
A Brief Primer on the International Trademark Protection and US Law

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This primer is intended to be a brief review of some of the more significant legal developments in the United States dealing with the unique problems posed in protecting trademarks internationally, in a global, digital environment.

Because a complete explanation of the protection of trademarks in the United States would fill hundreds of pages, this primer should not be considered a complete exposition of the intricacies of protecting trademarks. Instead, it should be considered as a snapshot view of present US protection trends in the area. This primer is intended to discuss some of the most important developments in the law. It is not intended to be a comprehensive discussion of all the issues and cases in the area. It is also not intended to take the place of consultation with qualified lawyers regarding the application of US law to any particular action or situation.

The Challenge of Technology

The rapid development of the Internet, combined with the widespread availability of personal computers, and advances in the supporting software and other technology that supports the Internet, have created new opportunities for intellectual property owners on a global basis. These new opportunities include new methods for advertising products and services, and for their distribution (including digitally) to far flung customers. The rapid reproduction and distribution of IP-protected works, however, permitted by such technological advances has also helped to fuel an increasing global piracy problem. Thus, technological challenges in the latter decades of the 20th Century, including the development of the Internet posed unparalleled opportunities for commercial growth and global communication. However, it also posed unparalleled opportunities for abuse by pirates, counterfeiters and other free riders.

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What Qualifies as a Protectable Trademark?

The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) signed in 1994 by over 111 countries and currently administered by the World Trade Organization (WTO)¹ defines a protectable trademark as “any *sign* or combination of signs, capable of *distinguishing* the goods or services of one undertaking from those of other undertakings.” (TRIPS, Article 15.) Under US law, a trademark includes “any word, name, symbol or device, or any combination thereof” which is used “to identify and distinguish” goods and “to indicate the source of the goods, even if that source is unknown.” (15 U.S.C. §1127). The United States also protects service marks, collective marks and certification marks. Mark² protection in the United States has been extended to a broad variety of source designators, including sounds, color, packaging and product configurations. Federal registration of a source designator is not required. Although registration provides many benefits, including nationwide constructive use and prima facie evidence of ownership and distinction, use in interstate commerce (without registration) is sufficient.

Internationally, in order to qualify as a protectable trademark, the commercial symbol must be “capable of distinguishing the goods or services of one undertaking from another” (TRIPS, Article 15). In the United States, to qualify as a distinctive trademark, a mark must be either inherently distinctive, or have acquired distinctiveness, generally demonstrated through evidence of secondary meaning. In addition the mark must be used in connection with the relevant goods or services in interstate commerce. Thus, for example, a domain name, per se, does not necessarily qualify as a protectable *mark*, since it is nothing more than an Internet address for a web page. When the domain name is used in connection with goods or services, however, such as for a web page that also permits customers to order goods from the site, it may qualify as a source designator subject to protection under US trademark law.

In the seminal case of *Abercrombie & Fitch Co. v. Hunting World*, 537 F.2d 4 (2d Cir. 1976), the court established four categories of trademarks. They are, in descending order of protectiveness:

- Arbitrary and Fanciful Marks
- Suggestive Marks
- Descriptive Marks
- Generic Marks

¹ A copy of the complete agreement can be found at www.wto.org.

² For purposes of convenience only, I will use the term “mark” to refer to a source designator that can be protected under US Federal Trademark Law. The term should be considered to include all types of protectable marks under US law, unless specifically noted to the contrary.

The court defined an arbitrary mark as “having no direct or indirect relationship to the product or service in question or any of its qualities or characteristics.” Examples of arbitrary marks include Ivory for soap; Hot Mail for free electronic mail. A fanciful mark is generally composed of made-up terms such as Kodak for film and Exxon for gasoline. The court defined a suggestive mark as “suggesting a feature or characteristic of the product or service for which it requires imagination, thought and perception to reach a conclusion as to the nature of the goods or services.” Examples of suggestive marks include Coppertone for suntan lotion. Arbitrary, fanciful and suggestive marks are considered inherently distinctive and do not require proof of their distinctiveness. Lawful use alone in connection with the good or service at issue is sufficient.

