

WHY YOU MUST CREATE A DISTINCTIVE TRADEMARK. NOW!

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The most valuable asset owned by your company is invisible. If you haven't taken the necessary steps to protect the asset, you can easily lose it, or worse, be sued for infringing the rights of others. That asset is your Trademark. True, the mark may have little value when it is first introduced to consumers, but after even a few short years of use in commerce, the value of the mark becomes incalculable. It embodies the very heart and soul of the company. Over time, patents expire, new products come and go, even owners and executives may change, but the value of the mark just grows and grows, as long as the company takes care of its customers.

But not all trademarks are created equal. There is a powerful unconscious association in the mind of a consumer – a powerful trademark means a powerful company. A weak mark makes you sound like a mom-and-pop operation operating in your garage. Even if you are small, and even if you operate out of your garage, you don't want your consumers to know it.

Some marks are good at capturing and holding goodwill, while others, unfortunately, are at best leaky sieves, and do not adequately capture and hold corporate goodwill. A good mark is also effective in preventing competitors from using a similar name to steal customer. A bad trademark may allow competitors to use very similar names to steal your customers and tarnish your good name. In short, some marks are “built to last,” while others almost guarantee failure.

So what makes a trademark strong, or weak? How can an entrepreneur select a mark that is “built to last?” That is the focus of this report.

I. Are You Willing to Select a Powerful, Distinctive Trademark?

Most people don't put any serious effort into selecting their trademark. Their wife or mom suggests a company and/or product name, and off the young entrepreneur goes, without giving it a further thought. This approach very often leads to failure, and potentially even to a trademark infringement lawsuit that bankrupts your company.

I have worked with hundreds of start-ups, and witnessed first-hand the effects of trademark selection. I have seen start-ups grow into much larger and more successful businesses, or grow to be sold successfully to larger corporations for incredible profits. Unfortunately, I have also watched others fail, either swiftly in trademark litigation, or slowly as their customers are gradually stolen away by the competition.

In this book, I will teach you how to develop a powerful trademark that can turn into a famous brand, along the lines of GOOGLE®, AMAZON®, and EBAY®. Hopefully, I can help you avoid being saddled with a mark that slowly (or in some cases, quickly) kills your new venture.

We will start with some basic definitions, then discuss specific steps you can take to select a distinctive trademark that will build into a powerful and successful brand.

II. What is a Trademark?

A trademark is most commonly either a company name (e.g., MICROSOFT® Corporation), or a product name (e.g., RAZOR® scooters). The mark enables consumers to recognize the source of the goods and/or services that they purchase, and refer friends to the same company. If a consumer buys a RAZOR® scooter and is happy with the purchase, he or she can tell others to buy a RAZOR®, as well as return to buy more themselves. Nobody else can use the name RAZOR®, or any other mark that is close enough to cause “consumer confusion” as to the source of the goods.

It is possible for a wide variety of marks and features to function as trademarks, if they can indicate the source of goods/services. The Nike “swoosh” is a symbol that has become a famous trademark. Slogans (“15 Minutes Could Save You 15% Or More on Your Car Insurance”), as well as many forms of graphics, may all function as trademarks. A particular color or combination of colors, a style or theme (often known as “trade dress”), distinctive sounds, and even product shapes and configurations can also potentially function as trademarks that distinguish a company from its competition. Anyone who is familiar with the Rich Dad, Poor Dad series of books will immediately recognize the distinctive black and purple “trade dress” of his books. And the distinctive yellow of SUBWAY® sandwich restaurants is always easy to recognize.

So what turns a given name or symbol into a powerful trademark? It all depends on the “*distinctiveness*” of the mark. Simply put, the more *distinctive* the mark, the better that mark is able to clearly direct customers to the correct source of goods, and the more difficult it is for competitors to steal these customers without infringing on trademark rights.

