

## 18.5: Trademarks

### Learning Objectives

By the end of this section, you will be able to:

- Understand what a trademark is and why it deserves protection.
- Know why some “marks” may not be eligible for trademark protection, and how to obtain trademark protection for those that are.
- Explain what “blurring” and “tarnishment” are and what remedies are available to the holder of the mark.

### Definitions of Trademarks

A trademark is defined in the federal Lanham Act of 1946 as “any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from goods manufactured or sold by others.”<sup>15</sup> United States Code, Section 1127.

Examples of well-known trademarks are Coca-Cola, Xerox, and Apple. A service mark is used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others. Examples of service marks are McDonald’s, BP, and Hilton. A certification mark is used in connection with many products “to certify regional or other origin, material, mode of manufacture, quality, accuracy or other characteristics of such goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.” Examples are the Good Housekeeping Seal of Approval and UL (Underwriters Laboratories, Inc., approval mark). Unlike other forms of trademark, the owner of the certification mark (e.g., Good Housekeeping, or the Forest Stewardship Council’s FSC mark) is not the owner of the underlying product.

### Extent of Trademark Protection

#### Kinds of Marks

Trademarks and other kinds of marks may consist of words and phrases, pictures, symbols, shapes, numerals, letters, slogans, and sounds. Trademarks are a part of our everyday world: the sounds of a radio or television network announcing itself (NBC, BBC), the shape of a whiskey bottle (Haig & Haig’s Pinch Bottle), a series of initials (GE, KPMG, IBM), or an animal’s warning growl (MGM’s lion).

#### Limitations on Marks

Although trademarks abound, the law limits the subjects that may fall into one of the defined categories. Not every word or shape or symbol will be protected in an infringement action. To qualify for protection, a trademark must be used to identify and distinguish. The courts employ a four-part test: (1) Is the mark so arbitrary and fanciful that it merits the widest protection? (2) Is it “suggestive” enough to warrant protection without proof of secondary meaning? (3) Is it “descriptive,” warranting protection if secondary meaning is proved? (4) Is the mark generic and thus unprotectable?

These tests do not have mechanical answers; they call for judgment. Some marks are wholly fanciful, clearly identify origin of goods, and distinguish them from others—Kodak, for example. Other marks may not be so arbitrary but may nevertheless be distinctive, either when adopted or as a result of advertising—for example, Crest, as the name of a toothpaste.

Marks that are merely descriptive of the product are entitled to protection only if it can be shown that the mark has acquired secondary meaning. This term reflects a process of identification on the mark in the public mind with the originator of the product. Holiday Inn was initially deemed too descriptive: an inn where people might go on holiday. But over time, travelers came to identify the source of the Great Sign and the name Holiday Inn as the Holiday Inn Corporation in Memphis, and secondary meaning was granted. Holiday Inn could thus protect its mark against other innkeepers, hoteliers, and such; however, the trademark protection for the words Holiday Inn was limited to the corporation’s hotel and motel business, and no other.

Certain words and phrases may not qualify at all for trademark protection. These include generic terms like “straw broom” (for a broom made of straw) and ordinary words like “fast food.” In one case, a federal appeals court held that the word “Lite” is generic and cannot be protected by a beer manufacturer to describe a low-calorie brew. *Miller Brewing Co. v. Falstaff Brewing Corp.*, 655 F.2d 5 (1st Cir. 1981). Donald Trump’s effort to trademark “You’re fired!” and Paris Hilton’s desire to trademark “That’s hot!” were also dismissed as being generic.

Deceptive words will not be accepted for registration. Thus the US Patent and Trademark Office (PTO) denied registration to the word *Vynahyde* because it suggested that the plastic material to which it was applied came from animal skin. Geographic terms are descriptive words and may not be used as protected trademarks unless they have acquired a secondary meaning, such as Hershey when used for chocolates. (Hershey's chocolates are made in Hershey, Pennsylvania.) A design that reflects a common style cannot be protected in a trademark to exclude other similar designs in the same tradition. Thus the courts have ruled that a silverware pattern that is a "functional feature" of the "baroque style" does not qualify for trademark protection. Finally, the Lanham Act denies federal registration to certain marks that fall within categories of words and shapes, including the following: the flag; the name, portrait, or signature of any living person without consent, or of a deceased US president during the lifetime of his widow; and immoral, deceptive, or scandalous matter (in an earlier era, the phrase "Bubby Trap" for brassieres was denied registration).