By contrast, descriptive marks cannot be protected unless they have “acquired” distinctiveness, generally through use or fame. The court in *Abercrombie* defined a descriptive mark as one that “forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods.” The determination of descriptiveness is based on the overall commercial impression of the mark. An example of a descriptive mark is “fast copies” for photocopying services.

A descriptive mark can be protected where it has developed secondary meaning. A key case before the United States Supreme Court, defined secondary meaning as demonstrating that “[I]n the minds of the public, the primary significance of a product feature or term is to identify the *source* of the product, rather than the product itself” (*Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851 n.11 (1982)). Such source identification occurs if a consumer recognizes that the product or service comes from some unknown producer. As noted above, secondary meaning is generally established through sales of goods bearing the mark, or advertisement or other evidence that the public has developed the necessary association between the mark and a source designating function.

By contrast, a generic mark, such as “thermos” in the United States for a vacuum packed bottle can never be protected because it is “considered the common descriptive term or genus of a good or service.”

Protecting the Public from Likely Confusion

The heart of international trademark law is the protection of the public from the harm caused by the likelihood of confusion of the public regarding the unauthorized use of a protected mark. Under TRIPS Article 16 the owner of a registered mark “shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.” Article 16 goes on to require that a likelihood of confusion must be

presumed in the case of the use of an identical sign for identical goods or services.

US trademark law similarly recognizes that the the protection of the public is at the heart of trademark protection. However, it does not limit protection to registered marks. The Lanham (Federal Trademark) Act prohibits the unauthorized use of “confusingly similar” marks by unauthorized third parties regardless of whether such marks are federally registered or not.. In order to recover for mark infringement, the owner must prove that the unauthorized use at issue “is likely to cause confusion or mistake or to deceive as to the source of origin or such goods and services.” As noted above, the mark does not have to be registered to be protected, although a federal registration provides prima facie proof of the registrant’s exclusive right to use the mark in interstate commerce in connection with the registered goods or services.

In order to determine likelihood of confusion, courts consider a variety of features, including:

- The similarity of sound, appearance and meanings between the marks:
- The similarity of the channels of trade and distribution between the marks;
- The similarity of the goods and services;
- The strength of the marks, including the prevalence of use of similar marks by other third parties;
- The quality of the goods or services;
- The mark’s reputation may be tarnished by such use;
- The good faith adoption of the second comer;
- The sophistication of the customers; and
- The existence of actual confusion arising from the unauthorized use of the mark.

The United States provides broad trademark protection and routinely prohibits the unauthorized use of an identical or similar trademark on related goods. Moreover, a determination of similarity of the goods is not limited to the goods defined in any federal registration. To the contrary, the court will consider the actual use of the mark in deciding whether a likelihood of confusion exists.

Civil and Criminal Remedies For Trademark Infringement

Part III of the TRIPS Agreement (Articles 41 through 61) contains detailed procedural and remedial requirements to assure that trademark owners receive adequate protection for their rights internationally. Specifically, Article 41 requires that enforcement procedures be available to permit “effective” enforcement, including “expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements.” Article 41 goes on to require “fair and equitable” procedures, which include, among others, unbiased judges, decisions on the merits, and an opportunity for judicial review.

Under TRIPS, trademark owners must be granted the right to seek civil relief for trademark infringement, including counterfeit trademarks. They must be granted the right to “prompt and effective provisional measures,” including seizures and temporary injunctions granted *inaudita altera parte* (without notice to the defendant). (TRIPS, Article 50). They must be granted “damages adequate to compensate for the injury the right holder has suffered,” along with costs, which may include “appropriate attorney’s fees.” In addition, infringing goods must be “disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder” and “without compensation of any sort.” Such disposal must include disposal of “materials and implements the predominant use of which has been in the creation of the infringing goods.” In lieu of disposal, the goods, materials and implements may be destroyed.

