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Legal Quick Hit

Association of Corporate Counsel Nonprofit Organizations Committee

**Trademark Law Basics and Pitfalls for Nonprofits**

This presentation will discuss issues such as: (1) how to manage internal decision-making for trademarks; (2) when to search and register a trademark; (3) when a nonprofit name may be registered on the preferred Principal Register; (4) when to search and register a trademark in foreign countries; (5) what goods/services to cover in trademark applications; (7) the difference between certification marks, service marks, and collective membership marks; (8) when to use a trademark watch service; (9) when the nonprofit must perform quality control; and (10) how to address trademark infringement, cybersquatting, and problems with third-party sponsored links.

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*The following is not intended as legal advice but rather as an educational overview:*

(1) how to manage internal decision making for trademarks

- (a) basics: what is a trademark?
  - (i) brand
    - (A) indicator of source of goods/services
      - (1) used in an attention-getting way
  - (ii) standard types
    - (A) brand names: VENABLE
    - (B) acronyms: OXFAM
    - (C) logos: panda logo of the World Wildlife Fund
    - (D) slogans: PROTECTING NATURE. PRESERVING LIFE.  
(Nature Conservancy)
- (b) basics: standard trademark activities
  - (i) searching
    - (A) is mark available for use?
    - (B) is mark available for registration?
  - (ii) "prosecution"
    - (A) get registration
  - (iii) policing
    - (A) stop infringement
  - (iv) defense
    - (A) hope not!

- (c) pitfalls: decision-making structure
  - (i) no connection between marketing and legal departments on TMs
  - (ii) no direct line of communication to officers on TMs
  - (iii) no single point of contact to outside TM counsel
  - (iv) wrong person as in-house contact / decision maker on TMs
    - (A) traits needed
      - (1) deadline-oriented
      - (2) detail-oriented
      - (3) good at dealing with gray areas
      - (4) good at balancing cost and risk
- (d) pitfalls: budgeting
  - (i) no budget for trademarks
  - (ii) not viewing TM cost as percentage of advertising and promotional budget – trademarks are what drive advertising and promotion!
  - (iii) not consolidating outside counsel

(2) when to search and register a trademark

- (a) basics: most nonprofits are not like Red Cross
  - (i) i.e., no statutory protection
- (b) basics: way to develop trademark rights
  - (i) registration
    - (A) presumption of nationwide rights
  - (ii) common law use
    - (A) usually localized rights
    - (B) no presumption of nationwide rights
- (c) basics: legal standard of infringement
  - (i) likelihood of consumer confusion; not actual confusion
- (d) basics: risk of infringement
  - (i) injunction
  - (ii) damages
  - (iii) bad faith makes it worse
- (e) pitfalls: searching
  - (i) not searching
    - (A) no legal requirement to search but practical need to do so
  - (ii) not searching the right way
    - (A) rely on own search
    - (B) perform preliminary search but not full search
    - (C) searching too late (i.e., on the eve of launch)
- (f) pitfalls: filing/registration
  - (i) not getting registration
    - (A) no presumption of right to use
    - (B) cannot deter others as effectively
      - (1) "TM" versus "@"
      - (2) others will not find you in searches
    - (C) cannot police infringers as effectively

- (1) no presumption of nationwide rights
- (ii) filing the wrong way
  - (A) filing for composite logo instead of parts; can become obsolete
  - (B) not filing for color when appropriate
    - (1) importance of color red in Red Cross logo
  - (C) filing wrong identification of goods/services
  - (D) filing too late

