

9 Common Trademark Myths Debunked: Essential Knowledge for Brand Protection

Understanding trademarks and how they protect your company is crucial in today's competitive business landscape. However, misconceptions about trademark law are common and can lead to costly mistakes. This guide aims to debunk prevalent trademark myths, providing you with accurate information to better safeguard your brand. Let's clarify these misconceptions and empower you to make informed decisions about your intellectual property.





Myth #1: Registering Your Business Name is the Same as Registering a Trademark

The registration of a business name and a trademark serve completely different purposes and function differently. A business name identifies the entity or person that is doing business and is mainly registered for taxation and other administrative purposes to recognize the legal existence of that business, much like a birth certificate for a person. A trademark or service mark is the legal concept of a "brand" which identifies specified goods or services for consumers. The mark can be registered with a state or the U.S. Patent and Trademark Office to announce to the public that a certain business has established exclusive rights to use that mark in connection with their specified goods or services. The mark is for consumers to use to identify goods and services and distinguish them from those of another business which is why concerns arise if marks by competing businesses are too similar or "confusingly similar."

On the other hand, a business name or "trade name" is not consumer-facing and is not for use by consumers so business names can differ by even small technical distinctions in their names. For instance, a search of the database for the Virginia State Corporation Commission, which registers business entities with the Commonwealth of Virginia, reveals the existence of active companies named ACME CONSULTING AND MARKETING LLC, ACME ENTERPRISES, INC. and Acme General Corp., to name a few. These companies are not required to be commonly owned to share the ACME name and the fact that they all have an ACME name registered with Virginia does not mean that they can operate in the same field of commerce and identify their similar goods or services under the Acme brand.

Myth #2: There Is No Trademark If It Is Not Federally Registered

Since the United States recognizes trademark rights with the mere use of a mark in U.S. commerce, meaning the placement of a mark on goods or the advertisement and rendering of services under a particular mark, it is not necessary to register a mark to claim rights in the mark. This unregistered use of a mark is called "common law use" and this is what creates trademark rights in U.S. commerce, not the federal registration of mark. The first **user** of a mark in U.S. commerce on particular good or services owns the superior right to the mark on those goods or services, which includes rights superior to a business that federally registers their mark. A federal registration is necessary to expand common law use rights beyond one's actual business area and enhances common law use rights by extending them nationwide but a federal registration cannot take away the earlier common law use rights of a business.

Example: A local restaurant in Mattoon, Illinois, owned by the Hoots family, began using the name "Burger King" in 1957 and registered it under Illinois state law in 1959. The national Burger King chain, which started in Florida in 1953, expanded into Illinois in 1961 and obtained federal trademark registration in October 1961. When the conflict arose, the court ruled in favor of the national Burger King chain, giving them rights to use the name throughout the United States, with one exception. The exception was that the local Mattoon restaurant could continue using the name "Burger King" within a 20-mile radius of Mattoon, Illinois, where they had been using it first.

The court's decision was based on the principle that federal trademark registration provides nationwide rights, except in areas where another party had been using the mark in good faith before the federal registration.

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Myth #3: You Own the Trademark Whether You Use It or Not

Reality: Registration grants trademark ownership for indefinitely renewable periods of 10 years but only if the registered mark is continually used in U.S. commerce. A trademark becomes vulnerable to cancellation for non-use and is presumed abandoned if not used for three consecutive years and the mark owner has no intention to resume use.

Example: *Crash Dummy Movie, LLC v. Mattel, Inc.* (2010) highlighted the necessity of actual trademark use. Mattel's "Crash Dummies" trademark was challenged as abandoned for non-use, but Mattel was able to successfully defend it by proving its efforts to resume commercial use. The Trademark Trial and Appeal Board (TTAB) concluded that Mattel had rebutted the presumption of abandonment by showing "reasonable grounds for the suspension and plans to resume use in the reasonably foreseeable future".

This case demonstrates that even after a significant period of nonuse (nearly eight years in this instance), a trademark owner can still maintain rights if they can show a genuine intent to resume use and take concrete steps towards that goal. But one cannot hold onto a trademark, including a registered trademark, without constantly using that mark and intending to continue using the mark.

