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TRADEMARK APPLICATION & REGISTRATION

LITIGATING TRADEMARK CASES

I. Basic Principles Of Trademark Law

A. The Nature Of Trademarks

A trademark may include any word, name, symbol, or any combination thereof (1) used by a person or (2) which a person has a bona fide intention to use in commerce to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others to indicate the source of the goods, even if that source is unknown. Although most people are familiar with trademarks in the form of words (e.g., FORD, APPLE), trademarks may also be in the form of numbers (e.g., 747), visual representations (e.g., a polo player astride a horse) or even such non-conventional items as the size and shape of an orange juice squeezer and the arrangement and cube colours of Rubik's Cube. These different kinds of trademarks all have in common that they function as identifiers of origin, sponsorship, association and the like.

Not all trademarks are entitled to the same scope of legal protection. There are four categories of trademark protection, each with its own degree of protection against infringement. In descending order of strength (1) arbitrary or fanciful, (2) suggestive (3) descriptive and (4) generic. Those trademarks which are (1) arbitrary or (2) suggestive with respect to the goods on which they are used (e.g., do not "merely" describe such goods or their characteristics) are entitled to exclusive appropriation upon first adoption. Those which may be classified as (3) "descriptive" to be protect must first have obtained secondary meaning in the minds of the purchasing public: that is, they must be identified with a source of origin, albeit anonymous. A (4) "generic" mark refers to the genus of which the particular product is a species and is not protected under any circumstance.

Examples of the foregoing categories abound. An arbitrary trademark is one which conveys no information (other than source identification) about the product on which it is used. An arbitrary trademark may be a coined word like EXXON or POLAROID, or it may be a mark which would be generic or descriptive as applied to some products but is arbitrary as to others. For example, no one could obtain exclusive appropriation for the word "arrow" as applied to arrows, but the trademark ARROW is totally arbitrary as applied to shirts.

Suggestive trademarks are those which in some sense suggest a characteristic of the product, but do so in a way as to not be "merely" descriptive, and to require, for example, some imagination or mental acrobatics to identify the suggestion. See, for example, the trademark GUNG-HO for a toy marine action figure; MONEY STORE for lending and financial services; or THE COMIC STRIP for comedy nightclubs.

Descriptive marks are those which simply "merely," describe the product or its functions, e.g., APPLE PIE for apple-scented potpourri; FAST FORM for multisheet business; or PARROT JUNGLE for a Florida tourist attraction featuring parrots in a jungle-like setting. Such descriptive terms do not qualify for protection absent a finding of secondary meaning.

B. Selection Of Trademarks

Arbitrary or suggestive trademarks are, a great deal easier to protect than marks which are descriptive. This realization should be factored into the decision of selecting trademarks in the first instance via a trademark search. There are services which conduct searches of the records of the Canadian intellectual Property Office (CIPO) and the United States Patent and Trademark Office (USPTO) and records of trade name listings, telephone directories, etc.

C. Acquisition Of Trademark Rights

An applicant can federally register a trademark based on an "intent" to use, or an actual use of, the mark. Thus, as a broad and general proposition, the first adopter of a trademark (either the first to actually use an arbitrary mark, or the first to have acquired secondary meaning in a descriptive mark) was the owner. The application must state that there is use or a "bona fide" intention to use the mark in commerce for identified products or services. The "intent-to-use" application then undergoes an examination process and, upon a successful review, is passed to publication in a trademark magazine, just as an application based on actual use is. Third parties then have the opportunity to file a Notice of Opposition to the published "intent-to-use" or actual use applications within 30 days in the USA and 60 days in Canada of publication or within the extended period permitted by statute. No registration will be issued on an intent-to-use application until use is actually made of the trademark, which must be within 6 to 30 months after the application depending on whether an extension of time has been requested or granted.

D. Protection of Trademarks

Trademarks were originally protected, and remain protected, under the common law. Such protection is available to trademarks independent of, and irrespective of, federal registration which might be obtained for the mark. However, the most popularly utilized form of trademark protection is that which is available under the Trademark Act. An applicant for a trademark registration with the CIPO and the USPTO must submit a drawing of the mark, and must fulfill certain statutory requirements. Principal among these are that the applicant is the owner of the mark; that the mark does not fall into certain unregistrable categories (e.g., immoral, deceptive or scandalous material, the flag of any country, and the like); that the mark does not resemble so closely another mark already registered that its use is likely to cause confusion; and that the mark is not merely descriptive without no acquired secondary meaning.

E. Benefits of Federal Registration

Federal registration confers important advantages in the trademark litigation context. A federal trademark registration is prima facie evidence of the validity of the registration, of the registrant's ownership of the of the mark and of the registrant's exclusive right to use the mark in commerce in connection with the goods specified in the certificate. Once a trademark is registered, the Federal and provincial courts have jurisdiction to hear any claim for trademark infringement, but protection under the Trademark Act is not dependent on registration. Section 7 of the Canadian Trademark Act and section 43(a) of the United States Trademark Act (Lanham Act), prohibits the use in commerce of any false designation of origin or false or misleading description or representation.

