

Q&A

TRADEMARKS AND COPYRIGHTS





QUESTIONS AND ANSWERS

TRADEMARKS AND COPYRIGHTS

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TRADEMARKS AND COPYRIGHTS

TRADEMARK BASICS

What is a trademark, and how does it differ from a service mark?

Trademarks and service marks are both referred to as “marks,” however, they can represent different things. A trademark is a word or symbol (or combination of both) under which a product is advertised and sold. An example of a trademark would be Tootsie Roll® for candy.

A service mark distinguishes the services of a business from those of another. For example, Staples® is a service mark for a company providing retail services for office products.

Are there other kinds of marks?

Yes. When a mark is used to certify products or services of others, such as “Good Housekeeping,” it is a certification mark. When used by an association’s members, such as “True Value” for hardware store members, it is a collective mark.

What is a trade name and how does it differ from a trademark?

A trade name is a name under which a company does business. The Burton Corporation and Microsoft Corporation are examples of trade names. While the same word may function as a trade name and trademark, the two are legally distinct and serve different legal functions. Therefore, a word may be cleared as a trade name in a particular state or country, but not be available as a trademark.

TRADEMARK SELECTION

What criteria should I use in selecting a mark?

Selection of a trademark is driven by both strategic business and legal considerations. Three major considerations should be the mark’s acceptability, registrability, and strength.

Acceptability. First, it is important to understand what constitutes an acceptable mark. This varies from country to

country. In the U.S., an acceptable mark may contain any of the following:

- Words;
- Logos;
- Colors;
- Fragrances;
- Names;
- Three-dimensional shapes; and
- Sounds.

Registrability. The mark should be capable of registration and use in each target country. Ability to register and use in a country depends on a number of factors including:

- Whether conflicting or confusingly similar marks have already been used or registered;
- Whether the selected mark offends specific laws, such as prohibitions against registration of certain governmental emblems or symbols; and
- Whether the mark is generic or merely descriptive of the particular product or service (described below.)

Obviously, the mark should not have a negative connotation in any target country. Whether the corresponding domain name is available should also be considered.

Strength. Trademarks are typically classified under U.S. law into five categories of “strength.” As a general matter, the strength determines whether protection is available. In addition, the stronger the mark, the easier to show infringement.

“**Fanciful**” marks are at the strongest end of the spectrum and are coined terms made up to designate products or services. TOOTSIE ROLL® is an example.

“**Arbitrary**” marks are next in strength. These are genuine words that have no particular connection to the designated goods or services. SUN LIFE®, for insurance services, and APPLE® computers are examples.

“**Suggestive**” marks are next in strength. These suggest, without directly describing, the goods they designate or a characteristic of those goods. Examples include MICROSOFT®

(software,) TIDE® (laundry detergent,) or COPPERTONE® (tanning products.)

These three types of marks are considered “inherently distinctive.”

“**Descriptive**” terms are not marks, reside on the weaker end of the spectrum, and describe the goods and services, or a feature of them. The dividing line between “suggestive” and “descriptive” is often complex and hard-fought. Descriptive terms are not immediately registrable unless the user can establish the term has acquired distinctiveness to the consuming public (i.e., the mark has come to be known as designating a particular provider of goods or services.)

Trade dress (such as product design, configuration, or packaging) is generally deemed to be descriptive, although in some cases, packaging can be inherently distinctive (unlike product configuration, which cannot.)

“**Generic**” terms—at the lowest end of the “strength” spectrum—are entirely unprotectable. A term is “generic” if it is commonly used to designate the type or category of goods or services in question. “Aspirin” and “escalator” are examples of words that were not generic originally, but became so over time.

Other indicators of a mark’s strength can include its length of use, the amount of advertising and promotion, the sales made in connection with the mark, and how well the trademark owner has “policed” its mark by stopping infringers.

As you can see, the selection of a mark is a mixed issue of business and law. A trademark attorney should be consulted early in the selection process.

What should I consider if I want to include common terms such as “data,” “compu” or “tech”?

