

## Guide to Trademarks® and Copyrights©

This brief handout is designed to provide you or your franchisees with information about the basic principles of trademark and copyright ownership, use, registration and marking.

### Trademarks

A trademark is a name, word, design or other feature that is used in the marketplace to distinguish goods of one provider from those of other providers. Service marks have the same definition except they are used to distinguish the services of one provider from those of another. Trade and service marks are always made up of two important parts: 1) the mark (be it a word, logo, etc.) and 2) the goods or services being provided under the mark. For example, the mark “United” is made up of the word “United” as used on moving services. There must be both elements for the symbol, word, device, etc to function as a mark.

Trade and servicemarks are protected from the time that the owner begins using them in commerce in the United States. However, marks obtain the highest level of protection through registration at the United States Patent & Trademark Office (“PTO”). Registration is a difficult and lengthy process because marks must meet certain criteria to be registered. The most important criteria is that the mark must be “distinctive” which means that there is enough uniqueness to the mark such that consumers will remember it as the source of particular products. Registrable marks usually take approximately one year from the date of application to be registered at the PTO, assuming there are no issues or objections.

Once a mark is registered at the PTO, it is valid for a ten year period with unlimited options for renewal. Moreover, a federal registration grants the owner the exclusive right to use that mark throughout the entire United States. However, in the first ten year term of registration, a registration will be cancelled after six years if the owner does not file an affidavit by the end of the sixth year of registration stating that it is continuing to use the mark on the goods or services listed. After that, the only criteria for renewal is that the mark is still being used in commerce on the goods or services listed.

### Trademark Ownership

Ownership of a trademark vests in the individual or company that uses the mark in commerce on goods or services. A federal registration obtained from the PTO is not necessary to vest ownership of a mark with an individual or business since ownership is based on use. However, a registration can be evidence of ownership and can be assigned along with the mark.

Owners of marks can also license use of those marks to third parties, which is typically done through license or franchise agreements. Use of the mark by the licensee or franchisee is credited to the owner such that the owner can still claim ownership based upon use of the mark in commerce. However, it is very important that the owner of a mark who licenses the use of its marks to third parties, including franchisees, requires those third parties to adhere to specific guidelines that require the licensee or franchisee to use the mark in the same manner and at the same level of quality as the owner. Failure to require this and to police the use of the marks by the third parties can jeopardize the validity of the mark and lead to claims by competitors that the mark has been abandoned.

### Trademark Notices

Trademark notices should always appear in association with any use of your marks, regardless of whether the marks are registered or not. These notices tell others that you are claiming exclusive rights in the mark and that similar or identical marks should not be used by others. If proper notice is not used on a federally registered mark, damages that you can seek against an infringer of the mark can be limited.

For marks that have been registered with the PTO, the ® symbol should be used. The symbol should be used at the end of marks that are made up entirely of words. For marks that have a design element, the ® symbol should be affixed at the right hand side of the mark, either at the top or the bottom.

For those marks that are being used, but have not been registered at the PTO, including those that are the subject of a pending application at the PTO, use of the ® symbol is prohibited as this is only allowed for marks that have been registered. However, you still need to put others on notice that you are claiming rights in the mark. In such cases, you should use the <sup>TM</sup> or <sup>SM</sup> symbol with each use of the mark until it is registered when you are allowed to begin using the ® symbol. The <sup>TM</sup> and <sup>SM</sup> symbols notify others that you or your company is claiming rights in the mark and/or is applying for federal registration of the mark. The <sup>TM</sup> symbol should be used with a mark that identifies a particular good. The <sup>SM</sup> symbol should be used with a mark that identifies a particular service. You should follow the guidelines for placement of these in conjunction with the mark as outlined in the paragraph above for registered marks.

### Copyrights

A copyright is a form of intellectual property protection provided to the authors of “original works of authorship,” including printed advertising copy, whether published or unpublished. For example, the writing on a menu, the photographs on a website and the copy in printed advertisements are all copyrighted materials that are protected and owned by the author of the works. It is important to note that the author and the owner of a copyright may be two different people. While copyright protection vests with the author upon creation of the work, the author can assign all or some of its copyrights in the work to a third party who then becomes the owner.

In the case of employees (but not contractors) of a company who create works for their employers that are copyrightable, the works automatically belong to the company under the “work-made-for-hire” doctrine. Where third party contractors such as photographers or ad companies create works for a company, the company does not automatically own those copyrights and must get

an assignment of the copyrights in those works to be able to claim ownership in them and sue others for infringement of the works.

### Notices

As with trademarks, notice that a company has exclusive copyrights in the works at issue should be given at all times. With copyrights, however, the notice should be used whether or not a “work” has been federally registered with the U.S. Copyright Office. The typical notice used should include the © symbol, followed by the year and company name. For example: © 2009 Hardy, Carey, Chautin & Balkin, LLP. All Rights Reserved. The notice is typically placed at bottom of the work in small print.

### Registration

Registration is not required for either ownership of copyrights or to create a copyright. In fact, registration is only required to be able to file suit against an infringer. However, it is still very beneficial, particularly if the registration is obtained within three months of the first publication of a work. Publication here means the first distribution of copies of the work to the public by sale, lease, rent or other transfer of ownership. If a registration is obtained during this time frame, then in subsequent litigation involving the work, the owner can seek statutory damages from the alleged infringer. Statutory damages are a set amount per infringement that an owner of a copyright is entitled to upon proving infringement. The only other option for damages are those that the owner can prove, which is difficult and expensive to do.

### Conclusion

Intellectual property is one of a business’s most important assets and should be protected and maintained just like any other asset. This guide is designed to help you understand the fundamentals of trademark and copyright and give you some information on how to go about protecting and maintaining any that you may have. If you have further questions, please do not hesitate to contact us.