In one example, a company used a descriptive name as their trademark, a mark that was not “distinctive.” They met with great success, sales were climbing, and then their sales dropped almost overnight to almost zero. They were baffled, until they discovered a competitor’s campaign to steal their customers by selling shoddy knockoffs, *using the same name!* Not only did they lose all of their customers, they actually started getting swamped with returns and hate mail, from people who bought the knockoffs! It ruined the entire market, and they ended up in bankruptcy. If you use a trademark that is not legally distinctive, you can’t do anything to stop this kind of theft from happening.

What is the Difference Between a Trademark and a Service mark?

A mark used in the sale of products is a “trademark,” while a mark used in the sale of services is a “service mark.” Since this distinction is without practical significance, we simply refer to them as “trademarks.” Overseas they are spelled “trade marks.”

III. Selecting a Distinctive Trademark

To select a mark that is *distinctive*, it is first important to understand exactly what we mean when we use the term *distinctive*. The following is a list and description of the four primary trademark classifications starting with the most distinctive and ending with the weakest:

Fanciful - A fanciful mark is a truly unique, made-up word, such as EXXON® or EBAY®. A fanciful mark sets your product or service completely apart from the competition. There is nobody else out there using a name like yours, and consumers can immediately recognize that this mark belongs only to your company. Naturally, these marks get the strongest protection.

Arbitrary - An arbitrary mark may be a common word or words, but the word(s) have little or no connection to your product or service. Classic examples include APPLE® computers, AMAZON® books, GOOGLE® Internet searches, and YAHOO® Internet services. These marks also typically provide very strong protection against infringement.

Suggestive - A suggestive mark is more closely tied to the product or service. It *suggests* something about the product/service, typically a desirable trait of the product/service, or a desirable characteristic of the target market. The mark does not, however, directly describe the product or service. Examples of suggestive marks include TURTLE® wax (suggesting that the product protects your car, like a turtle's tough, protective shell), and HUGGIES® brand diapers (they "hug" the baby, both physically and metaphorically). A suggestive mark is not as uniquely distinctive, so it tends to be less powerful, but a good suggestive mark does provide an added advantage of implying a desirable quality.

Descriptive - Many neophyte entrepreneurs are quickly drawn to marks that are at least somewhat descriptive of the product itself, or of the target market. Examples include "QUICK" oil change, "TASTY" burgers, and "RELIABLE" cleaners. A descriptive mark immediately informs the consumer about the product he or she is considering buying, and what they can expect from the product. The problem with this approach is that competitors can almost always use similar (or even identical) terms to correctly describe their products. Such marks, therefore, typically receive limited legal protection. It is possible to obtain protection for this type of mark, but as a general rule, this is a weak approach that will not provide you with the legal protection that you need. Does this make a difference in the real world? Look at the Internet. Every single powerful Internet company that is still around has a powerful trademark (Amazon®, Yahoo®, eBay®), while descriptive sites (buy.com) have all but disappeared.

If you are considering a descriptive mark, consult an attorney so you can do it right.

Trademark Marking

Anyone can claim "common law" trademark rights to a mark that they are using in commerce. Common law rights are generated by the use of the name in commerce. To claim common law rights in a mark, simply include the ™ symbol adjacent your mark (or, technically, an ℠ symbol if it is a service mark).

You will replace the ™ symbol with the ® symbol if you register the mark with the U.S. Patent and Trademark Office. See our book on [Trademark Registration](#) for instructions on how to register your mark.

Generic – A mark that is truly generic, and merely identifies the product or service, is not capable of any trademark protection whatsoever. For example, APPLE brand “apples” would never receive any legal protection, because anyone selling apples can correctly state that they are selling apples.

In my experience, the vast majority of entrepreneurs select names that are highly descriptive. This name selection will inevitably lead to critical problems later during the growth of the company, as discussed in greater detail below.