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II. Proving Trademark Validity

The requirements for proving trademark validity is straightforward. Essentially, the plaintiff must prove that he was the first user (or in some cases the first to acquire secondary meaning) and that the trademark is in that category of marks which is deemed protected. However, in practice, the validity portion of a trademark trial is not so simple.

Proof of first use of a trademark is usually accomplished by reliance on purchase orders, invoices and the like, accompanied, if possible, by direct testimony of a representative of the trademark owner who was personally familiar with the first sale of goods under the mark. Here, a federal registration may be helpful because the specimens submitted with the application prove that the mark was used at least as of the filing date of the application.

In the case of a mark which has been used for some time, trade evidence, e.g., catalogues, publicity in the trade press and the like will often be crucial in proving first use. Of course, direct testimony of customers, retailers, and indeed anybody else who was familiar with the early use of the mark is probative on this issue.

As discussed above, it is only unregistered descriptive trademarks (and "non-traditional" marks, like visual representations, collocations of design features and the like) which technically require secondary meaning to be protected. However, in almost all cases, the prudent lawyer will seek to demonstrate that even his arbitrary mark has achieved public recognition akin to secondary meaning. The reasons for this are as follows: (1) if there is any question that the mark may require proof of its secondary meaning, the practitioner would be foolhardy not to introduce such evidence; (2) the more that a mark (registered or not) can be shown to be famous, well-known and an important business asset of the plaintiff's, the more likely a court will be to find that the use of the same or similar mark by the defendant will be injurious to the plaintiff; and (3) as will be discussed below, one of the elements that a court will look to in determining likelihood of confusion is the "strength" of the mark; and evidence of trademark "strength" is the same as evidence which goes to prove secondary meaning.

Proof of secondary meaning may either be made directly or by inference. Direct evidence of secondary meaning may take the form of consumer response surveys. These surveys seek (through the use of hopefully sound statistical techniques) to measure actual response and to determine whether or not a particular trademark has achieved recognition. Without going into the details of the techniques of consumer response surveys, it is worthy of note that several years ago, courts were reluctant even to admit surveys into evidence. Since then, courts have differed in their approach to, and interest in, often technically cumbersome survey evidence. Although survey evidence is but one of several factors to be considered in determining the existence of secondary meaning, there are, however, courts which will use the absence of survey evidence as a negative inference on the issue of secondary meaning, at least where the plaintiff is a financially viable company, able to absorb the large cost of conducting a survey.

Secondary meaning can be inferentially proved by evidence of long use, extensive sales, widespread advertising and the like, but these elements do not automatically mean that secondary meaning is present. The following are examples of the kinds of proof which should be offered where available:

1. Evidence as to length and exclusivity of plaintiff's use of the mark;
2. Evidence as to sales success;
3. Evidence as to advertising expenses and evidence from Standard Rate and Data or other sources as to the circulation and probable readership figures of the publications in which the client's mark is advertised, coupled with a discussion of the characteristics of the relevant audience;
4. Evidence of advertisements run by customers showing products bearing the mark, etc.;
5. Attempts by the defendant and others to plagiarize the mark, and;
6. Editorial comment on the mark -- that is, not merely advertisements paid for by the plaintiff, but unsolicited (and unpaid for) editorial comment with respect to the mark, showing that others know the mark.

The best evidence of secondary meaning may be called "impact" evidence, that is, not merely evidence (like advertisements) which indicates an intention on the part of the trademark owner to generate secondary meaning, but rather evidence (like editorial comment, etc.) showing that customers, members of the trade and the like actually do recognize the mark, i.e., that the mark has acquired a secondary meaning. Finally, to the extent that secondary meaning evidence can take physical form (i.e., samples of advertisements and not merely schedules of advertising expenses), the same will likely hold the interest of a judge and make a more effective point.

III. Likelihood Of Confusion

A. <u>In General</u>

Once a trademark owner has demonstrated that he owns a valid and protectible mark, the next and most important element in an action for trademark infringement is proof of likelihood of confusion. Whether an action for trademark infringement is brought under the common law, or the statutes pertaining to registered trademarks, a successful plaintiff must always prove that the defendant's activities are likely to cause confusion, mistake or deception.

B. <u>Elements Of Likelihood of Confusion</u>

The test for likelihood of confusion involves a balancing of several factors in light of the particular facts of each case, with no single factor being determinative. The majority of courts have formulated a test for determining likelihood of confusion, based upon the balancing of several factors:

(a) the degree of similarity between the designation and the trademark or trade name in
    (i) visual appearance;
    (ii) pronunciation of the words used;
    (iii) verbal translation of the picture or designs involved;
    (iv) suggestion or meaning;
(b) the intent of the actor in adopting the designation;
(c) the relation in use and manner of marketing between the goods and services marketed by the other;
(d) the degree of care likely to be exercised by purchasers.