Some terms are used so commonly in an industry as a prefix, suffix or other part of a mark that they alone no longer function to distinguish the goods or services of the owner from others. Although there may be important business reasons for using them, marks comprised of such terms may be legally weak and difficult to protect internationally.

Highly descriptive, geographically descriptive, and two- or three-letter combination marks may also be considered incapable of being source indicators in some countries. These problems should be considered before adopting such

terms, especially if the mark is intended for use as a primary mark for multiple lines of goods or services.

How do I determine the availability of a mark?

After selecting a mark, but before using it, a trademark search should be conducted to uncover prior registered or unregistered uses of the mark or similar marks.

A variety of searches can be performed, from preliminary screening searches to more detailed “full” searches. Domestic searches may include a review of federal and state trademark registrations as well as various databases of common law marks and trade names.

Typically, a detailed search will uncover marks that are identical or similar in sound, meaning or appearance, for use on similar or related goods. To determine whether a mark is legally available for your use and registration, it is critical to have a qualified legal professional interpret the results of any search.

TRADEMARK REGISTRATION

How do I obtain rights to a mark?

In most countries, filing an application for, and obtaining issuance of, a registration initially affords rights in a mark. In a few countries, like the U.S., rights may also be obtained simply by use. Usually, applications are examined and a registration is granted only if no conflicting mark is found, and the mark is capable of distinguishing the goods or services.

Remember that trademark practice can vary from country to country. For example, in some countries, registrations are issued irrespective of conflicting prior registrations and the courts are used to resolve any conflict. Also, in a number of countries, the examination of the application takes many months.

If the Trademark Office refuses my application, can I appeal it?

All refusals to register may be appealed. In the U.S., the appeal is first to the Trademark Trial and Appeal Board, an appellate board within the U.S. Patent and Trademark Office (USPTO.) If necessary, a further appeal can be taken to the U.S. federal courts. Most issues are resolved without appeal.

What happens after my application is approved and what rights do I then have?

In most countries, including the U.S., approved applications are published, giving interested parties the opportunity to oppose your registration within a prescribed time period. An opposer can challenge your application for a variety of reasons, including that it is too similar to an earlier used (registered or unregistered) mark of the opposer. However, only a small percentage of applications are opposed.

As the owner of a registered mark, you have the right to exclude others from using either the registered mark or confusingly similar marks.

Typically, trademark disputes can be resolved amicably by the parties but, in some cases, a lawsuit is filed. In the U.S., enhanced damages and attorneys' fees may be awarded by the court for infringing a mark.

Since registrations are publicly available records, they provide formal notice of the owner's rights in the mark. Because records are searchable, a third party can also determine the non-availability of the mark in that country.

In the U.S., registration may be used to prevent importation of goods bearing the registered mark into the country.

How long do registrations remain in force?

Although the term of a registration varies from country to country, 10 years from the date of issuance of the registration is typical for major industrialized countries, including the U.S. An unlimited number of renewals are permitted.

In some countries, additional filings are required to prove continued use. In the U.S., in addition to renewal filings, you must file a declaration attesting to use between the fifth and sixth year of registration.

When does protection begin?

Registration is often a prerequisite to any formal proceedings to enforce rights of a mark. In the U.S., the act of filing an application creates rights that later become effective on issuance of a registration.

In some countries, including the U.S., formal proceedings such as a lawsuit may be commenced without a registration. However, the U.S. Customs Service will not seize infringing goods unless the mark is previously registered.

TRADEMARK ENFORCEMENT

If someone is using my mark without my permission, can I sue?

To win an infringement suit, a trademark owner must show a likelihood of mistake, confusion, or deception of consumers by the defendant's use of the similar mark. The key factors are whether the marks are confusingly similar and whether they are used on goods that are the same or "related." This includes goods or services into which the trademark holder's business is reasonably likely to expand.