Based upon my years of experience, I highly recommend the selection of a powerfully distinctive mark, preferably either fanciful or arbitrary, or at least a really distinct suggestive mark. Such a mark provides two critical benefits: (1) the mark is not likely to closely resemble a pre-existing competitor’s mark, so you will probably not have problems with claims of trademark infringement, and (2) if a competitor attempts to copy your mark, you will be in a strong position to stop the infringement of the trademark rights.

IV. Aside from being Distinctive, What Else Makes a Good Trademark?

Here is a brief checklist of the other factors that contribute to a good trademark:

A trademark should be short and simple. The shorter and simpler the better. Stay away from long and convoluted names.

The mark should be easy to pronounce and spell. It is important that your customers can quickly and easily find you, and it does not help if they have no idea how to spell your name when they try to search for you on the Internet.

The mark should have a good “look and feel.” Ideally, the mark should sound inviting, and perhaps have some suggestive traits that invite the user to try the product. At the very least, the mark should not have negative connotations or symbolism. It is amazing how many companies select names that sound terrible, suggest bad things about your product, or include other forms of harmful symbolism. There are some humorous examples of trademarks that include marks that suggest Nazi swastikas, pornographic images, and otherwise harmful imagery. Trust me, a really good step in starting a company is to make sure you don’t include any Nazi imagery in your name or logo.

Check for any translations of your mark in other languages. Hopefully, your product/service will reach a greater customer base than just the speakers of your native language, so you should plan accordingly. **For example,** NOVA® should have been more thoroughly searched before it was used for automobiles, as the Spanish translation is “no go.”

Once you have narrowed your field of prospective trademarks to a select few, you might consider conducting a market survey to determine what likely consumers think of the name. While larger companies simply hire professionals for this step, small start-ups can perform similar tests themselves. I recommend using anonymous written comments, as some people may be hesitant to criticize a name if you ask them directly. Stress that you want honest feedback,

and actual customers are preferred over friends and family. This is discussed in greater detail below.

V. Practical Steps -- How Do You Come up with a Good Trademark?

Selecting a truly distinctive name that meets the requirements listed above can be an amazingly difficult challenge. **DO NOT TAKE THIS LIGHTLY!** Large companies, represented by the most experienced businesspersons and lawyers, often spend hundreds of thousands, and even approaching a million dollars, in developing a trademark.

As I have said before, *this is serious stuff*. It is well worth your time and effort. So how do you come up with this magical name? Here are a few suggested options to help you develop that one great name upon which to build your future.

A. Merge two other names, such as the names of the founders.

While incredibly simple, this can be amazingly effective, and I have watched many clients use this approach to come up with great names.

B. Name suggestion websites

There are several web sites that will help with name suggestions.

C. DIY market survey

Another powerful tool in selecting a name, or making any other marketing choice, is to put together a small survey group (or test market) and solicit their opinions (and potentially receive input, too). I highly recommend against putting faith in one person's opinion (even if it is your mom or significant other). Even if the person is an expert in marketing, trademark law, or something else, one person's ideas are simply too limited. However, a group of people can provide great insight. There are companies that offer professional services in this field, if you can afford it. There are also many websites beginning to offer similar services. Luckily, you can also do this yourself. Get a group of friends and family together for a party, bribe them with free burgers and beers, and then get them all to fill out an anonymous questionnaire. **DO NOT ASK THEM IN PERSON!** They will always tell you, their dear friend, what you want to hear (that the name you picked is the best ever). Have them fill out a form where they can tell you the truth (that your selected name is terrible).

D. Professional marketing assistance

If you can possibly arrange the funds, invest in professional advice. Professionals in the field of trademark development are able to suggest a range of possible names that will function as powerful trademarks, and are suitable for your company. An investment in your brand name is money very well spent. The professionals at Karich & Associates (www.karich.net) have been assisting start-ups with developing powerful trademarks since 1996, and are available for a free consultation. Many other firms offer similar services.

