

Tips for Maintaining Marks in the Face of Legal Adversity

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Mattel Inc. Owns the Copyrights to the Superstar Barbie Doll. Suzanne Pitt, an artist operates a website at www.dungeondolls.com. Ms. Pitt's site features images of a restyled and repainted Barbie doll in a story about sexual slavery and torture. Mattel sued Pitt for copyright infringement and lost. The district court found that Pitt's erotic transformation of Barbie was unlikely to interfere or create confusion with Mattel's children's market. The court also noted that Pitt did not relabel the dolls or make any representations as to their source.

The problem with having a profitable trademark is that everyone else seems to want to cash in on its success. While publicity is usually a plus, exposure that dilutes your mark, tarnishes its reputation, confuses consumers or threatens to make your mark a generic term is a legal and commercial liability.

If Barbie did not enjoy such lucrative celebrity, she likely would not have to endure the indignation of parody. Public recognition of a mark is essential if the product or service is going to enjoy widespread commercial success. Unfortunately, the very exposure that makes a trademark profitable, also places it at risk.

In This Chapter You Find Out:

- How you can lose valuable rights to your mark through misuse of it
- How to protect your mark's reputation from tarnishment
- About international protections that protect you from knock-offs
- A checklist of factors maintaining your mark

Legal Landmines: Losing Your Mark Through Misuse

The law of trademarks is fraught with peril. Even after successfully registering your trademark, you can fall into several traps that render it less valuable if not entirely worthless. This section tells you how to avoid these legal landmines.

Death by "Generocide"

What do Aspirin, Baby Oil, Cellophane, shredded wheat and the game Monopoly all have in common? They're all perfectly good, distinctive trademarks that have become "generocized" over time.

A trademark becomes a generic term when a court or the PTO finds that in the minds of the public the mark has come to represent particular goods or services rather than to describe the origin of those goods and services. This is a disaster for a company! All of its prior advertising dollars and marketing efforts are lost.

In order not to become a victim of your own advertising campaign, like the marks in Table 15-1, you must take precautionary measures as to how your trademark is actually used. Sanka Coffee, Band-Aid plastic strips and Xerox photocopies all provide excellent role models in this regard. Xerox sends letters to its customers and shareholders requesting that they use the term “photocopy” in the workplace, and do not use the word Xerox as a verb. Sanka calls itself Sanka “brand” decaffeinated coffee -- watch for this next time you see a commercial. Johnson & Johnson spends promotes the use of the generic term “plastic strips” in order to protect its Band-aid trademark. Kleenex makes sure that its brand name for a tissue is always capitalized and that its advertising materials make clear that it’s a registered trademark for disposable paper products.

Here are some cardinal rules of trademark usage:

- **Use the ® symbol to denote a federally registered trademark** – This symbol can be used only in connection with a federally registered trademark, and should be used in any materials promoting goods and services covered by the mark.
- **Use the mark as an adjective** – Don’t use the mark as a noun or a verb, but rather to describe the source of the goods. (“I’m going to make a Xerox copy” instead of “I’m going to Xerox that.”)
- **Don’t use the mark as a plural or possessive term** -- You won’t find Xerox saying, “We sell a lot of Xerox’s” or referring to “Xerox’s copies.” Instead, you’ll see references to a Xerox copy or photocopy machine.
- **Capitalize properly** – Capitalize your mark appropriately, and don’t permit it to be merged with other words. For example, don’t allow “Kids prefer oscar meyer wieners” instead of “Kids prefer Oscar Meyer wieners.”
- **Establish company policies and guidelines** – Establish and enforce clear policies as to how suppliers, distributors, retailers and promoters should use your mark.
- **Use your mark consistently** - Make sure that your mark is spelled consistently and correctly, and that correct punctuation such as hyphens, are used. For example, Coca-Cola should not appear as Coca cola.

Tarnishment of a Mark’s Reputation: The Debbie Does Dallas Case

Your trademark projects and embodies your reputation in the marketplace. Tarnishment of a mark occurs when someone uses it in an unwholesome or distasteful context that adversely affects the reputation of your mark.

In an ironic twist, a case involving the movie *Debbie Does Dallas* identifies standards for proving when certain uses or public associations tarnish a product's reputation.

In 1979, the Dallas Cowboys were successful in preliminarily enjoining the exhibition of the movie (in every sense of the word). The federal court held that trademark laws are designed to protect a product's reputation, and the strong similarity of the uniform worn by the cheerleader in the movie to the actual uniform worn by the Dallas Cowboy cheerleaders was a form of tarnishment. The court reasoned as follows:

[The] plot, to the extent there is one, involves a cheerleader at a fictional high school, Debbie who has been selected to become a 'Texas Cowgirl.' In order to raise money to send Debbie, and eventually the entire squad to Dallas, the cheerleaders perform sexual services for a fee. The movie consists largely of a series of scenes graphically depicting the sexual escapades of the 'actors.' In the movie's final scene, Debbie dons a uniform strikingly similar to that worn by the Dallas Cowboy cheerleaders and for approximately twelve minutes of film footage engages in various sex acts while clad or partially clad in the uniform.

