

Some Basic Trademark & Trade Secret Information

A trademark indicates the name of the source of the product or, if a service mark, the source of the service. It should be a symbol of your reputation for quality, dependability, and value. It is how you want to be known as. A Trademark is any text or design used by a seller to identify its goods or services, and to distinguish them from the goods and services provided by others. Trademarks provide the owner the legal right to prevent others from using a confusingly similar mark, but only if you use it properly, as well as police it to prevent infringers.

Trademarks provide the owner the legal right to prevent others from using confusingly similar symbols but only if your mark is considered "distinctive." Conversely, GENERIC marks (the product name itself (noun) are never protectable. DESCRIPTIVE marks (i.e., they describe the mark) can become a registered mark but only if they become INHERENTLY DISTINCTIVE (e.g., Chicago Pizza®).

In the U.S.A., common law rights for unregistered marks are based on use of the mark where the first user (senior user) has priority over later users (junior users). However, registering your mark with the U.S. Patent and Trademark Office ("PTO") has significant benefits over common law rights. The benefits to a federal registration of your trademark are that the registered owner gets national priority rights, public notice of ownership, exclusive right to use the mark, federal court jurisdiction for infringement of claims, and the right to record it with U.S. Customs Service to prevent counterfeit imports, statutory remedies, and the right to use the symbol ® after the mark.

A registered trademark can be very valuable. For example, the President of the COCA COLA® was quoted as saying that all their buildings, factories, equipment and vehicles were worth less than their trademark. Which would make the trademark worth over 50 Billion Dollars.

Trademarks can be words (e.g., Pepsi®), letters (NBC®), numbers (Chanel No. 5®), slogans (Just Do It!®), distinctive symbols (McDonalds® golden arches), container configurations (the shape of a Coca Cola® bottle) and even sounds (the 3-note NBC® chime). As a rule, a different trademark is used for each product, but a single "house mark" may be used on an entire line of products along with a family of individual, product oriented, brand marks. A company name, or trade name, may serve as that company's house mark, (e.g., Xerox®). The Kodak® house mark is used in conjunction with brand marks, such as Kodachrome® and Kodacolor®, to distinguish between different types of film.

Other marks that are treated like trademarks include: (1) service marks, which are used to identify services rather than goods. For example, laundries, railroads, and insurance companies would use service marks rather than trademarks; and (2) Certification marks, which usually represent an endorsement (by the owner of the mark) of goods and services provided by others (e.g., the Good Housekeeping® "Seal").

CATEGORIES

There are four (4) general categories of trademarks. In generally decreasing order of protection allowed by the courts, they are:

- Coined Names -These are unique combinations of letters, numbers, etc.; the words formed are not previously defined in a dictionary. For example, Xerox®, Kodak®, and Exxon® were meaningless until they were adopted to identify companies and goods.
- Arbitrary Marks -These are dictionary words that have no connection with the product, such as Comet cleanser and Apple computers.

- Suggestive Marks -These do not directly describe a product, but suggest some desirable property, such as Coppertone® tanning oil and Wrangler® jeans.
- Descriptive Marks -Terms such as Cottontips® and Extra-dry® are afforded the least protection. In general, they are not protected as trademarks unless they acquire "secondary meaning" (i.e., unless consumers through usage come to identify them strongly with a particular product). Even if protected, they are constantly in jeopardy of becoming "generic" and entering the public domain.

SOME TRADEMARKS TO AVOID

- Descriptive or laudatory terms, such as tough, strong, shiny, transparent, etc., or misspellings (e.g., the term "Superglue" itself was declared to be descriptive).
- Deceptive terms will not be sustained as valid trademarks. For example, the following marks were invalidated as being deceptive or deceptively misdescriptive: "Old Country" soap, for soap manufactured in the United States; "Glass Wax" for a window cleaner without wax; "Bromo Quinine" for a medicine containing no bromide.
- Family names should generally be avoided since other people with the same name may have the right to use it in connection with their products. For example, a man named Stetson might be allowed to sell inferior quality hats under a Stetson® label, as long as his label somehow distinguished his hats from the famous Stetson brand.
- Geographical words should generally be avoided, because other manufacturers may be allowed to use similar words that geographically describe their products or businesses.