TRIPS also requires that effective border measures be in place to prevent the unauthorized importation of counterfeit trademark goods. (TRIPS, Articles 51 to 60) Finally, TRIPS requires that criminal penalties must be applied “at least in cases of willful trademark counterfeiting. Penalties must deterrent and include imprisonment, monetary penalties and “in appropriate cases” “seizure, forfeiture and destruction “of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offense.” (TRIPS, Article 61)

US Trademark law provides for a complete panoply of remedies for trademark infringement. In civil actions, successful trademark owners are entitled to monetary damages in the amount of the owner’s actual damages. Such actual damages include the plaintiff’s lost sales as well as the defendant’s profits so long as such profits have not already been taken into account as a result of calculating the plaintiff’s lost sales. Where the mark is a counterfeit, damage amounts are trebled. At the owner’s option, the court may order statutory damages for counterfeit marks, up to \$1,000,000 per counterfeit mark per type of goods sold. (15 U.S.C. § 1117)

In addition, successful mark owners are entitled to *ex parte* temporary injunctive relief and seizures of the infringing copies as well as all labels, signs, prints, packages, wrappers, receptacles and advertisements in the possession of

the defendant bearing the mark, and the means for making them. (15 U.S.C. §§1116, 1117) The court may also order preliminary and permanent injunctive relief, costs, reasonable attorney's fees (in exceptional cases) and the delivery and destruction of "all labels, signs, prints, packages, wrappers, receptacles and advertisements in the possession of the defendant, bearing the [mark]... and all plates, molds, matrices, and other means of making the same." (15 U.S.C. §1118).

In cases involving a registered trademark, the court may determine the right to registration as well as order the cancellation or restore the registration of the mark at issue. (15 U.S.C. §1119)

In addition, US law provides for criminal relief for "intentionally traffic[ing] or attempt[ing] to traffic" in goods or services and knowingly using a counterfeit mark on or in connection with such goods or services." (18 U.S.C. §2320). Penalties for first time offenders include fines of not more than \$2,000,000 if a person and not more than \$5,000,000 for corporations and the like and /or imprisonment for not more than ten years. Repeat offenders may be fined not more than \$5,000,000 and, if not an individual, not more than \$15,000 and imprisoned for a maximum period of 20 years.

The US also allows for customs officials to act both on the request of the party and ex officio to seize both counterfeit and infringing goods.

Protecting Famous Marks

Article 6bis of the Paris Convention for the Protection of Industrial Property requires that "well-known," often referred to as "famous" or "notorious," marks be protected regardless of whether such mark has been registered in the country in question. Such protection includes refusal or cancellation of the registration and prohibition of the use of a trademark "which constitutes a reproduction, an imitation or a translation" of a "well-known" mark and was used for "identical or similar goods." . These protections also apply "when the essential part of the mark constitutes a reproduction or any such well-known mark or an imitation liable to create confusion therewith."

Under Article 16 of TRIPS, protection of well-known marks under Article 6bis was extended to well-known service marks. TRIPS also requires that in deciding whether a trademark is well-known "members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge ...obtained as a result of the promotion of the trademark." (Article 16). Finally, Article 16 requires that the protection required under Article 6bis "shall apply ... to goods or services which are not similar to those in respect of which a trademark is registered, provided that use ... would indicate a connection" between the goods and services and the trademark owner and the "interests" of trademark owner "are likely to be damaged by such use."

The United States provides strong protection to famous marks, including protection against the unauthorized use of a famous mark regardless of whether such use leads to likelihood of confusion. The Federal Trademark Dilution Act (FTDA), which is codified as part of the Lanham (Federal Trademark) Act, protects famous marks against unauthorized uses in commerce of similar marks that “cause dilution of the distinctive quality of the mark.” (15 U.S.C. §1125(c)) Dilution is defined by statute as “the lessening of the capacity of a famous mark to identify or distinguish goods or services.” Courts are currently split over whether actual dilution or simply a likelihood of dilution must exist for relief under the statute. Unlike trademark infringement, relief under the FTDA does not require any finding of likelihood of confusion between the two marks at issue.

