



Trademark Protection Problems

ALTHOUGH TRADEMARKS ARE CONSIDERED INTELLECTUAL property along with patents and copyrights, the focus of the law respecting trademarks is different. While the law of patents and copyrights protects the rights of the creator — the inventor or the author, respectively — in the invention or fixed work, the law of trademarks protects the public from confusion as to the source of the goods or services associated with the trademark.

The exception to this rule lies in dilution law, which focuses directly on the trademark and whether unauthorized use of the same or similar mark impairs the mark's distinctiveness or harms the mark's reputation. However, the federal Trademark Dilution Revision Act, which became law last fall, makes clear that only famous marks are entitled to federal dilution protection, and a famous mark is one "widely recognized by the general consuming public of the United States as a designation of source of the goods or services." Niche or regional fame is not enough.

This difference in treatment of famous trademarks and other trademarks results in misunderstanding of trademark law by many business owners and executives. They observe the power and value of a famous mark and often mistakenly

believe they can acquire similar rights immediately by federally registering their trademarks.

Registration alone, however, is not enough. To prevent others from using the same or similar mark, the mark owner must be able to show confusion in the marketplace. A restaurant owner, for example, may have a federal registration for the name of its restaurant and may have attained tremendous success and even several locations within a certain region of the country. However, outside that region, the restaurant may be essentially unknown by folks who have not eaten at the restaurant

in their travels. Federal registration for the trade name of the restaurant does not entitle the restaurant owner to successfully prevent others from using the trade name in other regions of the country.

While the registration does provide the registrant "superior priority" that extends nationwide, "there is no likely confusion for a court to enjoin unless and until the senior user shows a likelihood of entry into the junior user's trade territory," as the 4th U.S. Circuit Court of Appeals noted in *What-A-Burger of Virginia Inc. v. Whataburger Inc. of Corpus Christi, Texas* (2004). The 5th U.S. Circuit Court of Appeals has applied this rule at least since its 1959 decision in *John R. Thompson Co. v. Holloway*.

Nevertheless, the subject continues to give rise to cease-and-desist letters, and it continues to be litigated. Whether there is likelihood of confusion in the marketplace, however, will continue to be an issue. A trademark registration does not entitle the registration owner to enjoin, or to recover alleged damages for, use of even an identical mark where no public confusion is likely to occur.

Business owners may understand what constitutes confusion in the marketplace itself. Channels of trade are significant, and the law considers that sophisticated consumers are not as easily confused as unsophisticated consumers. A business owner may lack credibility when arguing that he is confused by the similarity of a competitor's mark with that of another competitor or that of a supplier, unless he can show that actual purchasers or consumers are confused or likely to be confused.

GIVING NOTICE

Business owners also sometimes have misconceptions about what is needed to federally register a trademark. For federal registration, the trade name or mark must actually be used as a trademark, that is, in association with the sale of goods or services. A business name that identifies the company but that is not directly used in identifying particular goods the company sells or services the company offers does not qualify for federal trademark protection.

Further, the sale must be in interstate commerce, occurring across boundary lines between two states or between a state and a foreign coun-

SOURCE OF CONFUSION

- THE LAW OF TRADEMARKS PROTECTS THE PUBLIC FROM CONFUSION AS TO THE SOURCE OF THE GOODS OR SERVICES ASSOCIATED WITH THE TRADEMARK.
- TRADEMARK DILUTION MAKES CLEAR THAT ONLY FAMOUS MARKS ARE ENTITLED TO FEDERAL DILUTION PROTECTION, AND REGIONAL OR NICHE FAME IS NOT ENOUGH.
- FOR REGISTRATION, THE TRADE NAME OR MARK MUST BE USED IN ASSOCIATION WITH THE SALE OF GOODS OR SERVICES.
- PERIODIC TRADEMARK AUDITS CAN REVEAL INCORRECT USE OF TRADEMARKS IN ADVERTISING.

try. Having an informational Web site on the Internet is not enough to qualify as doing business in interstate commerce, although a Web site allowing purchases directly from the site might be.

The Internet has enhanced client interest in obtaining federal registration for trademarks. The Internet has also made it easier to police marks and to copy them. Like a lock on a door, protection should start with providing notice of the trademark. The symbols TM and [®], which the law provides for this purpose, are well known. However, even sophisticated clients sometimes fail to mark their trademarks with a TM symbol as soon as they begin using a mark or improperly use an [®] symbol before the U.S. Patent and

Trademark Office has issued a registration for the mark.

Often businesses — and sometimes even lawyers who are not trademark lawyers — use trademarks in advertisements or other text incorrectly as nouns or verbs instead of correctly as adjectives followed by a noun. These situations are common areas for review in a trademark audit, which should occur periodically.

In any case, executives need to understand that they get the most rights in their businesses' trademarks by simply using the marks in making sales and growing their businesses. Their efforts and monies are best spent with this in mind. ELA

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