For example, if a strong trademark is used by one party in connection with shoes, and a second entity starts using an identical mark on boots, infringement is likely to be found. In determining whether there is a likelihood of confusion, courts may consider several factors:

- Strength of the mark;
- Similarity of marks in sound, meaning, or appearance;
- Similarity or relationship of the goods or services;
- Commonality of distribution channels;
- Sophistication of purchasers;
- Fame of the mark;
- Number and nature of similar marks in use on similar goods or services; or
- Evidence of actual confusion.

In general, infringement is evaluated based on the "totality of the circumstances." Evidence of actual consumer confusion, however, tends to weigh particularly heavily in favor of a finding of infringement. Survey evidence, to show a mark's strength or a likelihood of confusion, can also be very important.

Do owners of unregistered marks have any rights?

In some countries (known as "registration countries,") only the owner of a registration has rights, even against most prior users. World famous marks are often the exception. In other countries, an earlier user retains the rights to obtain a registration and to cancel the registration of a later user, within a limited time period.

Some countries, such as the U.S., also permit infringement lawsuits when one party has an unregistered mark. In general, however, the rights asserted on unregistered marks are more limited than those asserted on registered marks.

When should the registration process begin?

Since significant rights to a mark in most countries are obtained by registration, applications should be filed on important marks in the countries of concern, preferably before the mark is used, and generally soon after it has been selected. Filing prior to use provides time to choose another mark in the event the registration is objected to by a third party or a country's trademark office.

If the product or service is already being marketed with a mark, it is especially important to file as soon as possible because other parties may legally obtain title to the mark by filing first in some countries.

INTERNATIONAL TRADEMARKS

When should I consider international trademark protection?

Attention should be given to international trademark protection as early as possible since international markets are of increasing importance to businesses. In some industries, such as computer software, international sales may amount to 40-60% of revenue.

Unless the marks under which you sell your products are registered, many international manufacturers will pirate and register them. Your own distributors may even be the culprits. Recovering the mark is expensive and may be impossible in registration countries, where others may register these marks to sell or license them back to you at ransom prices.

The best way to avoid trademark piracy is to file the first application. Strategic international trademark planning should be a part of nearly every business venture to achieve maximum cost/benefit and minimize exposure to liability.

Does registration in a country protect my mark for all goods or services?

No. Most countries have classification systems in which goods or services fall into particular classes. Of these countries, most follow an international classification system. Registrations may be issued in one or more classes, with multiple class registrations subject to increased taxes or government fees.

In many countries, registration of a mark for all goods in a class is possible. In other countries, the description of goods or services covered must be fairly specific.

Should the same mark be registered more than once in a country?

If a mark is used for a variety of goods or services which fall in more than one class, a separate registration in each appropriate class may be required in some countries and desired in others.

Where the mark is used on goods or service not included within earlier registrations, it may also be desirable to file an additional application for registration for these goods or services.

If a mark is used in more than one form, separate registrations in various forms, including block letters, may be necessary to fully protect the mark. Foreign language transliterations and translations must also be considered.

Does a domestic registration permit automatic registration in other countries?

No. While a domestic registration is frequently the basis for an international application, allowance of the international application based on the domestic registration is not automatic. Each country or group of countries applies its own laws.

Can a registration be attacked?

Yes. Most countries have some form of "cancellation" proceeding that permits a registration of a mark to be attacked for various reasons. These reasons may include:

- Non-use of the mark over some period;
- The mark is incapable of distinguishing the goods (i.e., is generic, etc.); and
- The mark is confusingly similar to a prior registered or used mark.

Generally, these cancellation proceedings must be started within a specified time limit.

Can a registration be used to stop imports?

Usually, yes. In some countries it is possible to prevent the importation of infringing goods into the country either by registering a mark with customs or by legal action.

One issue that frequently arises in this area is the ability to block "parallel imports" of "gray market goods." These are goods which properly bear the mark but which are being imported through unauthorized channels. Rights to stop parallel importation differ significantly from country to country.



Are there treaties allowing one application for international rights?

There are several international treaties that allow filing a single application for multiple countries. The Community Trademark (CTM) system permits a single registration covering more than a dozen European countries at a fraction of the cost of separate protection in all the member countries. U.S. citizens and companies are eligible for this protection.