SOME COMMON MISTAKES

- Mistake #1: Waiting to use the mark before registering it. Since 1989 the PTO allows Intent To Use applications.
- Mistake #2: Not searching your mark (i.e. clearance) to see if it is infringing another mark.
- Mistake #3: Not using your mark the same way it was registered.
- Mistake #4: Not monitoring and enforcing your mark (you can lose your rights).
- Mistake #5: Filing only for a domain name or state trademark. Domain names do not automatically create trademark rights. State registration is good for that state only.

TRADEMARK v. COPYRIGHT LAW OVERVIEW

- Copyright law covers such things as advertising copy, catalogs directories, price lists and other compilations of information.
- Copyright law generally does not protect names, titles or short phrases; these are covered by trademark law. Copyright law and trademark law most commonly intersect in advertising copy.

- Trademark law may protect the product or service name or logo, any distinctive slogans used in the advertising, and the distinctive features associated with the name or logo, such as its color or lettering style. Copyright law may protect any additional literal expression that the advertisement contains such as the artwork and overall composition.
- Copyright law and trademark law also intersect on graphic designs used as logos. Trademark law generally protects the aspect of the logo that is used as a trademark. Copyright law generally protects the creativity “expressed” in the design. So in certain cases, a similar design can’t be used as a trademark by anyone else when customer confusion would result (trademark law) and even absent customer confusion the identical design can’t be used without the design owner’s permission (copyright law).

SOME GENERAL USAGES

- A strong trademark may be invalidated if it becomes “generic.” The test for whether a mark is generic focuses upon what buyers understand by the word. If the trademark owner used them to describe its goods rather than to describe itself as the source of certain goods they will enter the public domain. (e.g., Aspirin, Linoleum, Zipper, Cellophane, Shredded Wheat and YoYo) By contrast, the 3M Company is careful to refer to Scotch clearance brand tape rather than Scotch tape.
- To protect a trademark from becoming generic, it must be used properly. In text and speech, it should always be used as a brand adjective (“a Xerox® photocopier” or “a Xerox® brand photocopier”) and not as a noun (“the Xerox® is broken”), or as a verb (“Xerox® this paper”) or in the possessive form (“Xerox®’s reliability”). On the product, the mark should serve no function other than that of a source indicator. Although the mark may be followed by a generic term as in text, such a generic term is not required. The mark should not be used as a tradename on the product; (i.e., it should not be associated with such terms as “company” or “Inc.” or with an address).
- If a trademark is proposed for use in connection with an entirely new product or line of products, two names should be selected. One name can serve as a trademark, and the other can designate the type of product as a generic term. (e.g., the manufacturers of Cuisinart® food processors designate their product as a “food processor”, thus protecting their trademark “Cuisinart®.”).
- Registered marks should always be accompanied by the symbol ®. Unregistered marks should be accompanied by the symbol “TM.”

TRADEMARK PROTECTION STRATEGY OVERVIEW

We can meet with you to review the various matters involved in selecting, using and acquiring your own trademark, such as the difference between coined words, arbitrary words, suggestive words, and descriptive words. We will explain the laws involving trademarks and how these laws impact your risk management strategy such as the concept of the likelihood of confusion of your mark with other trademarks. Only AFTER you agree to a trademark strategy do we then proceed to search the mark.

Phase I: Trademark Search

The purpose of performing a trademark search of the U.S. Patent and Trademark Office is to determine the availability of your intended mark. We will then provide legal advice and recommendations based on

the search results. Analyzing the search results is an important step in the clearing process. If you choose to proceed with a trademark application, we can prepare and file it for you.

Phase II: Trademark Registration

The trademark registration process begins once your application is filed. It may involve addressing potential PTO office actions from the PTO (upon their review of your application) requiring resolution before obtaining the official registration from the U.S. Patent and Trademark Office. An application for registration may be based either upon actual use of the trademark or an Intent to Use the trademark. While Federal registration is not necessary to create rights in a trademark, and it does not allow the registrant to infringe upon the prior-established rights of others. However, it has several significant advantages to the registrant. Once established, trademark rights do not end after a specific period of time, as do patents and copyrights; instead, a trademark remains the property of the owner as long as the owner continues to use it properly as a trademark. This is true whether or not the owner has obtained federal registration of the mark, but if federally registered, it must be renewed.

