



Intellectual Property Primer for CEOs, Managers, and Corporate Counsel

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Trademark and copyright are interlinked issues which many businesses find difficult to differentiate, but there are some very important differences. For starters, a copyright belongs to the person who created the work, while a trademark belongs to the entity that creates and markets a product or service.

Trademark registration is aimed at "branding" a word, symbol, design, or a combination of the same which identifies and distinguishes the source of the goods or services of one entity from those of others to the extent they are used in interstate commerce. A trademark is what you would consider a "brand name."

Copyright, on the other hand, is aimed at protecting expression, what the federal code calls "original works of authorship" which include literary, dramatic, musical, and artistic works, like poetry, novels, movies, songs, computer software and architecture for the life of the creator of the work plus fifty years after their death, so long as the work was created after Jan 1, 1978.

I use the word "registered" before the words "trademark" and "copyright" as it is the telling and important determiner of monetary value of these intellectual property possessions. Registered Trademarks and registered copyrights are both protected by very strong federal statutes. Unregistered trademarks and copyrights exist at common law, but lack the protective teeth of the Federal Statute, which I will explain in a moment. First, a quick overview of Registering Trademarks. There are two basic kinds of marks, Trademarks and Service Marks. People commonly refer to both as trademarks and there really is not much difference as far as most people are concerned. Service marks relate to services, and trademarks relate to goods or products. There are other types like Certification marks or collective marks, which are not all that common for the typical business so I will avoid discussing them here.

In order to register a Trademark at the United States Patent and Trademark Office (commonly called the USPTO) it must already be used in interstate commerce by the registrant, or must be filed under the ITU or "intent to use in commerce" provisions of the federal code (Lanham Act). An intrastate only use of a trademark is not considered "use in commerce" for federal registration, unless the use affects a type of commerce that Congress regulates. For example, services offered over the Internet meets the "use in commerce" standard since the services are available to a national audience who must use interstate telephone lines, cable or wireless access all of which is regulated by Congress, to access the website.

A trademark or service mark need not be registered for an owner to enforce his or her rights in court. The common law recognizes ownership of a trademark, established by actual and first use of the mark, but it extends only to the areas or markets where the mark is used and only allows the owner to recover for actual damages. Federal registration of a trademark gives the owner a federal cause of action in addition to the common-law claim, serves as evidence of the owner's exclusive right to the continuous use and validity of the mark, and as constructive notice to the world of the claim to the mark, allows the owner to recover attorneys fees and punitive damages in an enforcement matter where another party has been infringing. More on this later. After we tell client how scary the failure to register is, or even the failure to search out whether the name they are already using is infringing on another registered mark, they then want to know "how to start the process".

It is always a good idea to search and file. Depending on the type of mark the search varies from a basic bare bones USPTO search, which, while helpful, is rarely enough, to getting a comprehensive search which includes every phone book, state database or registered corporations, common law, web and USPTO variation. We then usually provide an interpretive letter and discuss the strength of the mark. The strength of the mark really depends on what product you are selling or what service is being provided.

A registration of a mark will be denied if it

- 1- contains immoral, deceptive, or scandalous matter,
- 2- disparages or falsely suggests a connection with persons, institutions, beliefs, or national symbols
- 3- comprises the flag or coat of arms, or other insignia of the United States, or of any State or municipality, or of any foreign nation
- 4- consists of the name, portrait or signature identifying a living person, except by their written consent
- 5- resembles a mark already registered that use of the mark on applicant's goods or services are likely to cause confusion, mistake, or deception
- 6 - is merely descriptive or deceptively misdescribes goods or services
- 7 - is primarily geographically descriptive or deceptively geographically misdescribes goods or services
- 8 - is primarily merely a surname

Thus, initially, the further your mark is from describing your goods and/ or services the stronger the mark is. For example if you have soda pop and you call it Super Soda Pop, (merely descriptive) or Georgia Ginger Ale, and it is root beer made in Virginia (misdescribes geographic origin and the product) , or simply "Dunlap's" (which is primarily a surname), then even without having a confusingly similar mark to another you are going to be denied. There is no point in performing a search, or even filing an application, as you will just lose your application fee. Now if you were to call your soda Aphrodite Cola, which is a cola product, you have a mark at least worth searching for brand confusion.