In addition, the Madrid Agreement provides an international registry for marks for member countries. The U.S. and other countries are not members. However, the U.S. has joining a revised version of the Agreement called the Madrid Protocol. As such, U.S. citizens may file trademark applications in multiple member countries under this treaty.

Should local distributors be relied on to register and enforce my marks in other countries?

Hardly ever! A local distributor or agent may sometimes register its principal’s mark in the country. Even if the motivation is originally honorable (unfortunately, often it is not,) the ownership of the registration often is used to the detriment of the principal (e.g., as a tactic to prevent termination of the distribution contract,) to elicit more favorable terms in the contract, or to force renewal of the contract when the term expires.

Therefore, not only should you own all registrations in your own name, but a distribution contract should carefully define the rights and obligations of the parties with respect to all relevant marks.

TRADEMARK COSTS

What do costs for obtaining a U.S. registration include?

The costs to select and obtain registration of a mark include the following:

- Search (preferable but not required for filing);
- Services of counsel for the preparation and filing of an application;
- Government filing fees;

- Drawing cost (not always required); and
- Services of counsel for the normal prosecution or the application through to issuance.

In some cases additional costs may be incurred if the application is substantively rejected for any reason. These costs are usually spread out over approximately 18 months.

If the application is refused by the USPTO and the refusal is appealed to the Board of Appeals, additional costs will be incurred. Since the costs may vary with the type of application and passage of time, counsel should provide an estimate before proceeding.

Obtaining a federal registration for your mark is often the most cost-effective way to establish and protect your rights. It is an investment in what might prove to be the most valuable capital asset of your business.

What do costs for obtaining an international registration include?

Registration costs and the selection process vary significantly from country to country. Costs may include clearance searches, local attorneys’ fees, legalization charges, drawing costs, advertising fees, amendment, extension, and issuance fees. In addition, significant expenses may be incurred if the registration is opposed or another party seeks cancellation.

Costs may be reduced by multiple-country registrations under international treaties as described above. Consultation with a trademark professional will help you develop the best international registration strategy.

Once a registration is issued, are there any post registration issues that should concern me?

A well-administered trademark program involves regular reviews. Registrations must be renewed and affidavits of use and claims to incontestability filed. In some countries, regular taxes become due. Also, changes in the appearance of the mark, the territory in which it is used, and/or the goods or services on which it is used may require new filings.

You may want to consider trademark watch services which monitor use of confusingly similar marks by others. These services may be particularly critical with respect to your important brands.

COPYRIGHT BASICS

What is a copyright?

A copyright is a form of intellectual property protection for works that contain original, individual expression, such as books, plays, and paintings. Copyrights are not available for ideas, facts or useful inventions.

What can be copyrighted?

As a general rule, works that involve an author's original exploration of some creative expression which he/she has not copied from someone else can be copyrighted.

One large category is literary works, including fictional works, non-fictional expression, directories and databases if sufficiently original, compilations of other works, creative labels, and individual characters such as James Bond or Harry Potter. Another category is performance works, including musical compositions, sound recordings of those compositions, dramatic works such as plays and pantomimes, choreography, and audiovisual works such as movies. Finally, visual works, such as paintings, photographs, sculpture, and architecture may be copyrighted.

What cannot be copyrighted?

Copyright protection is only available for the portion of a work that includes the author's personal input, not the facts or common elements available to all. For example, a play about a prince who suspects his uncle of murdering his father is an idea and cannot be copyrighted. But the words Shakespeare wrote in *Hamlet* are an individual exploration of the underlying idea and are copyrightable expression.

Similar logic bars processes, concepts, research, and truths of science from being copyrighted as they reflect concepts that are more abstract than individual expression, and exist as real-world methods or common knowledge.

When does a copyright begin and end?

A copyright begins when the work is first fixed in a tangible medium of expression. With media such as books and plays, your work is copyrighted from the moment you finish writing it. With other media such as computer software, the copyright begins when you save the work in a tangible medium such as a CD.

For works created after January 1, 1978, a copyright lasts for 70 years after the death of the author or, for joint works, 70 years after the death of the last surviving author.

