

Mod. 10 - Discussion - More Trademarks

- 1.** Select one case from Chapter 10 or Chapter 11 in Legal Aspects of Managing Technology and describe what it teaches us about protection of trademarks. Are there any unsettled issues remaining in this case? Do you think the decision was the correct one? Why or why not?
- 2.** How does categorizing marks as generic, distinctive or descriptive and product features as utilitarian or aesthetic further the underlying goals of trademark law? How will this impact your selection of a trademark or service mark? If you were designing a mark for a client, what advice would you provide?
- 3.** Do you agree with the factors for determining the likelihood of confusion as defined in the AMF Incorporated v. Sleekcraft Boats case? Are there other factors that should be considered? How do these factors compare with those used to determine the fame of a mark in a trademark dilution case? What are some of the issues with permitting too broad an interpretation of trademark dilution?
- 4.** Discuss the unique issues with protecting trademarks on an international level. Which of the laws and agreements do you find most interesting and helpful? Do you see the problem of gray market goods becoming more or less of a problem?
- 5.** Were you aware of the problem of cybersquatting? If so, do you think the ACPA goes far enough to address this?
- 6.** What are some of the issues when thinking about domain names in the trademark context? In addition to the initiatives mentioned on pages 397-404, what else could be done to improve the system of registering and protecting domain names? How do some of the trademark issues with domain names and websites impinge upon free speech? Upon the rights of consumers to express their satisfaction or dissatisfaction with a company's products or policies? Upon the ways that technology can be used to provide targeted marketing to potential consumers?

Mini-lecture

A company's identity is one of the most important aspects of its operations. No matter what the size of the company, it is wasteful to select a name, logo or trade dress for products or services without having done the necessary research at the state, national and international level, as appropriate. First, there is the expense of having letterhead, business cards, logos, advertising, a website and other materials prepared, only to find out later that the trademark or service mark you selected for your product or service is already being used by another entity. Potentially more disruptive is being sued by this entity when it becomes aware of your use of its mark. There is also the concern of bad publicity for your company and the loss of any brand recognition or goodwill that you may have enjoyed because of your mark - a mark which must now be changed.

It is essential to have done a thorough search to be sure that the mark you want for your goods and services is not already in use. Although you do not necessarily need to have conducted a search prior to filing a trademark application with the U.S. Patent and Trademark Office, it is silly to spend the money and devote the time to preparing an application if the same or similar mark is already in use and could have easily been discovered by some simple searches. It is important to note that a thorough search would include not only the exact name and spelling, but also variant spellings and trademark designs. Your Trademark Assignment will provide you with an opportunity to do some searches in the TESS database, provided free of charge through the U.S. Patent and Trademark Office website.

Searching for trademarks and related information is straightforward and efficient through the [U.S. Patent and Trademark Office's website. \(Links to an external site.\)](#) This website includes access to filing and searching. The website also contains a wealth of information about trademarks: basic facts on trademarks, laws and regulations, fees, forms, the *Official Gazette* and the Trademark Trial and Appeal Board (TTAB), to name but a few. It also includes access to several manuals, such as the *Design Search Code Manual*, which can really be helpful in searching for trademarks, the *Acceptable Identification of Goods and Services Manual* and the *Trademark Manual of Examining Procedure*. These sources can be valuable in providing a thorough explanation of trademarks and the trademark application and examination process.

In addition to searching a trademark at the federal and international level, it is also wise to search at the state level. There are many small entities that do not bother to register their trademarks with the U.S. Patent and Trademark Office, but who might be operating a business or offering a service in the local area using a name that is the same or very similar to what your company would like to use. Searching the business entity database is very easy and the service is free through the Secretary of State's Office. Select Search Businesses, found in the far upper right corner of the [website \(Links to an external site.\)](#). Or go directly to the [Business Entity Name Search \(Links to an external site.\)](#) screen to see whether a name you have in mind for your company is already being used in Indiana. You can do either a full word search or a partial word search.

In addition to applying for trademarks, another part of establishing a new company or organization will be the registration of your name through the Secretary of State's Office. In Indiana, all of the [forms \(Links to an external site.\)](#) needed for registering for-profit, non-profit or out-of-state corporations are available on the web. There are also forms for amending the articles of incorporation in the event of a name change as well as for dissolutions, mergers and business entity reports, which are

required annually or biennially depending on whether you are a for-profit or non-profit company. There are additional forms available for applying for and renewing the exclusive use of a corporate name, for registering a foreign (out-of-state) corporation name and for filing a certificate of an assumed business name. This last application is particularly important because this is the form that sole proprietors and partnerships will use to register their company names. A considerable amount of helpful information is available through the [Secretary of State's Office \(Links to an external site.\)](#) main website that will be useful to students who are interested in starting their own companies.

Chapter 10 of *Legal Aspects of Managing Technology* adds to what we learned about trademarks in Module 9. As stated on page 345, trademark protection for high-technology (and really any) goods and services should not be taken lightly. Trademarks are an integral part of any marketing and distribution strategy. Investments in developing and producing high-quality products and services will pay off only if consumers are able to identify such quality in the marketplace. Consider the hypothetical example of CoolEdge as it considers whether to name its new device, the *Optimizer*.

