

Educating Businesspeople About the Importance of Trademark Rights

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Whether managing a trademark portfolio in-house or litigating trademark disputes in a private setting, trademark professionals routinely interact with businesspeople as clients and colleagues. These businesspeople may have little understanding of what a trademark is. Constantly surrounded by trademark issues, trademark professionals can perhaps incorrectly assume that businesspeople appreciate and understand the importance of trademark rights simply as a result of daily exposure to trademarks in the marketplace.

Even though most consumers have some sense of the “source-indicating” significance of trademarks, having made brand-influenced purchasing decisions themselves, they may never have had cause to consider the actual importance and value of trademark rights. Successful, productive working relationships between trademark professionals and businesspeople require that the businesspeople understand the importance of trademark rights, both overall and in the context of adoption, use and enforcement of a mark.

A World Without Trademarks

A good exercise for appreciating the value of anything is to imagine the impact created by its absence. The same holds true for conveying the importance of trademark rights to businesspeople. A world without trademark rights is a world without trademarks, the goodwill trademarks represent and the source-indicating significance trademarks convey.

Imagine a dark marketplace where consumers blindly purchase goods in same-shaped packaging—a world where competitive products cannot be distinguished by looking at the packaging and competitive services are not readily distinguishable by means of the advertising for them. Businesses would have no way to reliably distinguish their goods and/or services as emanating from a single source and, arguably, would have less incentive to build and maintain reputations based on high-quality and reliable products and services. Consumers would make purchasing decisions without the benefit of their past experience and knowledge of the source. As this exercise shows, trademarks and trademark rights allow businesses to build goodwill and, in turn, significantly improve marketplace efficiency.

Examples of Enforcement

Real-world examples of enforcement of trademark rights also make effective teaching tools for illustrating the importance of trademark rights. For example, Adidas’s US \$305 million jury verdict—later reduced to \$65 million and now under appeal—in 2008 for Payless Shoes’ infringement of the three-stripe logo is strong quantitative evidence of the overall importance of trademark rights, even though such awards are not typical. While injunctive relief, sometimes coupled with substantially less significant money damages, is a much more common remedy for trademark infringement, it too evidences the power of a trademark. For example, a U.S. court of appeals recently affirmed a preliminary injunction enjoining the use of MUSCLE POWER in connection with the selling and advertising of a nutritional supplement that was already on the market, based on another firm’s senior rights to the MUSCLE MILK trademark.

Even a small-business owner or manager of a minor product line can appreciate the significance of stopping a competitor from confusing the public as to the source of its goods as a means for improving sales. With both the theoretical and the actual importance of trademarks as a backdrop, businesspeople can better appreciate the significance of properly selecting and using trademarks that yield strong and enforceable trademark rights.

Establishing Important Trademark Rights

Establishing trademark rights starts with the selection of a trademark, and selection of a trademark starts with brainstorming—typically brainstorming by businesspeople. After such businesspeople come up with several potential trademarks, the marks are assessed in light of various marketing and legal considerations, and a decision is made as to which one to adopt. At this early point, an understanding of the concept of distinctiveness is essential to selecting an effective mark that can yield strong trademark rights.

To start, a businessperson needs to understand that without distinctiveness there is no trademark. The more distinctive the trademark, the greater the strength of the trademark and, in theory, the stronger and more expansive the trademark rights associated with it. Accordingly, when brainstorming and selecting a trademark, the businessperson should strive for a distinctive mark. Trademark distinctiveness has two components: the relationship between the trademark and the goods and/or services with which it is used, and the relationship between the trademark and other marks in the marketplace that are used for similar goods and/or services.

Inherent distinctiveness is a function of the relationship between the trademark and the goods or services for which the mark is used. Levels of distinctiveness include generic (incapable of becoming distinctive), descriptive (capable of becoming distinctive through use), suggestive and arbitrary/fanciful, but the underlying concept is that the more unrelated the meaning of the word or design is to the good or service that will be provided in connection with the mark, the more distinctive the trademark and the more likely the trademark is to garner the attention of a consumer.