For anonymous or pseudonymous works, works made for hire, and corporate-authored works, the copyright lasts for 95 years after first publication or 120 years after creation, whichever expires first.

How do copyrights differ from trademarks or patents?

A trademark protects not works of individual expression, but rather words and logos which are used to identify the source of products or services. Short words or phrases cannot be copyrighted, but can be used as trademarks if they denote a particular manufacturer. Unlike a copyright, a trademark can last forever if the owner properly defends it.

A patented invention cannot be an individual expression like a book, but is rather a new and useful device. Unlike copyrights, an invention will receive no protection until it has been patented. The bar for a patent is also much higher than for a copyright.

COPYRIGHTING A WORK

What is required for a copyright?

There are three requirements for a work to be copyrighted:

- The work must have the correct subject matter (expression, not just ideas.)
- The work must be fixed in a tangible medium of expression. Works such as choreography and dances must be videotaped to be fixed.
- The work must be original, and the author must have created it independently.

How do I tell ideas apart from expression?

The method most courts apply is an abstraction test. The court will look at the makeup of a work, and abstract from the specific to the general in describing the work. Copyright lawyers can help in analyzing the contradictory precedents.

How do I tell if a work is functional?

Architecture, sculpture, and industrial design are only copyrightable to the extent the creative expression in them is "conceptually separable" from their function. For example, a sculpture could not be copyrighted if it served to hold up a building and had no other ornamentation. What qualifies as conceptually separable, however, varies greatly from court to court and case to case.

What is a valid copyright notice, and do I have to put it on my work to get protection?

A copyright notice should contain the word “copyright” or a “c” in a circle (©), the date of publication, and the name of either the author or owner of the copyright rights.

While not required, all works published should include a valid copyright notice to maximize legal benefits and because the very existence of a notice may deter infringers.

Why should I register a copyrighted work?

Registration of a work with the U.S. Copyright Office creates a presumption of ownership in the copyright. If someone copies your copyrighted work, you may file suit and, if successful, receive statutory damages and attorneys’ fees. Without a registration, you may not receive damages. In addition, registration has no time limit. You can register many years after initially copyrighting a work as long as the copyright has not expired. Finally, registering is not costly and requires little paperwork.

COPYRIGHT OWNERSHIP AND ENFORCEMENT

Who owns a copyright?

A copyright is owned by the person who first puts the expression into a tangible medium of expression, generally the author of a work. One exception to the author-ownership rule is a work-for-hire, which is a work created by an employee within the scope of his/her employment or made by an independent contractor who signs a written agreement that the work is “made for hire.”

The other exception is for collective works, where each author has a copyright only to the material he/she contributed. The editor of a collective work does not have a copyright in any of the discrete works, but does have a copyright in the organization of the collection.

What rights do I have as the owner of a copyright?

- You can prevent others from copying your work without your permission. To prevail against an alleged infringer, you must show both copying and a substantial similarity of expression between the two works.
- You may reincorporate or recast your work in subsequent works, for example, a movie made from a book.

- You can distribute your work to the public. However, once a consumer buys a copy of a product, he/she can alter or resell that copy.
- No one may publicly perform or display your work without your permission.
- You may assign your rights to another party, and you may terminate an assignment 35 to 40 years after assigning your rights.

What constitutes copyright infringement?

Infringement occurs when another party violates any of the author’s exclusive rights without permission. For the most common violation—the reproduction right—the author needs to show both 1) copying by the alleged infringer or substantial similarity, and 2) access to the original. For a more detailed look at copyright infringement, see our booklet *Q&A on Intellectual Property Litigation*.

COPYRIGHT LAW EXCEPTIONS

When can a work be copied without violating the copyright laws?

There are exceptions to copyright law which allow portions of copyrighted works to be copied by others without the owner’s permission. These include the “fair use” exception and the “first sale doctrine,” explained more fully below. Another exception is the “merger doctrine,” which holds that when there are only a few ways to express an idea, none of those expressions can be copyrighted.

How do I determine “fair use” copying?