### Dilution, Tarnishment, and Blurring

Under the federal Trademark Dilution Act of 1995, companies with marks that dilute the value of a senior mark may be liable for damages. The act provides that owners of marks of significant value have property rights that should not be eroded, blurred, tarnished, or diluted in any way by another. But as a plaintiff, the holder of the mark must show (1) that it is a famous mark, (2) that the use of a similar mark is commercial, and (3) that such use causes dilution of the distinctive quality of the mark. Thus a T-shirt maker who promotes a red-and-white shirt bearing the mark Buttweiser may be liable to Anheuser-Busch, or a pornographic site called Candyland could be liable to Parker Brothers, the board game company. Interesting cases have already been brought under this act, including a case brought by Victoria's Secret against a small adult store in Kentucky called Victor's Little Secret. Notice that unlike most prior trademark law, the purpose is not to protect the consumer from confusion as to the source or origin of the goods or services being sold; for example, no one going to the Candyland site would think that Parker Brothers was the source.

### Acquiring Trademark Rights

For the first time in more than forty years, Congress, in 1988, changed the way in which trademarks can be secured. Under the Lanham Act, the fundamental means of obtaining a trademark was through use. The manufacturer or distributor actually must have placed the mark on its product—or on related displays, labels, shipping containers, advertisements, and the like—and then have begun selling the product. If the product was sold in interstate commerce, the trademark was entitled to protection under the Lanham Act (or if not, to protection under the common law of the state in which the product was sold).

Under the Trademark Law Revision Act of 1988, which went into effect in 1989, trademarks can be obtained in advance by registering with the PTO an intention to use the mark within six months (the applicant can gain extensions of up to thirty more months to put the mark into use). Once obtained, the trademark will be protected for ten years (before the 1988 revision, a federal trademark remained valid for twenty years); if after that time the mark is still being used, the registration can be renewed. Obtaining a trademark registration lies between obtaining patents and obtaining copyrights in difficulty. The PTO will not routinely register a trademark; it searches its records to ensure that the mark meets several statutory tests and does not infringe another mark. Those who feel that their own marks would be hurt by registration of a proposed mark may file an opposition proceeding with the PTO. Until 1990, the office received about 77,000 applications each year. With the change in procedure, some experts predicted that applications would rise by 30 percent.

In many foreign countries, use need not be shown to obtain trademark registration. It is common for some people in these countries to register marks that they expect to be valuable so that they can sell the right to use the mark to the company that established the mark's value. Companies that expect to market abroad should register their marks early.

### Loss of Rights

Trademark owners may lose their rights if they abandon the mark, if a patent or copyright expires on which the mark is based, or if the mark becomes generic. A mark is abandoned if a company goes out of business and ceases selling the product. Some marks are based on design patents; when the patent expires, the patent holder will not be allowed to extend the patent's duration by arguing that the design or name linked with the design is a registrable trademark.

The most widespread difficulty that a trademark holder faces is the prospect of too much success: if a trademark comes to stand generically for the product itself, it may lose exclusivity in the mark. Famous examples are aspirin, escalator, and cellophane. The threat is a continual one. Trademark holders can protect themselves from their marks' becoming generic in several ways.

1. Use a descriptive term along with the trademark. Look on a jar of Vaseline and you will see that the label refers to the contents as Vaseline petroleum jelly.
2. Protest generic use of the mark in all publications by writing letters and taking out advertisements.

3. Always put the words Trademark, Registered Trademark, or the symbol ® (meaning “registered”) next to the mark itself, which should be capitalized.

### Key Takeaway

Trademark protection is federal, under the Lanham Act. Branding of corporate logos, names, and products is essential to business success, and understanding trademarks is pivotal to branding. A “mark” must be distinctive, arbitrary, or fanciful to merit protection: this means that it must not be generic or descriptive. Marks can be words, symbols, pictures, slogans, sounds, phrases, and even shapes. In the United States, rights to marks are obtained by registration and intent to use in commerce and must be renewed every ten years.

### Exercises

1. How will Google protect its trademark, assuming that people begin using “google” as a verb substitute for “Internet search,” just like people began using the word “cellophane” for all brands of plastic wrap?
2. Do a small amount of web searching and find out what “trade dress” protection is, and how it differs from trademark protection.
3. LexisNexis is a brand for a database collection offered by Mead Data Central. Lexus is a high-end automobile. Can Lexus succeed in getting Mead Data Central to stop using “Lexis” as a mark?

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