark                         |
| Amendment to allege use                               | \$400 per mark for one class; \$250 for each additional class per mark                         |
| Extension of time to file statement of use            | \$350 per mark for one class; \$250 for each additional class per mark                         |
| Section 8 affidavit                                   | \$350 per mark for one class; \$200 for each additional class per mark                         |
| Section 15 affidavit                                  | \$450 per mark for one class; \$300 for each additional class per mark                         |
| Section 9 renewal (combined with section 8 affidavit) | \$850 per mark for one class; \$550 for each additional class per mark                         |

In addition, your trademark attorney will likely charge an hourly fee for other matters that come up during prosecution, eg, responding to Office Actions.



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