“Fair use” encompasses parodies of copyrighted works, excerpts for reviews and commentary, and derivative works having a transformative impact on their source material.

There are four factors in determining if the copying of copyrighted material is fair use:

- **Intention of copying.** The more transformative the purpose, the likelier that a court will find the use was fair. Copying in order to parody or satirize gets far more protection than copying simply to generate a knock-off of a successful product.
- **Nature of copyrighted work.** The further a work is from reality, the likelier that copying was of protected expression than unprotected facts. Non-fiction receives less copyright protection, as copying will often reflect the same underlying facts.



- **Amount used.** The more of the copyrighted work taken, the likelier that the copier is infringing. However, taking even a small portion can be infringement if it is the heart of the copyrighted work. Parody may justify taking all of a work if the intent is clearly satirical.
- **Effect on market for copyrighted work.** Although harder to prove, if the potentially infringing work harms the market for the copyrighted work because people are buying the infringing work instead of the copyrighted work, the use is probably not fair.

Examples of fair use include copying portions of a work for political or social commentary, copying parts of published speeches for political cartoons, or sampling parts of a song to comment on it. It is also fair use to quote short portions of books to review them or copying and distributing short excerpts to aid in class instruction or for news reporting.

What is the “first sale doctrine”?

The “first sale doctrine” stipulates that a consumer can buy a copyrighted work and then alter, add to, or destroy *that particular copy*. This also allows a market for resale of used copies by consumers. There is, however, a debate relating to “reputational” rights of an author which bar alterations impacting the author’s reputation.

Extra restrictions on the first sale doctrine are linked to copyrights in digital media. The Digital Millennium Copyright Act expands the rights of copyright owners in preventing others from circumventing encryption designed to prevent piracy. It also limits the rights of consumers to do what they want with a purchased digital copy of a copyrighted work.

INTERNATIONAL COPYRIGHT PROTECTION

Can I file for copyright protection internationally?

“International” copyrights protecting rights globally do not exist. Authors must rely on the laws of each country where their works are published for protection.

Are there international copyright treaties?

The Berne Convention—adhered to by the U.S. and most countries—provides a remedy for works published in another member country. The works of an author who is a national or domiciliary of a member country, or works first published in a member country or published within 30 days of first publication in a member country, may claim protection

under that member country. The most important impact to U.S. copyright owners is that failing to place an adequate copyright notice on a work is no longer fatal to the interests of a copyright owner.

COPYRIGHTS IN SPECIFIC INDUSTRIES

How does copyright apply to computer software and the internet?

Software written in computer code has full copyright protection. While the work must be registered with the U.S. Copyright Office, a copyright owner need not register the source code. However, copyright protection is more limited in application to computer code than it is to media such as books. Non-literal copying of the functions of code is often considered fair use, as is reverse engineering of code to achieve interoperability with another program or machine.

On the internet, the written material in a web page or other internet-accessible document is generally held to have been fixed in a tangible medium of expression and can be copyrighted. The difficulty is determining whether links to that material deprive a copyright owner of the distribution right over his/her work. In addition, the anti-circumvention provisions of the Digital Millennium Copyright Act create many complications in determining whether file-sharing and encryption-breaking programs distributed over the internet violate copyright law.

What about copyrights in the music industry?

The composer of a musical piece has all the standard copyright rights in his/her composition. After that point, it can get complicated. For example, the composer might license his/her copyright to a producer, who then locates a singer for the song. The singer creates a master recording of the song, thereby obtaining a separate copyright in that particular sound recording. As you might expect, the singer has more limited rights than the song composer.

Thereafter, the producer and record company arrange for the song to be played on the radio and CDs to be sold. In a complicated series of financial transactions, portions of the profits from these endeavors are transferred back to the singer and composer in exchange for the licensing of their rights to the producer. In addition, Congress has mandated lower rates be paid for particular kinds of performances, such as use of the song on public radio.

Other available Q&A Booklets:

Q&A on Intellectual Property Litigation

Q&A on Licensing and Transactions

Q&A on Patents

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