What if, however, a skit appeared on a comedy show such as Saturday Night Live, poking fun at the Dallas Cowboy Cheerleaders? Federal law provides that tarnishment doesn't result when a mark is used in any of the following contexts:

- **Non-commercial satire or parody** – The First Amendment protects satire and parody, regardless of how un-funny we view the representation of our marks in this context.
- **Comparative advertising** - Your competitors can criticize or represent your mark in their materials, so long as their representations are based on truth.
- **News reporting** – Without this exception, our First Amendment freedoms would be rendered meaningless.¹

Trademark Dilution

Think of how the value of status marks like Rolex, Chanel or Ferrari would diminish if you started seeing them on all kinds of products in every retail store you frequented.

Trademark *dilution* diminishes the selling power of your trademark. It occurs when a similar mark adversely effects the reputation of your mark, even though it doesn't lead to actual confusion of consumers.

In 1996, federal trademark law was amended to include a special anti-dilution provision. This statute defines dilution as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1)

¹ 15 U.S.C. Sec. 1127

competition between the owner of the famous mark and other parties, or (2) the likelihood of confusion, mistake or deception.”²

To obtain relief under the Federal Trademark Dilution Act, you’re required to prove:

- Your mark is famous
- The defendant is making a commercial use of your mark
- The defendant began using its mark after your mark became famous
- The defendant’s use of its mark diminishes the value and distinguishing power of your mark.

Suppose that you decide to market Dell soda pop. (You choose this mark because Dell is your last name.) Dell is, of course, a famous trademark for computers. The company doesn’t manufacture any food or beverage products whatsoever. Nevertheless, you can be enjoined from using your mark if Dell can prove your use of the mark somehow diminishes its value.

How do you know if a mark is “famous”? There’s no hard-and-fast rule. Courts determine this on a case-by-case basis, using various facts and circumstances to ascertain the degree of public recognition your mark enjoys. A mark may be famous in one geographical area or locality, even though it doesn’t have national recognition.

Lawyer’s Note: The problem of dilution is closely related to the issue of knock-offs discussed in the next section. The difference is that dilution does not actually confuse the consumer, whereas knock-offs are intended to cause confusion.

The Problem of Knock-Off’s

You can find fake “knock-off” Rolex watches on any number of street corners in New York. Technically this is called *passing off* goods and services. It’s the intentional effort to create confusion as to the source of goods and services. This is such an obvious legal and ethical no-no that it would scarcely bear a mention if not for frequent dispute over whether there’s actually been intent to confuse.

In 1986, Levi Strauss sued another clothier for copying its distinctive back pocket-stitching pattern. The pattern consisted of two intersecting arcs that bisected both pockets. Levi Strauss and Gap Stores had spent millions of dollars on advertisements featuring pictures of the back pockets of Levi jeans.

Lois Sportswear, the alleged infringer, argued that no confusion could occur because the jeans were clearly labeled. Not so, said the court, and identified several factors that have been a real kick in the pants to unscrupulous infringers ever since:

² 15 U.S.C. Sec. 1125(c).

- **The strength of the mark** – The stronger the mark, the more likely the infringement. Recall from the section of this chapter, *Strong Marks vs. Weak Marks*, that a strong mark is one which is either arbitrarily chosen or which has acquired secondary meaning.
- **The degree of the similarity of the marks** – The closer the similarity of two distinctive marks, the greater the likelihood of intent to improperly capitalize on established goodwill. In the Levi case the stitching that appeared on the back pocket of the jeans was “essentially identical.”
- **The similarities of the products** – The Levi case involved very similar pairs of blue jeans.
- **Whether similar trademarks operate in the same market** -- The infringer alleged the two brands of jeans were sold in different market segments. Interestingly, the court held that this increased the likelihood of confusion because “a passer-by might think that the jeans were [Levi Strauss’s] long awaited entry into the designer jeans market segment.”
- **Actual confusion** – Courts will review evidence, such as consumer testimony, relating to actual confusion of the products.
- **Quality of the products** – If the goods are of inferior quality, the trademark owner can claim “debasement” of its reputation. If they’re of similar quality, the owner can claim there’s a greater likelihood of confusion. A no win situation for the infringer!
- **The sophistication of the relevant consumer market** – An unsophisticated segment of the consumer market is more likely to be confused by similar trademarks.