The fundamental principles of trademark law are presented in Exhibit 10.1 on page 346. The major goals of trademark law are to promote business ethics by preventing "palming off", to protect goodwill by rewarding companies for their investments in quality and to promote market efficiency. As stated on page 346, federal and state trademark policies are rooted in principles of unfair competition that were originally developed through the common law by state courts. Pages 347-349 describe four scenarios and how three unfair competition factors would be applied by courts. It is important to note that, besides enforcing standards of marketing ethics, trademark policies also further economic goals of efficiency by providing consumers with a shorthand way of finding the goods and services they desire, as discussed on page 349.

Be sure to note the advantages of federal registration of a trademark, described on pages 348-349 and in Exhibit 10.2 on page 349. One of these advantages is that it serves as constructive notice of your trademark rights on a national basis.

As we learned in Module 9, the selection of a trademark is particularly important because it will dictate your ability to protect it. There are really three types of marks: generic, descriptive and distinctive (which in turn may be divided into the subcategories of suggestive, arbitrary and fanciful). Pages 350-351 illustrate why there is no protection given to generic marks. Note also, as discussed on pages 351-352, that marks can become generic over time and lose their protected status. Obviously, genericide can be devastating to a company that has built years of goodwill in its mark. Some examples of marks that have become generic are aspirin, thermos, escalator, kleenex, Murphy bed and xerox. Although the reasons that a trademark might become generic vary depending on the circumstances, the trademark owner does have some ways to control the situation, as illustrated by the Rollerblade example. As indicated on pages 352-353, there are also risks associated with descriptive marks in terms of the amount of protection that they will receive. It is important to note that the Lanham Act does not allow protection of descriptive terms unless they have become distinctive of the goods from a particular source - once they become distinctive, the mark is said to have acquired a secondary meaning.

The *Abercrombie & Fitch v. Hunting World* case and related commentary (pages 353-356) illustrates different ways that marks are treated under the Lanham Act. Note that the case also raises issues related to the incontestability status of marks that have been registered for five years and the concept of fair use of a registered mark to describe a competitor's goods or services.

Pages 356-364 are devoted to a long and extensive discussion of trademark protection for trade dress and product designs. The courts and the U.S. Patent and Trademark Office have adopted a broad view of what a trademark can include. Following the Lanham Act definition, trademark protection has been granted for sounds, smells, moving images and product colors. However, as indicated on page 357, as trademark law moves into the arena of protecting product designs and attributes, it creates additional tension with the basic notions of patent policies and the underlying principles of free competition. It is important to consider identification of source and functionality when thinking about whether a particular trademark should be protected (see Exhibit 10.4 on page 358). Pages 361-364 highlight the differences between aesthetic functionality and utilitarian functionality when thinking about whether a product design can be protected by trademark law. *Traffix Devices, Inc. v. Marketing Displays, Inc.* (pages 363-364) addressed the potential application of trademark law to product features that were once the subject of utility patents. The U.S. Supreme Court clearly puts a heavy burden on companies to prove that their product features are not merely functional before these features can be protected as a trademark. The application of the principles related to functional and aesthetic characteristics of products continues in the high-tech world, with the example of the iMac computer and other Apple devices on page 365.

One of the first benefits that make federal registration of a trademark desirable is that it provides constructive notice of the trademark owner's exclusive rights to use the mark. But registration also carries other benefits, such as serving as *prima facie* evidence of a mark's validity and ownership, rendering a mark incontestable and providing enhanced remedies in the event of trademark counterfeiting and in the international arena. Some of the standards and procedures for trademark registration are discussed on pages 366-370 and include:

- likelihood of confusion
- use requirements
- conducting a trademark search
- basic registration procedures
- intent-to-use applications
- loss of registration rights

Exhibit 10.5 on pages 369-370 provides an excellent summary of the fundamental purposes of trademark protection and the steps in the registration process.

Pages 370-374 cover trademark infringement. As stated on page 370, the essence of a trademark infringement action is proving that consumers are likely to be confused about the sources of products or services in the marketplace. The analysis of whether customers are likely to be confused is unexpectedly complex, depending on a number of variables. The *AMF Incorporated v. Sleekcraft Boats* case is famous because it set out the factors that courts should use in determining whether there would be a likelihood of consumer confusion. Note the list of factors on page 371 (see also Exhibit 10.6 on page 373) and the discussion of each of these factors as applied to the facts in the case.

Although the basic purpose of trademark policy is to prevent the public from being confused about the sources of goods and services, a progressive movement has taken place over time to protect certain

marks from uses that might result in dilution of the marks. As stated on page 374, dilution potentially occurs when a very distinctive and well-known mark is used by another company for an unrelated service or product. The concerns are that the distinctiveness of a famous mark can be blurred or even tarnished if the mark is used on inferior goods. The Federal Trademark Dilution Act is discussed on pages 375-376. There may also be issues with dilution related to free speech and to the Internet.

