

THE C & D NEWSLETTER



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A LAW CORPORATION

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TRADEMARKS AND SERVICEMARKS

This Newsletter shall discuss the procedure under California and Federal law for protecting trademarks and servicemarks, the protection afforded by registering a trademark or servicemark, and how a trademark or servicemark is maintained or abandoned.

Definitions. A "trademark" is any word, name, symbol or device, or combination of these items, used by a manufacturer to identify his goods, and distinguish them from those manufactured or sold by others. A "servicemark" is used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others.

Federal Protection. Trademarks and servicemarks are protected under federal law by registering the mark with the United States Patent and Trademark Office ("PTO"). Prior to the Trademark Law Revision Act of 1988, effective November 16, 1989, a trademark or servicemark was required to have been "used in commerce" prior to filing a trademark application. However, under the Trademark Law Revision Act of 1988, an applicant with a "bona fide intention to use" a mark may file an application without having actually used the mark in commerce. Registration will occur, however, only after the applicant actually uses the mark in commerce.

A mark may be registered on the Principal Register of the PTO if it is used in interstate commerce, distinguishes the goods of the user from goods of others, and does not fall within any of the following categories:

- (a) Immoral, deceptive or scandalous matter or matter that may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute;
- (b) The flag or coat of arms or other insignia of the United States, or of any state or municipality, or of any foreign nation, or any simulation of these items;
- (c) A name, portrait or signature identifying a particular living individual except with his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, except with the widow's written consent;
- (d) A mark which so resembles a mark already registered that it is likely, when applied to the goods of the applicant, to cause confusion, mistake or deception;
- (e) A mark which is merely a description or a misdescription of goods, a primarily geographical description or deceptive geographical misdescription of goods or primarily a surname. However, a mark within this category may still be entitled to registration if it has become distinctive of the applicant's goods in commerce by substantially exclusive and continuous use of the mark in commerce for the five years preceding the application filing date.

Trademarks or servicemarks which are not qualified for registration on the Principal Register but which are still capable of distinguishing the applicant's goods and which have been in lawful use in commerce for at least one year, may be registered on the Supplemental Register.

The trademark application consists of a written application, a drawing of the mark, five specimens of the mark and a filing fee of \$175.00. If the PTO determines that the mark is not entitled to registration for any reason, the applicant is notified and given 6 months to respond. Failure to respond within 6 months results in automatic abandonment of the application. If it appears that the mark is entitled to be registered, the mark is published in the Official Gazette of the PTO. Any person who believes that he would be damaged by registration of the mark may oppose the application within 30 days after the mark is published. If the basis for opposition is the similarity of the mark to another mark, the opposer must only establish the likelihood of confusion between his mark and that of the applicant. When an opposition is filed, there is a hearing before the Trademark Trial and Appeal Board.

Registration of a mark on the Principal Register is prima facie evidence of the validity of the registration, the registrant's ownership of the mark, the exclusive right to use the mark in commerce in connection with the goods or services; and is constructive notice of the registrant's claim of ownership of the mark. The registrant of a mark may sue any person, in a civil action, who uses in commerce any reproduction or copy of the mark in connection with the sale of any goods or services. The remedies for infringement of a mark are injunction against future use, monetary damages, attorneys' fees, destruction of infringing goods and the right to prevent the importation of goods with the infringing mark.

Registration of a mark on the Supplemental Register does not constitute constructive notice or prima facie evidence and does not give the registrant the right to prevent importation of goods with the infringing mark, but does give the right to sue in court.

Federal trademark or servicemark protection is effective for a period of 10 years. However, the registrant must file, between the fifth and sixth years, an affidavit showing the mark remains in use in commerce on particular goods and must provide specimens evidencing such use. Failure to file the affidavit will result in cancellation of the registration at the end of the sixth year. Registration of a mark may be renewed for successive periods of 10 years provided the mark is still in use. A mark is considered abandoned when its use has been discontinued with the intent not to resume its use. Intent not to use is inferred from the circumstances, but nonuse for two consecutive years is prima facie evidence of nonuse. A mark is also deemed abandoned when the course of conduct of the registrant causes the mark to lose its significance as an indication of origin.

A registrant of a mark registered in the PTO may give notice that the mark is registered by displaying with the mark the words "Registered in U.S. Patent and Trademark Office", or "Reg. U.S. Pat. & Tm. Off" or the letter R enclosed within a circle. Use of such notice before the actual issuance of a certificate of registration of the mark is improper and may be the basis for refusal of registration.

California Protection. California trademark law is designed to protect trademarks and servicemarks used in California, and is administered by the Secretary of State. The requirements for registration are similar to the requirements for federal registration. The procedure for filing a California trademark or servicemark application is simple. The application consists of a written application, five specimens of the mark, and a filing fee of \$50.00. There is no publication requirement, no opposition procedure, no requirement for filing an affidavit of use after five years. California trademarks are effective for a term of 10 years, and may be renewed for a successive 10 year term. Registration is prima facie evidence of ownership of the mark. Under California law, the remedies for trademark infringement include an injunction against infringement, destruction of all counterfeit marks, civil damages in an amount up to three times the infringer's profits from and up to three times the damages suffered by reason of the use of the mark, and criminal sanctions for forgery or improper use.

Trademark and Servicemark Searches. It is often desirable to conduct a trademark search in order to prevent filing a trademark or servicemark application for a mark already registered by another company. There are several private companies which specialize in investigating trademarks. These companies will search for potentially similar trademarks by examining pending, active and inactive federal trademarks, all registered state trademarks, trade directories and other sources. If desired, the trademark search can include international trademark registrations. Trademark searching is an art not a science, and even a clean trademark search is not a guarantee that a proposed trademark will be accepted. The search generally takes about two weeks and the fee is about \$250 per name.

A common misconception is that the clearance of a new corporate name with the Secretary of State's Office is a guarantee that the corporate name can be used as a trademark. However, the Secretary of State's clearance of a corporate name only indicates that no other corporation in that state is using the name or a confusingly similar name, and does not indicate if the corporate name infringes upon the name of an incorporated business in another state, the name of an unincorporated business in the same state, or another state, or upon a federal or state registered trademark.

Conclusion. Trademarks and servicemarks are important assets of a company. Before selecting new trademark or servicemark and investing time and money to promote the mark, a company is well advised to conduct a search to determine if the mark will infringe upon the mark of another company. Once it is determined from the search that the probability of any infringement upon another mark is sufficiently low, the company should protect the proposed mark by registering the mark.

This complimentary newsletter is intended to provide general information. Because of the complexities and constant changes in the law, it is important to seek professional advice before acting on any of the matters covered herein.