If you think your mark might be the victim of an unscrupulous knock-off artist, consider the remedies for infringement discussed in *Chapter 4, Maintaining Your Mark in the Face of Legal Adversity*.

Marks that Are Scandalous, Immoral or Suggest False Connections

Some marks are unprotectible based on principal – and Federal law. The Lanham Act proscribes registration of marks that are immoral, scandalous or create false representations.

Scandalous and Immoral Marks

Federal law prohibits registration of “scandalous” marks.³ But what’s scandalous is largely a matter of debate, degree, personal opinion and, ultimately, court precedent.

³ 15 U.S.C Section 1052(a)

The PTO has refused to register marks that depict nudity, but allows registration of marks such as Hustler, Week-End Sex and Black Tail for adult entertainment magazines. A registration for the word Bullshit, in connection with handbags and wallets, was also reportedly refused.

In one relatively important case, the Old Glory Condom Corp successfully appealed the PTO's refusal to register its depiction of an American flag as a trademark for its condoms.⁴ The advertising materials read: "We believe it's our patriotic duty to protect and save lives."

The examining officer had determined that "a majority of the American public would be offended by the use of American flag imagery to promote products associated with sexual activity. She argue[d] that the flag is a sacrosanct symbol whose association with condoms would necessarily give offense." CHECK QUOTATION MARKS HERE

The court disagreed. Citing a prior registration of the trademark "Big Pecker," the court held that the use of the flag as a trademark for condoms "can in no way be considered scandalous."

Marks that Suggest False Connections or Origins

A trademark can't be registered if it suggests a false affiliation with persons, institutions, beliefs or national symbols. Examples of this would be a trademark suggesting that a perfume is manufactured in France when it's made in the U.S., or that a tennis shoe has a particular affiliation with a sports team when this isn't the case.

Other Tricky Trademark Problems

Trademarks permeate our lives, language and culture. As a result they provide a constant source of material for new legislation, case law and, of course, litigation.

Domain Names

The Internet is a favorite medium for trademark infringers. Domain names are a particular use of your trademark, regulated by a special "cybersquatting" statute, as discussed in *Chapter 6: Trademarks In Cyberspace: The Domain Name Debate*.

Trade Marking a Slogan: "You've Got Mail"

Trade marking a slogan can be particularly tricky in view of the requirement that the trademark must bear a physical connection to the product. Slogans are generally used in advertising materials and thus don't get trademark protection.

⁴ In Re Old Glory Condom Corp., United States Trademark Trial and Appeal Board 1993. 26 U.S.P.Q.2d (BNA) 1216.

Interestingly, the slogan “You’ve Got Mail,” as used by AOL clearly bore a physical connection to the product. Unfortunately it was deemed to be generic by the court.

Telephone Numbers As Trademarks: The Dial-A-Mattress Case

Telephone numbers can be protected as trademarks, and a competitor’s use of a confusingly similar trademark can be enjoined as both an infringement of the mark and unfair competition. Companies that do a lot of business through telephone orders frequently spend a lot of advertising dollars promoting telephone numbers such as 1-800-DIAL-Mattress or 1-800-AMI-PREG. Interestingly, courts are sympathetic to the use of telephone numbers as trademarks, even though the numbers may spell out words which are themselves generic terms.⁵

Leveling the Playing Field: International Protections

Protecting a trademark in a global economy is one of the toughest issues faced by entrepreneurial businesses. Even if you don’t market your goods internationally, you can find a foreign infringer at your doorstep. Foreign knock-offs are a headache sometimes facilitated by inexpensive or exploitive foreign labor and individual disregard for U.S. laws.

To protect your trademark in a global economy, you must rely, to some extent, on the laws of each nation in which you market your product. Treaties make this possible. A *treaty* is an agreement between two or more nations, agreeing to abide by certain standards.

The Paris Convention

The principal treaty in force is commonly referred to as the Paris Convention. The U.S. adopted it in 1887, and currently over 100 countries are parties to its provisions. Should you choose to enter the global market, you can rely upon the following protections:

- **Fair consideration in filing a foreign application** – The Paris Convention provides assurance that foreign applicants for trademark protection will receive the same consideration as domestic applicants.
- **Minimal protection against unauthorized goods** – Although the protections are considerably more difficult to enforce than U.S. remedies, there are some assurances in the treaty to protect against products bearing unauthorized marks.
- **Internationally famous marks** – If you have a mark that achieves national recognition, such as Rolex or McDonald’s, the Paris Convention assures that you

⁵ Dial –A-Mattress Franchise Corp. v. Page, United States Court of Appeals, Second Circuit 1989, 880 F.2d 675.

won't be forced to compete with locals who try to adopt those marks and capitalize on your goodwill.