Remedies for trademark infringement are outlined on pages 376-378 and include injunctions, monetary relief, seizure of imports and penalties for counterfeiting.

The remaining pages of Chapter 10 of *Legal Aspects of Managing Technology* are devoted to a discussion of the international aspects of trademark protection. As stated on page 378, one mistake that managers of U.S. companies make is to assume that they will ultimately have rights to their trademarks in foreign countries because they were the first in the international arena to use them. However, unlike the U.S., where priority is based on use (or intent to use), in most other countries, trademark rights are granted to the first person to file for registration. Therefore, one of the most important ways that a company can protect its marks on a global basis is international trademark registration, described on pages 378-380. A number of international trademark agreements make registration and protection a bit easier. These agreements are summarized in Exhibit 10.7 on page 380 and include:

- The Paris Convention - pages 380-381
- TRIPS - page 381
- Madrid Protocol - page 382
- Community Trademark System (EU) - page 382

In spite of these efforts at the international level, the gray market continues to be an issue, as demonstrated by the discussion about CoolEdge on pages 383-384. Note that there are several possible ways that foreign-manufactured products legitimately carrying U.S. trademarks might compete with their U.S. counterparts here. Some possible gray market scenarios are outlined in Exhibit 10.8 on page 384. Various laws have been enacted to allow blocking of imported goods that infringe trademarks that have been registered in the U.S. These laws include Section 526 of the Tariff Act, described on pages 384-385, and Section 42 of the Lanham Act, discussed on page 385. Note that another possible way to fight the importation of gray market goods is through the application of copyright laws, as illustrated by the *Quality King Distributors, Inc. v. L'Anza Research International Inc.* case on page 386.

Chapter 11 in *Legal Aspects of Managing Technology* covers the important topic of domain names and other trademark issues on the Internet. As stated on page 387, since the Internet has now become an essential medium of international commerce, it should come as little surprise that it has raised several controversial issues regarding trademark policies. The most contentious issues of trademark policy involve rights to domain names, but linking, framing, search engine protocols and even the content of individual websites may also have implications for trademark rights.

A brief history of the Internet domain name system - and how it might impact the opportunity for CoolEdge to register cooleedge.com - is provided on pages 387-391. In 1996, a California court addressed the issue of cybersquatting in *Panavision International v. Toeppen*, one of the first cases to consider the respective rights of domain name and trademark holders. This case represented an important victory for

owners of famous trademarks and made it clear that courts would apply traditional trademark doctrines to the registration and use of domain names and that cybersquatting can violate trademark rights through dilution principles. Revisions to domain name registration policies and the complexities of domain names in the international environment are described on pages 391-392.

Some preliminary suggestions for improvement of the domain name registration process are described on pages 393, including increasing the number of domain name registrars, increasing the number of generic TLDs, use of country-code TLDs, directory system and use of expedited dispute resolution systems.

In 1999, the U.S. adopted the Anticybersquatting Consumer Protection Act (ACPA), which was intended to address cybersquatting and other underhanded techniques that might be used to unfairly profit from the domain name registration process. Pages 394-396 describe the ACPA and its application to the case of *Shields v. Zuccarini*. Note the relevant factors for determining bad faith under the ACPA in Exhibit 11.1 on page 394. As stated on page 396, the ACPA clearly provides one effective tool that may be used by trademark owners to protect themselves from abuse within the domain name system. Over 700 ACPA cases were filed within the first six months after the law was passed.

Pages 397-404 discuss the creation of ICANN and the development of more consistent standards and best practices, including the development of new TLDs. Exhibit 11.2 on page 398 provides a list of the new gTLDs that were approved in 2000 and 2003. Another important initiative of ICANN was to develop a uniform dispute resolution policy (UDRP). Exhibit 11.3 on page 400 provides the evaluation criteria for UDRP, while Exhibit 11.4 on page 400 lists approved dispute resolution providers. Pages 401-404 provide two cases of when third parties register domain names using the names of famous celebrities. As stated on pages 401-402, the case of *Edward Van Halen v. Deborah Morgan* demonstrates why trademark owners may not be able to count on the UDRP process.

The remaining pages of Chapter 11 of *Legal Aspects of Managing Technology* concern other Internet-related trademark issues, such as:

- "suck" sites and critical commentary - see *Vivendi Universal v. Jay David Sallen* - pages 404-407
- metatags - see *Brookfield Communications, Inc. v. West Coast Entertainment Corp.* - pages 407-410
- search engines and sponsored advertising- see *Playboy Enterprises, Inc. v. Netscape Communications Corp.* - pages 410-413
- Trademark issues with adware
- Internet auction sites - see *Tiffany, Inc. v. eBay, Inc.* - pages 414-416

Other issues include:

- Domain name tasting and speculating - pages 416-417
- Trademark problems with Twitter profiles - page 417

Please view the PowerPoint presentation on [How to Search the Trademark Database.](#) 

Please let me know if you have questions on Module 10 or the reading assignment.