Myth #4: The Primary Function of a Trademark is to Exclude Others From All Uses of the Mark

Reality: The basic purpose of a trademark is to protect consumers by indicating the source of goods or services and enabling consumers to distinguish goods and services between those of competing providers. A trademark is not an absolute property right used entirely to block others from all uses of the mark or similar marks. Other businesses may use the mark if it is not an infringing use of the mark.

Example: A fine case to explain this matter is that of *Toyota Motor Sales, U.S.A., Inc. v. Tabari, et al.*, No. 09-55323, 2010. The two auto brokers in this case, Farzad and Lisa Tabari, operated a number of websites using the domain names "buy-a-lexus.com" and "buyorleaselexus.com". Toyota, registering the Lexus trademark, filed an infringement action against the Tabaris.

The Ninth Circuit Court of Appeals reversed, holding that the Tabaris' use of "lexus" in their domain names was protected by the nominative fair use doctrine. The Ninth Circuit explained that the nominative fair use doctrine allows use of another's trademark to refer to the trademark owner's product, especially when it is necessary to do so in order to refer to the goods or services.

This case shows how a third party can refer to a trademark without infringing the trademark when that use is necessary to accurately describe their own services or products. Trademark law seeks to balance the interests of trademark owners who use marks to maximize the value of their brand with the interests of consumers who use marks to distinguish the goods and services of others.

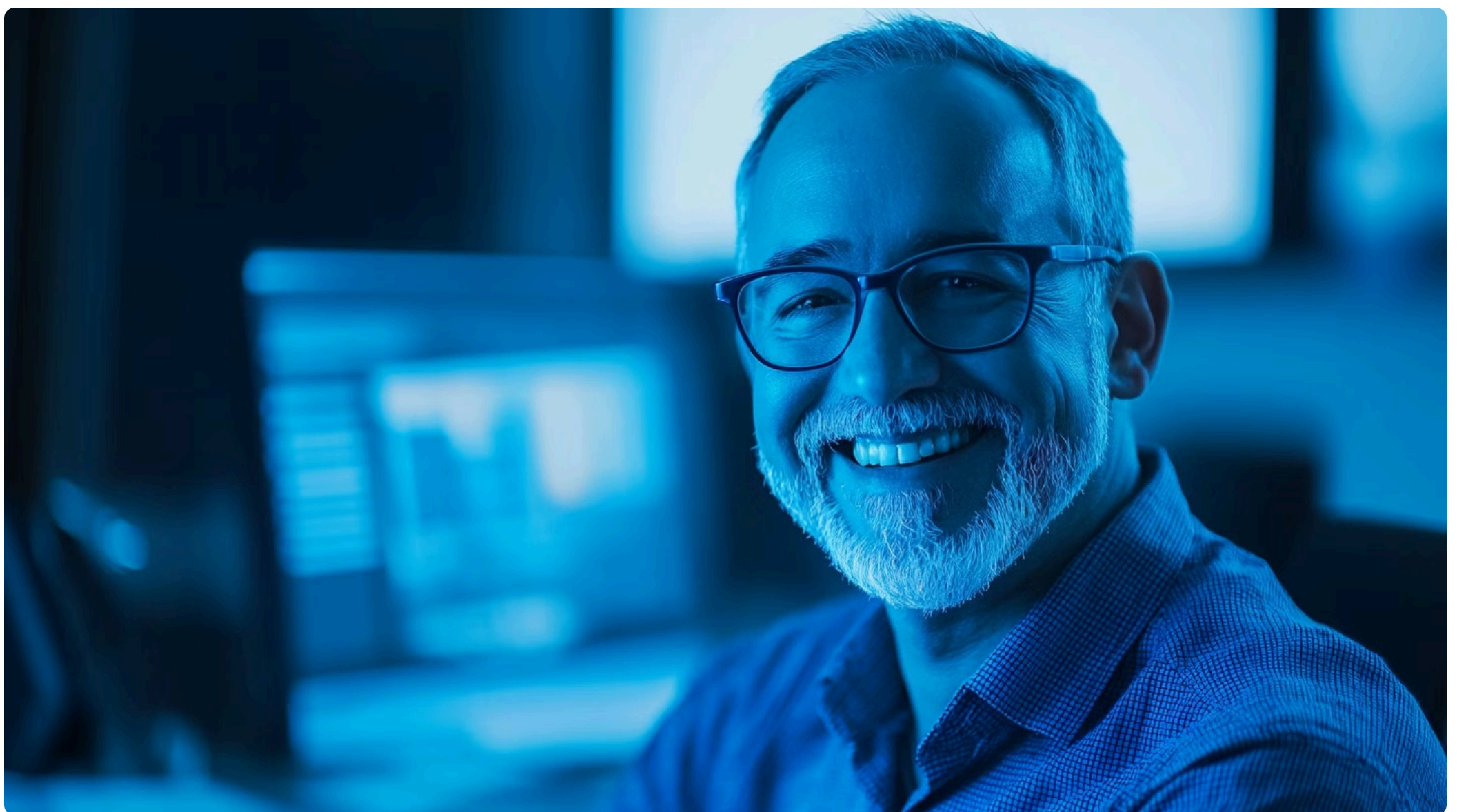
Myth #5: Trademark Registration is Only for Big Brands