A common law or registered trademark must be distinctive (although a descriptive mark may become distinctive by acquiring secondary meaning), and must not infringe upon another mark already in existence and must not be "confusingly similar" to another trademark such that consumers are likely to be confused or mistaken about the source of a product or service. Then, even if there is no likelihood of confusion, you must ascertain if your trademark will blur or tarnish another mark under the state or federal dilution laws (which only apply to famous trademarks (like Apple, IBM, Xerox, Nike Kodak, Ford, etc.) Infringement is expensive if you are the culprit and profitable if you are the owner of a registered mark.

What is the advantage of federal registration? If you are using a trademark, you have a common law right in that mark. So if I am using the name of my firm Dunlap Grubb & Weaver, we have a common law right in Washington DC Metro area, and with a large number of National and International clients, but we could likely assert a common law right across the United States. Even without Federal Registration, we have the right to put the world on notice by using the initials "SM" for "service mark" after our name. For products, a seller of goods could likewise use "TM" following the brand name of their product. Both are great for putting the world (United States) on notice that you have a common law right in your mark, but neither carry the strength you receive when, after federal registration, you can use the circled "R" following a brand. Federal Registration puts others on constructive notice. This means there is a place where one could look (the USPTO) and discover you have a registered mark so they cannot claim innocent use of your mark. (Of course this can present a problem if you are the infringer and are using a registered mark of another entity).

Secondly there is an automatic legal presumption of ownership of the mark, i.e. in the previous example of "Aphrodite Cola" of exclusive right to use that mark to sell colas nationwide for the class of goods and services. That means that if someone else uses or attempts to file a mark similar to yours after yours has been registered, you start off with a legal presumption that you own it, and they must prove otherwise. It is nice to start with the stick in your hand in any fight.

Third, you have the ability to bring an action to enforce a trademark or service mark in Federal Court. The advantage there is really use, and it ties into the dispute side of trademark. If you haven't registered your trademark, and you find out someone else is selling Aphrodite Cola in a Colorado convenience store, making it in their backyard, then you can sue them and recover the actual damages, and the profits that they made. If they sold 100 cases, you are going to get a few hundred dollars having spent forth to fifty thousand dollars or more in attorneys fees. This makes an unregistered mark, in many cases, practically unenforceable. If mark is registered, Federal law that lets you collect every dime of your attorney's fees, punitive damages AND the lost profits, making enforcement not only practical, but often profitable, if that backyard Colorado cola infringer is savvy and has sold 100,000 cases on Amazon.com you could become quite rich!

Fourth, you can use a registered trademark as a basis for registration in foreign countries. More than ever in this age of Internet sales registration in foreign countries is becoming daily more important. A US Trademark is only good within the US. A company in Australia, or the UK, using your exact brand name can sell your exact product if you haven't registered your mark in that Country. You have no protection, unless they are making infringing sales in the US. You can register your mark in foreign countries, but each one is different. While the Madrid Protocol through the International Bureau of WIPO has tried to tie some of the laws together and make the process easier, it is important to check with each country before making sales. I really recommend this for businesses with a large web presence or overseas sales, where their brand name and their logo is really important to them. In each case, even under the Madrid Protocol you have to check with the laws of each Country if you are making sales there, because not everybody is a signatory to that protocol. That is basically the trademark filing process, and the benefits of having a trademark.

Which brings us to the fifth benefit, if they are trying to make infringing sales in the US, and you have the US Trademark, you can file with US Customs, and Border Protection to prevent the importation of those infringing goods. This is another big benefit to prevent foreign infringers from selling their goods in the US. The US is the biggest worldwide market for most goods and services, so that is a very powerful thing.