- **Priority Rule** – If you file a trademark application in one Paris Convention country, you can use that date as your application date in other Paris Convention countries if you file your application in the other countries within 6 months.

GATT

The General Agreement on Tariffs and Trade, known as GATT was amended in 1994 to add an agreement on Trade Related Aspects of International Property Rights (TRIPS). TRIPS requires signatory countries to enact laws that comply with minimum standards governing the use of intellectual property.

The Madrid Protocol

The Madrid Protocol, subscribed to by a number of nations in 1989, is intended to create a method for obtaining International trademark protection. It authorizes the use of a single standardized registration application. The United States has not yet ratified this treaty, but it's anticipated to do so, since many of the provisions mirror those found in our own Lanham Act.

Using the U.S. Customs Service

The U.S. Customs Service is in a unique position to prevent illegal imports and has procedures in place to protect you against infringement of your trademark by foreign imports. The Customs Service protects trademarks, service marks, trade names, and copyrights that have been recorded with their Intellectual Property Rights Branch (IPR Branch).

To be eligible to record your mark with the IRPB, you must first register your trademark, trade name or service mark with the US Patent & Trademark Office. Approval of your IRPB form usually takes 1-2 weeks, and you're promptly notified by mail of acceptance or rejection.

Protection is effective from the date your IRPB application is approved, and remains in force as long as your trademark is in force. Customs protection ceases if your trademark registration is canceled, revoked or expires. (For more information about the trademark registration process, see *Chapter 5, How to Research and Register a Mark From Scratch.*)

Ten Trademark Tips For Selecting and Maintaining a Mark

The following checklist for selecting and evaluating a trademark is based upon the principals discussed in this chapter, and in the previous one.

Tip# 1: Select an Easily Defensible Trademark

Marks that are suggestive, but do not use descriptive terms, are afforded a high degree of protection. A good way to come up with such a mark is to divide the name of your product into syllables substituting some of the syllables with random letters, like Mororola or Crayola. Or try or marrying random words like Nyquil or Spam (which stands for spiced ham). Best of all, try using a common word in an otherwise unconnected way, such as Apple for computers. Arbitrary marks are afforded the highest degree of protection.

Unfortunately, AOL opted to use some marks that were so descriptive as to be generic. Buddy List describes both the content and purpose of the feature, rather than identifying the source of the product as a trademark is required to do.

Tip# 2: Research Your Mark in the Federal Registers

Chapter 5: How to Research and Register a Mark From Scratch, explains how to do this for free online. Federal registers are maintained by the PTO, and you can search them to determine if a similar mark is already in use. A competent attorney can also guide you through the process of determining whether any state registrations already exist for marks that may be confusingly similar.

Tip# 3: Check the Phonebook and Local Media for Prior Use

Remember that rights to a mark can be derived from prior use, as well as registration. Prior users can object to your application or overturn the registration even after it's granted. Check the phone books and other advertising resources in localities where you plan to use the mark to turn up additional evidence of prior use.

Tip# 4: Don't Despair If a Similar Mark Surfaces

Even if a similar mark is already in use, it may be possible to use the mark concurrently. Are your goods similar to the ones covered by the prior mark, or so entirely different that confusion is unlikely? Is the mark you are considering descriptive, or arbitrary and fanciful? If you're considering a descriptive mark for non-competing goods, you may be able to work out an agreement for concurrent use.

Tip# 5: Eliminate the Generic, Scandalous and Immoral and False connections

Remember that some terms and material can never be trademarks. Eliminate these references from your mark.

Generic terms can never be trademarked. Poor AOL forgot this cardinal rule when it spent millions to promote the terms IM, Buddy List and You've Got Mail, all of which were deemed generic and available for anyone to use.

Tip# 6: Register and Designate Your Mark

Ownership of trademarks are derived from use, but federal registration confers considerable benefits, including the muscle of the U.S. Customs Service and the right to sue in federal court. The benefits of registration and use of the ® symbol (both of which are optional) are discussed in detail in *Chapter 5: How to Research and Register a Mark From Scratch*.

Tip# 7: Use It Properly or Lose It

Remember that rights in a trademark cannot be acquired through registration alone. You must document use of the marks so that your product is physically connected to them in a commercial context.

Tip# 8: Don't Allow Your Mark to Become Generocized

Too much exposure can backfire. Don't allow your trademarks to become generocized by allowing the public to use them to refer to the product rather than the source of the product.

Tip# 9: Don't Let Others Confuse the Public

Police the Internet and your usual marketing outlets for misuse of your mark, and promptly notify the infringer to cease and desist.

Tip# 10: Call Upon the Customs Service

In the case imported goods, notify the U.S. Customs Service, which can impound importations of infringing merchandise.