Again, examples are a good way to illustrate the concept for busi-

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nesspeople: PAPER used in connection with printing paper would be at one end of the distinctiveness spectrum, whereas PAPER used in connection with automobiles would be at the other end. PAPER used in connection with printing paper makes no impact, but PAPER used as a trademark in connection with an automobile is surprising and commands attention.

Analogies are also effective. Consider attaching a bright light to an item that is already emitting light, as opposed to attaching a bright light to an item that is typically dark and dull. The light attached to the already bright item may go unnoticed, whereas the light attached to the typically dark and dull item will get attention. The goal is to adopt a mark that stands out and creates a memorable impression on consumers.

Once a businessperson understands the concept of trademark distinctiveness in the context of the relationship between a trademark and goods and/or services and the impact of distinctiveness on inherent strength and trademark rights, the same concept also explains the impact that other marks in the marketplace have on trademark rights and the important role that effective trademark searching plays in the selection of a trademark and development of trademark rights. For example, even if a proposed trademark is inherently distinctive and completely unrelated to the goods or services with which it will be used, the proposed mark is not actually distinctive if a competitor is already using a confusingly similar mark in the marketplace.

To illustrate this point, have the businessperson consider a collection of like goods on a sales rack in a dark store. A bright light attached to one of the products significantly distinguishes it from the others, but bright lights on several of the products diminish the effect. Not only do similar marks preexisting in the marketplace prevent a new trademark from attaining source-indicating significance, but placing the new trademark in the marketplace can damage the effectiveness of the preexisting similar marks and fuel allegations of trademark infringement and possibly a lawsuit.

Preserving and Strengthening Important Trademark Rights

Trademark rights are not static. Once trademarks have been established, their owners must use them properly and assert the associated trademark rights to preserve trademark distinctiveness and strengthen those important rights. Businesspeople who understand the importance of properly using trademarks and policing unauthorized use of trademarks have additional insight into trademark rights and can be valuable allies to trademark professionals and trademark owners alike.

Improperly used trademarks lose distinctiveness and cease to create an association between a good or service and its source. Returning to the bright light analogy, consumers will not associate the bright light with the product if the light is affixed to the product on some days, the light is affixed to the floor on others and the light is left off altogether on still others. Businesspeople need to understand that trademarks must be used as trademarks to preserve their source-signifying power.

Properly using a trademark entails consistently using the mark as an adjective, in a way that stands out, and with notice that the mark is, in fact, a trademark. Using the goal of distinctiveness as a guide, it is easy to explain the importance of these rules of proper trademark use to businesspeople. If a trademark is used as a noun and becomes the generic name for a product, regardless of the actual source of that product, it ceases to be distinctive, removing the as-

sociation between the trademark and a particular source.

Similarly, if a trademark is used in such a way that it does not stand out from surrounding wording in such a manner that it is perceived as a trademark, the trademark is not distinctive, it will not be noticed by consumers and consumers will not associate it with a source. Have the businessperson consider a product with a barely perceptible dim light affixed to it. If a consumer does not notice the mark, it certainly is not distinctive and will not yield strong trademark rights.

Just as with improperly used trademarks, others' use of confusingly similar marks will likewise erode trademark distinctiveness, potentially to the point where the trademark ceases to create an association between a good or service and its source. Using the bright light analogy, others' use of similar bright lights in connection with similar products detracts from the single bright light and softens its impact. Businesspeople need to understand that not only is it possible to diminish trademark rights through misuse of one's own mark, but allowing others to use confusingly similar marks in the marketplace has a similar damaging effect. With other, similar marks in the marketplace, the original trademark loses distinctiveness. As distinctiveness erodes, trademark rights erode and it becomes more difficult to assert trademark rights against confusingly similar marks—a vicious cycle, to say the least.

Working relationships between trademark professionals and businesspeople can only improve with a common appreciation for the importance of trademark rights. Make allies of businesspeople colleagues by taking the time to illuminate the importance of trademark rights early in your relationship.

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