Filing a new trademark is really important to do if you are a small business, or big business. Probably 90% of small business haven't trademarked their name, and are losing a huge piece of the value in their business. On the reverse side of the coin, there are many businesses already infringing on other trademarks and they don't know it. Eventually at some point the issue will come to a head and someone will seek enforcement of their mark and the other party will be forced to defend.

What happens when there is a dispute? There are two general categories of dispute, but both revolve around the same essential facts. One type of dispute occurs during registration and involves the denial of a filed mark, or the cancellation of a previously filed mark, which may end up at the Trademark Trial and Appeals Board (or TTAB). The other type of dispute involves Federal or State litigation over the infringement or validity of a mark. In the event of a dispute the owner of a registered trademark will feel the advantage of a federal registration in the place that counts the most, their wallet.

Exclusive of the TTAB, when it comes to disputes, trademark disputes largely revolve around what is called infringement. Infringement is just like it sounds. One party is using a name that is either identical too, or similar to the registered trademark of another party. Usually this type of dispute begins with an official notice from the registered owner's attorney to the infringing party requiring they cease and desist immediately any and all use of the registered mark.

The owner of the mark can recover profits, their attorneys fees, and statutory punitive damages. We protect our clients by offering a monitoring service that tracks down people who may be infringing upon a client's registered mark. The monitor service consists of either a weekly or a monthly review of the USPTO Gazette, common law and web sources. It is like subscribing to a comprehensive search on a monthly basis, but at a much reduced fee as they are usually annual agreements.

The USPTO Gazette I just mentioned publishes trademarks for opposition. If someone is filing a trademark, and it is similar to yours, then the monitoring service will alert you, and you can decide whether or not to file a notice of opposition. It's really important that you monitor your trademark and enforce it, or you could lose it. If you fail to oppose a mark that is being filed that infringes on your registered mark, you could lose your trademark forever. Of course, as you may have guessed there are a lot of other ways to lose your mark. Monitoring services, in addition to a protective measure, can actually be a source of revenue for a business with a registered trademark. You can license your mark to infringing companies, you can collect damages and attorneys fees, and you can also get statutory damages.

Copyright registration is a simpler and much less expensive process. Unlike trademark registration, a copyright filing is not examined by anyone. As long as the proper procedures are followed the copyright is registered and the filing party gets federal copyright protection. Of course, as I mentioned earlier, there is common law copyright protection, meaning that an author is protected when pen is set to paper. This allows the owner to recover their actual damages and lost profits (which are often hard to prove), but unfortunately does not allow the owner of a copyright to recover attorneys fees spent in enforcing the copyright, or recover punitive damages.

Copyright protects original works of authorship fixed in a tangible form of expression. Original works of authorship and tangible forms of expressions are viewed very broadly; in fact, computer programs, compilations, maps and architectural plans are all copyrightable material. Copyright is a little bit different than trademark, in that the copyright office just registers your copyright. They don't look at other copyrights to see if you are infringing on something that is already registered, or if you are plagiarizing something, they just register it. The trademark office does a review of other filed marks, and they can deny your mark based on other marks, or common law, or few descriptive, or whatever it is. The copyright office just takes registration and registers it.

Much like trademark, copyright is automatic as soon as you create the work. You can put a copyright notice on it right away thus Copyright is available to an unpublished work. If you have written a book, and you can't find a publisher, you can still copyright your work, register your work with the copyright office in Washington DC.

The owner of a registered copyright has the right to reproduce the work, and create derivative works, distribute copies of the work, sell copies of the work, rent them, lease them, and/ or perform the work publicly if it's performable. It is illegal for anyone to violate the rights of a registered copyright owner, of course that is not unlimited in scope, again there are some doctrines such as fair use, parody, compulsory licenses, which while they are limited are very important to be aware of.

Generally, Copyright does not protect, and anyone may freely use 1- works that lack originality like logical, comprehensive compilations (eg the phone book), 2- works in the public domain, 3- Freeware (not shareware, but really, expressly, available free of restrictions-- this may be protected by law, but the author has chosen to make it available without any restrictions), 4- US Government works, 5- Facts, 6- Ideas, processes, methods, and systems described in copyrighted works.