Phase III: Post Registration

This phase involves various required filings for the protection of your registered trademark. Through careful policing and protection, your company can keep your marks unique and protect them from infringement or abandonment. An injured party can file in court for an injunction to stop the sale of similar goods, can sue for damages [including costs and attorneys fees], and can even request treble damages if the use was done in bad faith. Two major use exceptions to infringement are [i] Fair Use, and [ii] Parody. Fair Use usually results from use of the registered mark by another to merely identify the mark for comparison purposes. It is usually only allowed if the mark is used as reasonably necessary to identify the mark. The second common use that is legal is for parody purposes when the mark is mentioned to simply parody it. Lastly, preventing someone from using your mark can also be done by alleging dilution of same but it applies to famous marks only. The gist of a dilution claim is the alleged diluter is "BLURRING" your registered mark. Courts consider such things as the degree of distinctiveness of your mark, duration, extent of use, and publicity of the famous mark.

Remember trademarks are considered intellectual property - either yours or someone else's. So if your trademark is valuable to you then you should protect it. To do so it is extremely important that you work with a trademark attorney to come up with a strategy, register it, and then police your trademark property.

TRADE SECRET PROTECTION STRATEGY OVERVIEW

The Massachusetts Uniform Trade Secrets Act ("MUTSA") was enacted in Massachusetts in 2018 after almost two decades of review and analysis. Essentially it is very much the same as the national Uniform Trade Secrets Act, enacted by 48 other states in various forms (except the State of New York). This Trade Secrets Act protects such things as a broader range of Business Confidential Information ("BCI"), including BCI not currently used by its owner, negative information (i.e., what NOT to do), and BCI threatened to be used (i.e., inevitable disclosure) where use is unavoidable. It is now the law in Massachusetts. "Trade Secrets" means BCI, regardless if it is fixed in a tangible form or thing, such as formulas, patterns, compilations, programs, devices, methods, techniques, strategy, processes, customer lists, inventions, and all types of company data, etc. that, AT THE TIME of the misappropriation, it

- (1) provided an economic advantage (actual or **potential** (new)) for it being kept a secret, and
- (2) the owners efforts to protect the trade secrets were "reasonable under the circumstances" (e.g., reasonable notice to prevent misappropriation).

So how can a business owner protect their "trade secrets" from "misappropriation" under MUTSA? The term "Misappropriation" means (a) an act of acquisition of a trade secret by someone who

knows (or has reason to know) that it was acquired by improper means, or (b) an act of disclosure or use of a trade secret without the owners express or implied consent when then (i) used improper means to obtain same, or (ii) at the time of misappropriation knew or had reason to know it was derived from improper means or had a duty to limit the disclosure at said time under the circumstances (either because it was limited by the confidential relationship or knew or had reason to know it was acquired by accident or mistake from another who had misappropriated same). Misappropriation can also be based on "inevitable disclosure" in some cases on release of BCI in a specific employment situation. (Conversely speaking, trade secrets DO NOT INCLUDE information such as the discovery of BCI by independent invention, reverse engineering, or legally licensed information, public observation, or known from public literature, etc.)

As the owner or a manager of your company, how should you review your BCI systems annually for compliance with MUTSA? My basic recommendations are as follows:

1. Identify how your trade secret systems actually work right now.
2. Ask yourself, what reasonable protection strategy should you have in light of MUTSA? (e.g. Your computer system is just one part of your strategy, but by no means a comprehensive one.)
3. Send your Trade Secret draft plan to an attorney to see if it passes muster in light of the MUTSA requirements.

The good news is that MUTSA has taken the complication of searching many laws to find out how to comply. Compliance is about comparing what you are doing, with what MUTSA requires you **must "reasonably" do**. For example, if you spend a negligible amount of money protecting your trade secrets, good luck trying to convince a court that your allegedly misappropriated trade secrets are "priceless". A judge will likely respond: "if it was so priceless, then why didn't you spend more time and money to protect it"?

Remember, your biggest risk is, as the saying goes, "you don't know what you don't know". Trade Secret protection is one of the most important legal risk management strategies to ensure it is done properly. It depends on your specific situation.