(3) when a nonprofit name may be registered on the preferred Principal Register

- (a) basics: Supplemental Register versus Principal Register
  - (i) advantages of Supplemental Register
    - (A) use "@"
    - (B) reserve a place on the Principal Register
  - (ii) disadvantages of Supplemental Register
    - (A) cannot stop use of competing marks
      - (1) no presumption of nationwide rights
- (b) basics: hierarchy of distinctiveness: going up the ladder
  - (i) generic
    - (A) common commercial word
    - (B) "**nonprofit**" for organizations that do not make a profit
    - (C) *may not be registered anywhere*
  - (ii) descriptive
    - (A) immediately tells consumers about the goods/services
    - (B) WORLD WILDLIFE FUND; NATURE CONSERVANCY; OXFORD COMMITTEE FOR FAMINE RELIEF
    - (C) *Supplemental Register or Principal Register based on acquired distinctiveness*
      - (1) acquired distinctiveness
        - (a) purpose: to get descriptive marks to the Principal Register
        - (a) need: five years of use
          - (i) VENABLE
  - (iii) suggestive
    - (A) takes a moment of reflection
    - (B) RACE FOR THE CURE (double entendre); GOODWILL; PROTECTING NATURE. PRESERVING LIFE.
    - (C) *Principal Register immediately*
  - (iv) arbitrary
    - (A) dictionary word used out of context
    - (B) STARLIGHT STARBRIGHT; MENSA (means "table" in Latin, which is a dead language)
    - (C) *Principal Register immediately*
  - (v) fanciful
    - (A) made up term
    - (B) OXFAM; SMITHSONIAN (after Mr. Smithson)

(C) *Principal Register immediately*

- (c) pitfalls: trademark selection and registration
  - (i) picking generic or descriptive terms as "marks"
  - (ii) not applying to register descriptive mark on Principal Register after acquired distinctiveness

(4) when to search and register a trademark in foreign countries

- (a) basics: trademark law is on a country-by-country basis
- (b) basics: when to search and file
  - (i) currently doing business in that country under mark
  - (ii) intend to do business in that country under mark
  - (iii) not just because you have a website that is available everywhere
- (c) basics: procedural opportunities
  - (i) first-to-file countries
  - (i) may file based on intended use
  - (ii) no use required to register mark
  - (iii) use not needed for 3-5 years before vulnerable
- (d) pitfalls: missing low-cost European Community: 27 countries
- (e) pitfalls: not considering Madrid Protocol
  - (i) a one-stop shop for trademark protection
  - (ii) substantial cost savings
  - (iii) but disadvantages
- (f) pitfalls: not considering Article 6ter of the Paris Convention
  - (i) for international intergovernmental organizations, state emblems, etc.
  - (ii) SMITHSONIAN logo

(5) what goods/services to cover in trademark applications

- (a) basics:
  - (i) "promoting public awareness of \_\_\_\_\_," in International Class 35;
  - (ii) "providing information in the field of \_\_\_\_\_," in International Class \_\_\_;
  - (iii) "lobbying services, namely, promoting the interests of \_\_\_\_\_ in the fields of legislation and regulation," in International Class 35;
  - (iv) "charitable fundraising services," in International Class 36;
  - (v) "organizing and conducting special events for charitable fundraising purposes," in International Class 36;
  - (vi) "organizing and conducting a running event the proceeds of which are donated to charity," in International Class 41; and
  - (vii) "T shirts," in International Class 25.
- (b) pitfalls
  - (i) too narrow goods/services
    - (A) less ability to deter and enforce
  - (ii) overly broad goods/services
    - (A) fraud on the Trademark Office

(6) N/A

(7) the difference between certification marks, service marks, and collective membership marks

- (a) basics: standard trademarks/service marks: identify source of goods/services
- (b) basics: certification marks: certify that goods/services meet certain standards
- (c) basics: collective membership marks: membership in an organization
- (d) pitfalls: confusing type of mark
  - (i) identifying credentialing as "certification"

(8) when to use a trademark watch service

- (a) basics: key word mark(s)
- (b) pitfalls: trying to do in-house
  - (i) missing deadlines
  - (ii) missing nuances

(9) when the nonprofit must perform quality control

- (a) basics: licensing
  - (i) giving another party the right to use mark
- (b) basics: quality control
  - (i) in presentation of mark
  - (ii) in goods/services
- (c) pitfalls: not performing quality control
  - (i) "naked licensing" = loss of mark

(10) how to address trademark infringement, cybersquatting, and problems with third-party sponsored links

- (a) basics: understand strength of mark
  - (i) registry is king
  - (ii) crowded field?
- (b) basics: demand letter strategy
  - (i) use inside counsel sends letter first, then outside counsel
- (c) basics: using opposition procedure to advantage
  - (i) leverage settlement that covers use
- (d) pitfalls
  - (i) not policing mark = abandonment
  - (ii) not recording evidence of actual confusion
- (e) cybersquatting basics: use of TM in domain name registration and use
  - (i) bad faith requirement: in use or registration of domain name
- (f) sponsored links basics: use of TM in sponsored link:
  - (i) look for practical problems: i.e., use in headings not in ad text