The rules for determining whether a protected work is in the public domain (excluding anonymous works and works for hire) can be summarized as follows, with some limited exceptions: 1- Any work published on or before December 31, 1922 is now in the public domain, 2- any works published between January 1, 1923 and December 31, 1978, inclusive, are protected for a term of 95 years from the date of publication, with the proper notice. After 1978, the way we measure the term of protection changes. It is no longer related to a date of publication, but rather runs for 70 years from the date the author dies, whether published or not. Finally, those works that were created before December 31, 1978, but never published, are now protected for the longer of life of the author plus 70 years or until December 31, 2002.

Even if all or part of a work is not protected by copyright law, it may be protected by other laws. For example, you may need to consider rights of privacy and publicity, ask permission to use a trade or service mark, or get a license to practice a patented process or system, but discussion of these rights and interests is beyond the scope of this article.

Other advantages of registering, just like trademark there is a public notice of the ownership of the work. You can't collect your attorney's fees and statutory damages (of up to \$150,000 per incident!) if you have not registered. A good example of that is the case where someone wrote a thesis as part of a doctoral program and didn't publish it, filed it with his University. Another person copied the thesis word for word, punctuation for punctuation, published it with a book publisher and sold it at Barnes and Noble, Amazon, every large bookseller you could think of about ten years later. The person waited too long after the infringing publication to copyright the work and was reduced to making common law claims. It turns out the profits from the sales of that book were about a thousand dollars, well under the amount of the tens of thousands of dollars in attorneys fees required to enforce the matter. So the registration was really important there, as a practical matter.

Without registration you can be awarded actual damages and lost profits only. The other registration of a copyright, much like trademark, is protect works against the importation of infringing copies of the work, a really big issue for music. China and some of the other countries have some difficulty with WIPO and some of our copyright laws here.

There is an International copyright agreement called the Berne Union, that is a general standard, but there is really no overall International copyright. If you are selling publishing in a foreign country, you really have to check the laws of that country and register it locally in each country, usually a boutique law firm can help with these extra-national registrations.

The infringement issues are very similar in copyright as they are in trademark.

Typically you can sue someone in Federal Court, State Court or in trademark cases you pursue special remedies through the USPTO. State Courts have concurrent jurisdiction with Federal Court in matters of copyright and trademarks. Federal Court is generally faster than State Court depending on where you are in the United States and can be the best place for enforcement in most circumstances, however it can also be more expensive. The Federal Statutes are very clear, and they can take ancillary jurisdiction over State claims, if there are other State claims like Tortious Interference with a business, conspiracy or defamation, just to name a few claims that often accompany a copyright complaint.

The process:

Generally we draft what is called a pre litigation memo. It's an analysis of the claims that our client has against the opposing party, and what claims the opposing party may have against our client. For example if you sue someone for infringement of your trademark, and really go after it, your mark could be invalidated if they have been using it prior to you in time. There are a number of reasons, but you could lose your mark. We really do a comprehensive pre litigation analysis of the complete use of your mark, similar marks, and brand name confusion, things like that in trademark. Copyright is a little simpler, it's taking the two works, looking at them side by side, and seeing how similar they are. Following this analysis we make recommendations as to whether we feel Federal or state court would be more appropriate and what claims are available and the relative strength of each claim.

In Federal Court, the most common place for IP disputes, we file a lawsuit which is called a complaint. The other side has twenty days to respond to the complaint after they are served. If they are an International party, Service of Process can be tricky, we may have to go through the Hague Convention for countries that are signatories to that agreement, or get a letter rogatory to serve defendants in countries that are not signatories, both of these processes can substantially extend the time it takes to commence litigation. Otherwise, typically at the end of that twenty-day period the defendant will file a response of some sort, either denying the claims or contesting jurisdiction.