Reality: All businesses use marks when they offer their goods or services under a particular brand. Therefore, businesses of all sizes can and should register trademarks. It's particularly important for small businesses and startups to protect their brand early on because when a larger company adopts a mark similar to a smaller company, the resulting consumer confusion is said to be **reverse confusion** since consumers often confuse the later use by the larger company to be the smaller company's infringing use of the larger company's mark. Trademark registration can provide crucial protection against larger competitors and help establish brand identity in a crowded marketplace.

The case of *Guthrie Healthcare System v. ContextMedia, Inc.* (2016) illustrates this point perfectly. Guthrie, a regional healthcare provider, had registered its logo trademark prior to a dispute with ContextMedia, a larger company with a national presence. When ContextMedia began using a similar logo, Guthrie was able to successfully sue for trademark infringement.

The court found a "likelihood of confusion" between the two logos and granted an injunction protecting Guthrie's trademark. On appeal, this protection was even expanded. Guthrie's foresight in registering its trademark early enabled it to defend its brand identity effectively and obtain significant legal protection.

Small businesses and startups often consider the costs of clearing and registering a mark to be beyond their shoestring budgets. However, the lesson is clear: waiting to register the company's trademark may cost a lot more in the long run if it is necessary to litigate the company's rights to its mark, which is often unpredictable. Early registration can be a cost-effective way to secure your brand's future and provide a strong foundation for growth.



Myth #6: Your Trademark Should Describe Your Products or Service

Reality: Descriptive trademarks that directly describe the goods or services are actually weak and may not qualify for registration because consumers will perceive the mark as describing a feature of the product or service rather than uniquely referring to the mark owner's goods or services. Strong trademarks are distinctive and don't simply describe what you're selling so consumers will instantly understand the strong trademark are referring to only the mark owners goods or services. Understanding the Trademark Strength Spectrum is crucial for creating effective trademarks.

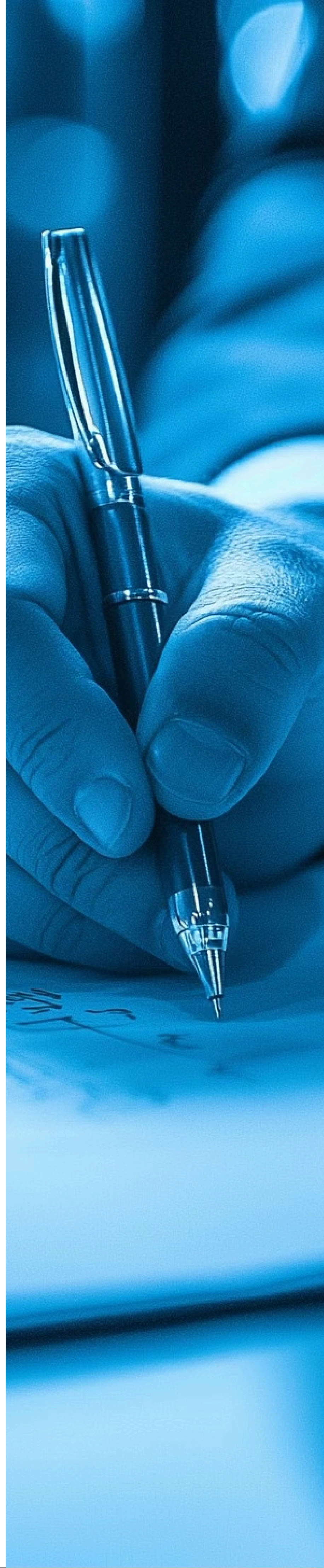
Trademark Strength Spectrum: Trademarks are typically categorized on a spectrum of distinctiveness, from weakest to strongest:

1. **Generic** (weakest): Common names for products or services. These cannot be trademarked (e.g., "Airline" for an air transportation company).
2. **Descriptive:** Directly describes a quality or feature of the product. These are difficult to trademark without proving secondary meaning (e.g., "American Airlines").
3. **Suggestive:** Hints at the nature of the product or service but requires some imagination to make the connection (e.g., "JetBlue" for an airline).
4. **Arbitrary:** Common words used in an unrelated context (e.g., "Apple" for computers).
5. **Fanciful** (strongest): Invented words with no prior meaning (e.g., "Kodak" for cameras).

Example: Consider the difference between "American Airlines" and "Delta Air Lines" in terms of trademark strength. "American Airlines" is a descriptive mark, as it directly describes an airline from America. While it has acquired strong protection through extensive use and marketing (known as acquired distinctiveness or secondary meaning), it started as a relatively weak trademark.

In contrast, "Delta" is an arbitrary mark when applied to an airline. The word "delta" (referring to the fourth letter of the Greek alphabet or a river delta) has no inherent connection to air travel. This makes "Delta" a stronger trademark from the outset, as it's more distinctive and memorable in the airline industry context.

This comparison illustrates why choosing a descriptive name like "American Airlines" might seem intuitive and more cost-effective because it spares the costs of advertising and marketing to teach consumers the meaning of one's mark, but often costs more because the trademark is more difficult to protect. Businesses are generally better served by selecting trademarks that fall into the suggestive, arbitrary, or fanciful categories, as these offer stronger legal protection and are more likely to be successfully registered without having to prove secondary meaning. The value of a stronger mark outweighs any value derived from sparing the costs of advertising and marketing because the mark already describes the product or service.





Myth #7: You Don't Need to Do a Trademark Search if the USPTO Didn't Reject Your Application

Reality: Most companies operate under the mistaken assumption that if the USPTO, in fact, approves their trademark application, then their mark is protected from infringement claims. The reality, however, is that the search conducted by the USPTO during its registration examination is limited to federal registrations and applications on file in the USPTO. However, as explained in Myth #2, trademark rights in the U.S. occur from common law use, which USPTO examiners do not search. Moreover, once the examiner at the USPTO completes the application examination, any mark owner with earlier use of their similar mark, including an unregistered mark, can oppose the application or cancel the issued federal registration in its first five years of registration. In addition, assessing the confusing similarity of marks is highly subjective and what the examiner may consider to be not similar may not necessarily agree with what the owner of another federally registered mark would consider to be confusingly similar.,

As such a comprehensive search of the trademark that encompasses existing registrations, pending applications, and common-law uses is highly recommended before adopting any mark, including a mark for which federal registration may not be sought. A good search conducted by a knowledgeable trademark attorney should detect a wide variety of risks that could arise in the life of the mark, including possible USPTO examination issues and exposure to potentially expensive litigation and rebranding exercises.

Example: The consequences of bypassing a thorough search are very serious, as the case of *Marketquest Group, Inc. v. BIC Corp.*, 2017 U.S. Dist. LEXIS 41634, very clearly illustrates. Marketquest had registered "All-in-One" for goods that included calendars and planners. BIC began using "All-in-One" on a number of its products, which included sticky notes. BIC was found liable for trademark infringement, even though it had its own USPTO registration for the mark in a different product category. The court ruled that registration of BIC did not safeguard it against infringement claims of Marketquest because the latter had prior rights in the mark.

