

Eight Essential Things a Business Owner Must Know
before
Naming their Company, their Products, and their Services

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As a business owner, it is imperative that you know some trademark basics. Trademarks are relatively cheap, add significant value to your business, help establish your business identity, and shape your corporate culture. Registering a trademark is a normal and expected part of growing a business. There are some things you have to understand before picking your mark.

What is a trademark?

- A trademark is a logo, name, word, phrase, product packaging, design, or any sort of symbol that represents your company as the source of the product or service the consumer is buying.
- In a customer's eye, your trademark is more than just a name. It is your business's reputation, its quality, its consistency, all the past service the customer has had with your business. In a sense, it defines the experience a customer has had and will have with you.



How is a trademark different from a copyright?

- A trademark prevents confusion in the marketplace. It is intended to prevent companies from picking similar names or logos, so that consumers can tell the difference between two companies. A trademark helps them do this, because it tells them that one product came from one business while another product came from a different business. Copyright has another function: it protects original works of authorship. Copyright protects the content of books, drawings, pieces of art, movies, and more.
- If you go to see the movie *Avatar*, the script the actors read from is protected by copyright. Copyright prevents anyone from recording the movie and making copies of it. Copyright protects the design of the poster for the movie. However, the logo at the beginning of the film - 20th Century Fox - is protected by trademark. Trademark law prohibits people from setting up a new movie theater and naming it AMC or Harkins or selling their own dark soda and calling it Coke.
- In other words, trademark law prevents other people from passing off their products as yours. Copyright protects the actual content of a written or recorded expression.

How much does it cost to register a trademark?

- There are two factors that generally affect the price of obtaining a registered trademark: the government fees and the legal fees. Government fees can be as cheap as \$275 per application, but can be more expensive depending on how many different products the trademark is used on. Law firm fees vary, but are generally affordable. A lawyer will have the expertise to handle a number of steps in the registration process, such as choosing the type of mark, deciding between an in-use or intent-to-use application, making the required goods and services descriptions, selecting an appropriate specimen to prove use, and making any special disclaimers that may be required.
- The total cost of these government and legal fees is often less than \$1000. A trademark is an asset in your company and can represent significant value as both goodwill and as a deterrent to competitors. Weigh the up-front cost against the value that a trademark will bring to your company; pursue registering a trademark if the benefits are greater than that cost.

What are the benefits of registering a trademark?

- A trademark registered with the federal government carries a number of advantages over one that has not been registered. First, only federally registered trademarks can be enforced in federal court – so if someone is using your mark illegally, you can use the federal courts and federal law to get them to stop. Second, if you're successful in such a lawsuit, you may be able to recover damages for their use of your trademark. Third, if you register your mark federally, you are presumed to have used it across the entire nation and thus are generally presumed to have superior rights over anyone else that uses the mark after you.

How long does a trademark last?

- A trademark can last forever. Trademark rights last as long as the mark is being used with the sale of your products or services. However, if you have a federally registered trademark, you must occasionally file paperwork to affirm that you are still using the mark.

What are those TM and ® symbols?

- The TM symbol is something you can place next to your trademark before it is registered if you use your trademark with the sale of your products or services. Using TM lets everyone know that you consider the mark to be your trademark and are using it that way.
- The ® symbol offers more protection than TM, but ® can only be used for marks which are registered with the federal government. The key here is “registered.” ® can't be used on a trademark while its registration application is pending – you have to wait until the application is approved and the mark is actually registered by the federal government. Using ® tells the public that not only is this your trademark, but you have federal rights in it and they can be on the hook for damages if they use it.



How do I pick my trademark?

- Picking a trademark can be challenging. It involves considerations of legal, business, marketing, and personal issues. You should choose a trademark that is different from your competitors' names and one that doesn't describe your product too closely.
- Obviously, you can't pick a trademark that is exactly the same as a competitor's trademark. But you also shouldn't pick one that is similar. The law prohibits two marks from being registered that are *confusingly similar* in look, sound, meaning, or the products they are used on.
- You also shouldn't select a trademark that merely describes your product. Federal registration is only available to marks that are distinctive or non-descriptive of the product. Trademarks that are generic terms for the product can never be registered (i.e., if you make toilets, don't call your company “Toilet”). Trademarks that describe their product are difficult to register and should generally be avoided (if you sell house cleaning services, don't call your company “Clean House”). Instead, you should choose a trademark that at least requires the customer to wonder for a moment about the connection between your mark and your product. Trademarks that use made-up words or real words that have nothing to do with the product or service are even better.

- The spectrum of distinctiveness, below, shows the range of possible trademark choices. Generic marks, on the left, lack distinctiveness and cannot be registered (think “Thermos” or “Escalator”). Descriptive marks describe the product or service, and are sometimes entitled to protection (“Park-n-Fly” for airport long-term parking). Suggestive marks require the customer to do a little thinking to connect the dots between the trademark and the product (“Coppertone” sunscreen or “Microsoft” software). Arbitrary marks are real-world trademarks that have nothing to do with the product or service they are used on (“Apple” for computers). Finally, fanciful marks - those that are made-up words - are incredibly distinctive and are entitled to protection (“Xerox,” “Kodak”).
- Pick a mark that would be considered at least suggestive - the further to the right on the spectrum of distinctiveness, the better. Different marks for a hypothetical cell phone company are illustrated below.



When do I need to register my trademark?

- As soon as possible. Since trademark rights are based on use, if someone starts using a mark before you, they will have superior rights to you. There are other advantages to getting an early jump. I often advise that businesses perform a trademark search before picking their final trademark. By selecting two or three potential marks and searching each of them, you can decide which trademark will have the best chance of being registered. Without doing a trademark search, you could make a serious investment in marketing campaigns, product labeling, letterhead, only to find out that the name you picked can't be registered, or worse, actually infringes someone else's trademark. Therefore, you should select a trademark as early as possible to avoid all these pitfalls.

If you are having trouble getting started choosing a trademark, or if you've been using a trademark for a while and are ready to take the next step by getting it registered, feel free to send me an email at tom@galvanilegal.com or call 602-281-6481.

Sincerely,

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