From there, the Federal Court litigation process can take anywhere from five months, in the Eastern District of Virginia, Alexandria Division, often called the 'Rocket Docket', to five years in slower jurisdictions. Amongst other things the time it takes often depends on a combination of the facts, litigation strategy, personal jurisdiction and venue issues.

These matters often resolve prior to a final trial in the form of a settlement agreement or licensing agreement. Federal courts like settlement, judges don't want to hear cases that can settle. Failing that, you have to go through the litigation process. The litigation process is varied and complex, and unique in each case. It generally consists of the complaint, an answer, a discovery period, which is usually set by a pretrial discovery order from the federal court, and a trial on the merits. There are a lot of intervening things that can happen that involve service discovery disputes, Motions practice and protective orders, depending on, amongst other things, what the claims are, and how strong the claims are, and if you have ancillary state claims.

Typically speaking to prosecute or defend a trademark or copyright claim, you are looking at spending anywhere from fifty to a hundred thousand dollars at the typical simple end of the spectrum. A complex more valuable trademark could cost more to prosecute and defend, because of the value of the mark defendant may be willing to spend more to defend its actions and plaintiffs may be willing to spend more to enforce. It is a cost benefit analysis on both sides - is the mark an essential part of the business? How much has the company spent on the mark and making it known to the public or in the industry? What happens if the business suddenly loses the mark?

Can it cost less? Certainly, you could file a complaint and have a licensing agreement or settlement two weeks later, or you could send an infringement letter, and have a

license agreement or settlement letter without even filing a complaint. Facts often win cases in advance and there is a lot less risk to both parties in settlement. In fact it is rare when parties don't settle out of court.

The most important thing that an executive needs to know at the end of the day, is that registration of both trademark/ brand names and of copyrightable material is important. You have common law right as soon as you use a trademark in Commerce, or as soon as you put the original work of authorship in a tangible medium. However, until you have actually gone through the registration process, until you have vetted the trademark to make sure that you are not infringing, the common law rights are practically worthless as the exercise of this protection often fails a cost benefit analysis. At a minimum, a company should copyright its website and trademark its name, which are both fairly inexpensive propositions.

Careful companies will also trademark their logos, attempt to trademark each product they sell, pay a monitoring service for their marks, and copyright all of their advertising and other print material. We recommend that businesses protect anything they can get their intellectual property claws on. The cost of litigation are high. If you haven't registered your trademark or copyright, then you're eating that cost of enforcement even if you win. Ten dollars of prevention is worth ten thousand dollars in legal fees.

The 5 main points:

- 1 - If you don't register your trademark and you find out later that another company already has the same or a similar name, you may have to redo all of your business cards, stationery, advertising, and signs, you may confuse and lose your customers, you could lose the right to expand outside your original business, and if there happens to be a registered owner of the same or a substantially similar mark, that owner of the mark will have an indefinite period of time to find you and sue you for infringement.
- 2 - If you do register your mark you get the exclusive right to use it within the relevant geographic area, and anyone else who uses your registered mark will be presumed to be a willful infringer.
- 3- Registration provides constructive notice to the rest of the country that you are the owner of the mark.
- 4 - If you have infringed on someone else's name or mark, you may be ordered to rename your company immediately; give up all profits earned by the use of the unregistered mark; and pay other damages, including punitive damages, fines, and attorneys' fees.
- 5 - Litigation for an unregistered mark or copyright costs 10-100 times what registration costs.

Questions that would be helpful to discuss with your lawyer:

1. What is the difference between a Copyright and a Trademark?
2. How do I protect the name of a website?
3. Can I Register my Trademark?
4. How do I Contest Someone Else using a Trademark Similar to Mine?
5. How do I protect the content on my website?
6. How do I protect proprietary advertising?

Thomas M. Dunlap is the managing partner of Dunlap, Grubb & Weaver, a boutique firm representing clients around the world in intellectual property disputes and transactions. This article is protected by copyright (Copyright 2005-2007) all rights are reserved. For more information visit www.dglegal.com or call 703-777-7319

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