USPTO examination outcomes are not binding or dispositive on any subsequent legal proceeding involving the registered mark so a federal registration is not a defense to an allegation of trademark infringement.

Myth #8: TM Trademark Symbol and ® Registered Trademark Symbol Mean the Same Thing

Reality: The **TM** (trademark) or **SM** (service mark) and **®** (registered trademark or service mark) symbols have different legal meanings. While they all indicate that a word, phrase, symbol, or design is being claimed as a trademark, their usage depends on the trademark's registration status with the United States Patent and Trademark Office (USPTO).

The **TM** or **SM** symbols can be used with any mark, whether it's registered or not. It serves as a notice to the public that the preceding mark is a trademark and is being used by its owner to identify and distinguish the goods of the particular mark owner. Importantly, using the **TM** or **SM** symbols do not provide any additional legal protections beyond common law trademark rights.

On the other hand, the ® symbol can only be used with trademarks that have been officially registered with the USPTO, meaning that the mark has gone through the federal registration process and now enjoys all the protections afforded by federal trademark law, including nationwide priority, constructive notice to potential infringers, and the ability to bring an action in federal court. Using this symbol with an unregistered mark is actually a violation of federal law and can have legal consequences, including the inability to recover damages in an infringement lawsuit.

Example: Apple Inc. demonstrates the correct usage of these symbols in its product lineup. For new or unregistered trademarks, such as "Dynamic Island™", Apple uses the ™ symbol. This indicates that Apple is claiming trademark rights in this term, even though it may not yet be registered. For long-standing, registered trademarks like "iPhone®", Apple uses the ® symbol, signifying that this trademark has been officially registered with the USPTO. This strategic use of trademark symbols not only protects Apple's intellectual property, but also communicates the status of its various trademarks to the public and potential competitors to deter infringement.

Myth #9: Once Registered, a Trademark is Protected Forever.

Reality: Trademark registration is not a one-and-done process or experience. As noted in Myth #3, a federal trademark registration is granted for indefinitely renewable 10 year terms provided that the mark owner files evidence of its use of the registered mark with the USPTO at its sixth anniversary and each tenth anniversary of the registration date. Also, members of the public have the right to question the mark owner's ongoing use of the mark as well as the validity of the issuance of the registration during the first five years of the registration.

In addition, even with active registration and use of the mark (or just use of the mark if not registered), a trademark's life can be threatened by genericide and other improper uses. Genericide occurs when a trademark becomes so commonly used that it loses its distinctive character and becomes a generic term for a type of product or service.

Example: The classic case for genericide involves "Escalator." Although originally a registered trademark of Otis Elevator Company, "Escalator" became so broadly used to describe any moving staircase that it lost its distinctive association with Otis. Common use, with a lack of enforcement, rendered the term generic and stripped it of trademark protection. The same happened to the fortunes of other formerly protected trademarks like "Aspirin," "Thermos," and "Zipper." These cases stand to serve as a warning to trademark owners regarding continuous brand management and enforcement strategies.

TRADEMARK APPLICATION
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Conclusion

Knowing these common misconceptions will help you to effectively protect your brand. Trademark law is incredibly technical and has nuances that have rendered marks unregistrable, unprotectable and unusable. At Dunlap Bennett & Ludwig, we work hard to be sure businesses get through the labyrinth of trademark law for robust protection of their IP and we'll continue to work with the mark owner to help maintain their trademark registrations.

If interested in learning more about specific registration strategies and trademark protection mechanisms, then schedule a consultation with one of our trademark attorneys. Protecting the brand of a business is not just tending to the formalities of the registration process, but rather it is an investment in the future of a business.

Contact us today to schedule your low-cost consultation and turn your innovative vision into a commercial reality.

 To learn more about Dunlap Bennett & Ludwig and how we can help you, call today at **888-306-4030** or email us at clientservices@dbllawyers.com.

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