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Outside Counsel

Advantages and Approaches in Registering Trademarks

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Trademarks are unique identifiers of a business' goods or services, and as such are at once the embodiment of its reputation and goodwill and a testament to its integrity. Laws and policies that provide for a trademark registry and favor registered marks have a deep history in Western culture, traceable to the ancient guilds that once controlled all aspects of commercial life. The underlying purpose for trademarks has not markedly changed. It is to protect consumers from fraud and producers or purveyors of goods and services from unfair business practices. Registration is an added layer of protection for owners by providing a more assured means of responding to infringement.

Whether to Register

The value of trademarks in modern times accrues through use. They do not have to be registered with the U.S. Patent and Trademark Office (USPTO) to have statutory protection. Marks registered or unregistered are protected under the Lanham Act from "false designation of origin" (15 U.S.C. §1125(a) Lanham Act 43(a)) but there are distinct advantages to registration by small businesses and entrepreneurs when it comes to protecting and enforcing rights. These advantages are not well enough known or clearly understood.

Although the statutory remedies are equal, owners of unregistered marks have a heavier burden in proving their common law rights. This is because registered marks are presumed distinctive by virtue of their registration while owners of unregistered marks must demonstrate distinctiveness and priority of use in commerce as a preliminary step to proving infringement.

One common problem confronting businesses and entrepreneurs with unregistered marks or on the cusp of registering them is that someone else already owns domain names corresponding to their marks. For this reason it is advisable before applying to the USPTO for registration to purchase the corresponding domain names. If a domain name is already held by another person, businesses and entrepreneurs should reconsider their choices of mark in favor of marks for which the corresponding domain names are available.

Unregistered Marks

Unregistered marks start, then, with two infirmities: a) they may not be known to other users; and b) their use is not constructive notice of the existence of a right. This is the reason for the

heavier burden. Owners of unregistered marks have to demonstrate under well-established case law as an additional step to proving infringement that (1) the mark has acquired secondary meaning, which means the mark is recognized by consumers as the source of the good or service and (2) is "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association" with the alleged mark. Lanham Act, 15 U.S.C. §1125(a)(1)(A).

Establishing an infringement claim for an unregistered mark is an expensive undertaking in large part because proof of secondary meaning is a demanding exercise. In assessing distinctiveness, courts look at the following factors:

- 1) the length and continuity of a mark's use,
- 2) sales, advertising, and promotional activities,
- 3) expenditures relating to promotion and marketing,
- 4) unsolicited media coverage, and
- 5) sales figures.

Applying these factors in *Centaur Communications v. A/S/M Communications*, 830 F.2d 1217, 1222 (2d Cir. 1987), for example, the court held that "Marketing Week" was a protectable trademark. However, if the proof is insufficient to establish either that the plaintiff has a mark, or if it does that the accused infringer has priority of use, then the complaint must be dismissed. The issue of common law rights has been prominent in cybersquatting cases arbitrated under the Uniform Domain Name Dispute Resolution Policy (UDRP) where Panels typically apply the five factors developed by judges in U.S. federal courts, frequently to dismiss claims of cybersquatting.

Federal Registration

In contrast to the disadvantages, owners of registered trademarks start with two significant advantages: a) once a mark is accepted for registration the world is on notice that no one else may employ the mark without permission of the owner in both the physical and cyber marketplaces; and b) distinctiveness and validity are presumed.

Businesses and entrepreneurs should be aware that the USPTO allows trademarks to proceed to registration only if they meet the statutory criteria. The USPTO maintains two registers: the Principal Register (Lanham Act, 15 U.S.C. §1115) and the Supplemental Register (Lanham Act, 15 U.S.C. §1091). Dictionary words, geographic designations and personal names are generic and will be refused registration on the Principal Register unless the applicant can show the mark has achieved secondary meaning in the marketplace.

Which register a mark lands on clearly makes an enormous difference, not only to enforceability of trademark rights, but also in combatting cybersquatting because in the case of cybersquatting, a mark on the Supplemental Register will not support an actionable claim unless the plaintiff is able to prove a common law right existing prior to the registration of the domain name.

The Principal Register is mainly populated with suggestive, fanciful and arbitrary marks that are regarded as "inherently" distinctive. Descriptive phrases may qualify as marks, and many have, but if they fail to meet the statutory criteria they may be eligible for the Supplemental Register, which is populated with marks that fail the statutory test.

Notwithstanding this, the Trademark Act expressly provides that "registration on the Supplemental Register shall not constitute an admission that the mark has not acquired distinctiveness." (Lanham Act, 15 U.S.C. §1095). The reason for this provision is to assure that the mark owner is not precluded in the event of a claimed infringement of proving that the mark is in fact distinctive by virtue of its having acquired secondary meaning in the marketplace prior to the infringement.

There is a further added advantage to registration, namely that after five continuous years of use a mark is eligible for a declaration of incontestability. The Lanham Act's §1065 provides that a mark owner may file an affidavit of incontestability if the mark "has been in continuous use for five consecutive years subsequent to the date...[of] registration."

State Registration

Some businesses and entrepreneurs ask about the utility of registering a mark on a state register. The answer is that a state registration essentially protects trademarks of businesses operating within the territorial bounds of the state. If these businesses then seek to extend their territorial marketplace and come into conflict with a federally registered mark on the Principal Register they will be trumped unless they can establish a prior common law right. The reason state registrations have a lesser status is that these marks are listed on state registries without examination. In New York the application and rules are contained in 19 NYCRR 140.

In any event it could be argued that the Internet has eclipsed the rationale for state registrations. On the Internet every business is local. Businesses that occupy a location in cyberspace are likely to draw consumers significantly beyond their postal addresses. This is a further reason for businesses to acquire domain names before registering their marks formally with the USPTO and using those marks and domain names for their Internet spaces.

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