In order to determine whether a mark qualifies as “famous,” the FTDA establishes eight non-exclusive factors which courts should consider, including:

- The degree of inherent or acquired distinctiveness of the mark;
- The duration and extent of use of the mark in connection with the goods or services with the mark is used;
- The duration and extent of advertising and publicity of the mark;
- The geographical extent of the trading area in which the mark is used;
- The channels of trade for the goods or services with which the mark is used;
- The degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owner and the person against whom relief is sought;
- The nature and extent of use of the same or similar marks by third parties;
- Whether the mark is federally registered on the Principle Register.

(15 U.S.C. §1125(c)(1)) The statute excepts fair and non-commercial uses of a mark, as well as all forms of news reporting and news commentary, from its prohibitions.

Relief for trademark dilution is limited to injunctive relief, except in instances of a “willful intent to trade on the owner’s reputation or to cause dilution” in which case actual damages, attorney’s fees, costs and destruction of the infringing articles and any means for making the same may be seized and destroyed.

The Federal Trademark Dilution Act has been used frequently in order to obtain relief against unauthorized uses of trademarks and domain names on the Internet. Thus, for example, in an early decision, *Panavision v. Toeppen* 141 F. 3d 1316 (9th Cir. 1998), the court used the Federal Trademark Dilution Act to

prohibit the unauthorized reservation of a domain name containing plaintiff's famous mark. The defendant had registered trademarks on the Internet as Domain Names and then attempted to extort money from companies like the plaintiff who owned the mark. The court held that under the "effects doctrine," the court had personal jurisdiction in California over defendant's activities. The court recognized the defendant's scheme to register already established trademark names in an attempt to solicit money from the rightful trademark owner qualified as an unauthorized use in commerce for which relief was available under US law.

Anti-Cybersquatting Consumer Protection Act (ACPA)

The growth of the Internet has led to increasing challenges to the unauthorized use of well-known marks as part of a domain name or otherwise. In the United States, mark owners had been relatively successful in using the Federal Trademark Dilution Act to combat the activities of cyber-piracy. Nevertheless, the unique nature of domain names continued to pose problems for mark owners. Consequently, in 1999 the Anti-Cybersquatting Consumer Protection Act was enacted to allow rightful mark owners to bring a suit against the bad faith registration, trafficking or use of infringing domain names. Under the ACPA, trademark owners may now bring an action against a person who, with a bad faith intent to profit, registers, uses or traffics in a domain name that (1). is identical or confusingly similar to a mark that was distinctive when the domain name was registered; or (2). is identical or confusingly similar to or dilutive of a mark that was famous when the domain name was registered. The statute specifies a variety of non-exclusive factors that should be considered in determining whether the plaintiff acted in bad faith. These factors include:

- IP rights of the person in the domain name;
- Whether the domain name is the name of a person;
- Proof of a prior bona fide use;
- Noncommercial and fair use of a mark in the site by the person;
- The person's intent to divert consumers from the mark's original owner;
- The person's offer to sell the domain name to the mark owner;
- The person's provision of material or misleading contact information;
- The person's registration or acquisition of a multitude of similar or identical domain names;
- The extent of the mark's fame and distinctiveness.

No bad faith intent can be found where the court determines that the person "believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise legal." (15 U.S.C. §1125(d)(1)(B)(ii))

To assure that mark owners will be able to obtain jurisdiction over cybersquatters the ACPA provides for in rem jurisdiction in the judicial district in which the domain name authority that registered or assigned the Domain Name is located. Remedies available under the ACPA include actual damages, statutory damages up to \$100,000 per domain name, injunctive relief and forfeiture, cancellation or transfer of the domain name to the mark owner. Remedies in an *in rem* proceeding are limited to the forfeiture, cancellation or transfer of the domain name to the mark owner.

Many US mark owners also take advantage of the Uniform Dispute Resolution Procedures (UDRP) set out by ICANN (the Internet Corporation for Assigned Names and Numbers).³

³ For a copy of ICANN's Uniform Dispute Resolution Procedure, see www.icann.org