While this may sound like an expensive and frivolous expenditure for a struggling startup with limited cash, you will find it an extremely worthwhile investment when you consider the alternatives. Following your first few years of struggling to start the business, you will build considerable goodwill with your target customers. This is especially true if you have launched a novel product or service, because you will be recognized as the innovator in this field, and you will gain notice as the preferred source of this new/improved good and/or service. If you then are unable to restrict competitors from copying you, or if you have to suddenly change your name, the years of goodwill and your position at the forefront of the market will be effectively destroyed. These years simply cannot be replaced, and your company will suffer serious, if not catastrophic damage. All of this can be avoided with solid professional advice at the onset.

VI. What Next? The Trademark Search, and Trademark Registration.

Once you have selected a name, it is important to realize that incorporating a company or filing a fictitious business name statement with the county clerk (known as a “dba”) DOES NOT GIVE YOU THE RIGHT TO USE THAT NAME! Follow our three-step process to make sure your trademark is protected: (1) Select a trademark that is capable of legal protection, (2) Perform a Trademark Search to determine whether the mark is already being used by another company, and (3) Apply to register the trademark with the Patent and Trademark Office.

A trademark search is required to determine whether anyone else has rights to the name that may be in conflict with your use of the mark.

This is absolutely critical! If you use a mark that is owned by your competition, they will be able to seek damages and order you to change your name. Many businesses have been forced into bankruptcy because they were unable to afford to recall all of their products and change all of their advertising after receiving a cease-and-desist letter from their competition.

You do not want to watch your new start-up collapse after possibly years of hard work because of a trademark infringement lawsuit. I have watched this happen to clients time and time again, when they ignore my advice and proceed without a trademark search. This often follows a long process of initial work and growth, because the problems only become apparent once the new company grows large enough to attract the attention of larger companies.

If no conflicting trademarks are found, and if your trademark is found to otherwise qualify for registration, your trademark is published for opposition in the USPTO's Official Gazette, and finally registered.

The trademark search may be short and simple, and you can conduct it yourself using online resources. Alternately, it may be extensive and utilize professional assistance. At the very minimum you should search the US Trademark Office's database (www.uspto.gov) of federally registered trademarks and pending applications. It should also include a basic internet search (www.google.com). It is possible to do a very creditable search using these resources, at no expense at all (except for your time). Depending upon your circumstances, you may also

consider more extensive searches of other databases, and potentially searches of foreign resources as well.

For an in-depth discussion of how to perform your own trademark search, we invite you to purchase our Special Report on Trademark Searches. NOW! A trademark search is critically important at this early stage, so it is well worth learning how to protect yourself from potential future problems.

Professionals at Karich & Associates can help guide you through this critical process (www.karich.net), if you prefer professional assistance. Our reasonable pricing is a bargain in comparison to the years of experience that we offer. A few hundred dollars early in the process can save literally hundreds of thousands of dollars later, and can add literally millions to the value of your company if/when you sell it.

Once you have a name selected and cleared through a trademark search, you will want to file an application to register your name with the US Trademark Office. Even if you have “common law” rights to a name through use in commerce, there are many practical difficulties in benefiting from these rights. It is much preferred to have clearly documented rights to the name throughout the United States (and, to some extent, globally). To secure exclusive ownership of your marks, they must be registered with the Patent and Trademark Office. Registration provides prima facie evidence of the validity of your marks as well as your ownership and right to use. It also allows you to sue in Federal Court to enforce your marks.

VII. Conclusion

A trademark is an absolutely critical part of any new company. It is also a critical part of launching a new product or service. Even longstanding companies can benefit from the wise application of trademarks in the development of new logos, taglines, and trade dress.

Used correctly, a company can protect their products from unfair competition, and capture the just rewards for producing quality products and services. Wise trademark practices can also protect a company from trademark infringement lawsuits.

I encourage both entrepreneurs and businesspersons to give careful consideration to the trademark issues that can arise in the course of doing business. Carefully follow the rules described above, and you will have a powerful advantage over the competition.

I wish you all of the best, and if you have any questions or comments, please do not hesitate to call or email.