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Top Five Trademark Mistakes by Business Owners

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A trademark is a word, group of words, design, or symbol used to identify a particular product. One of the benefits of obtaining federal trademark registration is that it provides the owner with the presumptive right to use the trademark nationwide on or in connection with the goods or services listed in the registration. Trademarks are important assets to business owners because they distinguish one seller's product from the products of others and create valuable goodwill for the business.

Trademark protection is becoming increasingly important as more business owners use the internet to conduct business operations. In one famous example, the activist group People for the Ethical Treatment of Animals obtained federal trademark registration for the acronym PETA and conducted its business at the domain name of www.peta.com. However, the activist group did not register the domain names of peta.org, peta.net, or peta.biz. Later, a private individual registered the domain name peta.org for his own group, People Eating Tasty Animals. Failing to see the humor in the individual's use of the PETA acronym and concerned that the information contained on peta.org would harm the activist group's reputation and divert business from the activist group, the activist group filed a lawsuit against the individual seeking to enforce its federal trademark rights. A federal court held that the individual was liable for trademark infringement since the activist group maintained a valid, federally registered trademark for the acronym PETA.

Unfortunately, many business owners fail to adequately protect their trademark rights and make the following common trademark mistakes:

1. Assuming that registering a business name is the same as registering a trademark.

The Pennsylvania Department of State prohibits business entities such as corporations and limited liability companies from assuming any name that is the same as (or similar to) the name of any other Pennsylvania business entity. Therefore, business formation usually involves the business owner or attorney performing a "name availability search" of the Department of State database. A name availability search is not the same as a trademark search. Approval of business formation documents by the Department of State does not afford the business owner the exclusive right to use the business name.

2. Assuming that owning a domain name means that the business owns the trademark.

Domain names are generally available on a first-come, first-served basis to individuals developing websites. Domain names used to indicate a source of goods may be registered as a trademark (e.g.BARNESANDNOBLE.COM for online retail bookstore services). However, merely registering the business name as a domain name does not mean that the business owner has acquired any trademark rights in the business name or possesses the exclusive right to use the business name.

3. Assuming that creating the term means that the business owns the exclusive right to use the term.

Unlike legal copyright protection which exists the moment the work is created and fixed in a tangible form, common law trademark protection does not begin until the trademark is used in connection with goods and

services. Federal trademark protection does not begin until the trademark is successfully registered with the United States Patent and Trademark Office.

4. Selecting a trademark that describes the product to consumers.

Marketing firms may encourage business owners to select a brand name that immediately conveys the product's function or features in order to quickly build brand awareness among consumers. However, the more descriptive the brand name, the weaker the legal trademark rights. Trademarks that are fanciful (e.g. PEPSI for beverages) or are arbitrary and bear no relation to the products (e.g.APPLE for computer products) have the broadest scope of protection under the law. Descriptive trademarks (e.g. ULTIMATE BIKE RACK for bike racks) have the narrowest scope of protection under the law. It is noteworthy that generic trademarks (e.g. LITE for a low-calorie beer) will not be awarded any level of legal trademark protection. When starting a new business or product line, before investing resources to develop a new brand name, business owners should consult an attorney familiar with trademarks.

5. Assuming trademarks cover all goods and services.

One of the greatest benefits a trademark attorney can provide is assisting business owners with reviewing the current and planned operations of the business and then selecting the appropriate type of trademark application, application filing class, and scope of services. Even after a business owner obtains a federal trademark, the owner's legal trademark rights will be limited to those goods or services that are actually used in connection with the mark. For example, even though a company owns the federal trademark GREEN PARROT for beer, it is not trademark infringement if another company uses the name GREEN PARROT for watches. While there are some alternative remedies available to this rule for famous companies (e.g. Coca-Cola), most companies will not be able to enforce their legal trademark rights outside of the scope of goods and services they actually provide.

If you are interested in more information about registering a trademark to protect the goodwill of your business, please contact us at 814-459-2800.

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