



## Trademark Protection for Nonprofit Organizations

In these difficult economic times, nonprofit organizations are competing for a more limited pool of funding and resources. As a result, name recognition is becoming increasingly important in soliciting support and raising revenue. Accordingly, it is critical that nonprofit organizations not overlook the importance of protecting their identity through trademark protection, and avoiding infringement of the trademark rights of others.

In particular, it is important not to assume that just because a nonprofit organization has incorporated under its own name with the state and is recognized as tax-exempt by the IRS, its right to use its name is fully protected.

### Background

In general terms, a trademark is any word, name, symbol, or device, or any combination thereof, that is used by a party to identify its goods and to distinguish them from goods sold by others. Similarly, a service mark is any of the foregoing that is used by a party to identify its services and to distinguish them from services offered by others. Trademarks and service marks are treated the same under the law, and the term trademark is often used to refer to both trademarks and service marks.

The most obvious trademark belonging to a nonprofit would be the name under which it publicly operates. However, it is important to note that the name must be used publicly to identify the nonprofit organization's goods or services to be considered a trademark. If the organization operates publicly under a d/b/a, trade name, or an abbreviated form of its name which is different than the name under which it is incorporated, that name, and not the name under which it is incorporated, will be considered a trademark.

A trademark can also be many other things such as a slogan, tagline, logo, graphic, product or service name, or the total image or "trade dress" of a product or service. Even things such as color, sound and scent can be protected as trademarks if they identify the source or origin of a particular product or service.

An owner of a trademark may block the registration or use by another person of a confusingly similar trademark for related goods or services if the owner can establish that it has valid rights in the trademark and that its rights arose prior to the other person's rights. In some cases, a trademark owner may also be entitled to recovery of monetary damages and attorney's fees.

Unlike in most foreign countries, in the United States trademark rights also arise under common law simply from the owner's use of the trademark in commerce. A trademark owner's protection as a result of such common law rights is limited to the geographic area within which the mark has been used.

Federal and state statutes also allow the owner of the mark to register it with the state government or the U.S. Patent and Trademark Office, but the owner is not required to do so in order to obtain these common law protections. However, as discussed later, registration does afford some very important additional protections of which a nonprofit may want to take advantage.

### **Selecting and Adopting a Trademark**

When a nonprofit is in the process of selecting a word, design or symbol to serve as trademark, it should keep in mind that not all trademarks are created equal. Some marks are more easily protected than others.

For example, terms that do not directly describe anything about the goods and services that they identify are considered to be inherently distinctive and make the strongest of marks. These include fanciful marks (e.g., KODAK and EXXON), arbitrary marks (e.g., APPLE for computers), and, at the lower end of inherently distinctive spectrum, suggestive marks (e.g., COPPERTONE for suntan oil). Such terms can function and be protected as trademarks from the moment they are first used to identify goods or services.

On the other hand, terms that do directly describe some essential aspect of the goods and/or services that they identify can function and be protected as trademarks only

after a period of substantial, continuous and exclusive use. This is because public policy dictates that one should not have the exclusive right to use a term as a trademark that another might need to accurately describe his or her goods or services.

A merely descriptive or primarily geographically descriptive term is capable of being afforded trademark protection (and registration), but this will occur only after the trademark owner can show that the mark has achieved "secondary meaning" or acquired distinctiveness, meaning that the public has learned to associate the term exclusively with the source of the goods or services.

Generally this must be established through evidence of longstanding continuous and exclusive use, and/or evidence of substantial sales and sums spent on advertising, and other evidence of consumer recognition. For example, a trademark such as NEW YORK LIFE would acquire, over time, such distinctiveness. Although the trademark law does not specify a particular amount of time that a mark must be used, five years will often be considered enough time to create a presumption of acquired distinctiveness.

Terms that describe the genus of a product are considered to be generic terms, which can never be protected as trademarks. For example, one could not protect the word "bread" as a trademark for bread.

### **Trademark Search**

Before adopting and using a new mark, the nonprofit should conduct a trademark search to help ensure that an identical or similar mark is not already being used or registered by another person in connection with the same or related goods or services. Reserving a corporate name is not the same thing as clearing the name as a trademark.

The failure to conduct a proper trademark search can lead to a conflict with a prior user or applicant of an identical or confusingly similar mark. A challenge by a prior user or applicant, regardless of the ultimate outcome, can result in business and marketing disruption, potentially negative press, and significant expenses.

Searches of varying degrees of comprehensiveness are available, and which type of search to conduct may depend on a number of factors including monetary and time constraints. At a minimum, a search of the U.S. Patent and Trademark Office (PTO) on-line database should be made to reveal any possibly conflicting federally registered marks or pending applications.

Ideally, the searching should be conducted by an experienced trademark attorney. Even though PTO records can be searched by the general public, an untrained searcher may search too narrowly and thereby miss relevant marks, or fail to properly analyze the significance of the marks revealed in the search.

A more comprehensive search can be ordered from a variety of professional trademark search vendors, which would include not only a search of the PTO records, but a search of state trademark registries, state corporate and business name records, trade names, domain names, websites, news articles and relevant trade publications. This type of comprehensive search would help locate any identical or similar marks for related goods or services that have not been federally registered by their owner.

As noted above, a trademark does not need to be federally registered to be protected in the United States, and therefore these common law marks must be considered in

the trademark clearance analysis as they could form the basis of a challenge.

### **Seeking Trademark Protection**

Once an organization selects a new trademark, it should consider whether to register the mark with the PTO. Because the federal registration process can take a long time, and can become quite expensive, an organization might choose to seek federal registration only for its most important marks.

Federal registration is available for marks that are used in commerce between two or more states, or between the U.S. and a foreign country. If the use of the mark is confined to within one state, then the mark will not qualify for federal registration. However, if the organization has a website through which it solicits donations or offers goods and services outside the state, then it probably would qualify for federal registration.

If one of the organization's key marks qualifies for federal registration, serious consideration should be given to filing an application to register the mark with the PTO because federal registration affords numerous benefits.

In particular, a federal registration creates a presumption that the registration owner has the right to exclusive nationwide use of the mark to identify the goods or services identified in the registration. An owner of a federal registration can enjoin all users of confusingly similar marks that are adopted after the date the federal application is filed in any area of the United States in which the owner uses or has immediate plans to use its mark.

Moreover, a federal application and registration will be disclosed when someone

does a subsequent search of the PTO trademark database. This may serve as a deterrent to those who might otherwise select a mark similar to your organization's. Finally, the owner of a federal registration is entitled to use the federal registration symbol ("®") whenever it uses the mark in connection with the goods or services covered by the registration. Until a mark is federally registered, the "TM" or "SM," symbols may be used.

If a mark does not qualify for federal registration, an organization can seek state trademark registration in the state in which it does business. The requirements for registration and the protection afforded by state registration varies from state to state. Alternatively, an organization might forego trademark registration altogether and rely on its common law trademark rights for protection. The owner of a common law mark can enjoin all subsequent users of confusingly similar marks that are adopted after the owner first used its mark. However, the ability to prove that the other mark infringes on the nonprofit's trademark may be more difficult if the nonprofit has not registered the mark with the federal government.

If a mark is to be used internationally, an organization should also consider filing trademark applications in countries where it does significant business. Trademark rights are territorial, so a United States trademark registration will not protect an organization's mark in other foreign countries.

Although it can be expensive, foreign trademark registration is especially critical for an organization's most important marks in the countries where it does significant business. This is because, unlike the United States, in many foreign countries, trademark rights depend exclusively on registration.

Nonprofit organizations should work with a trademark attorney to help develop a strategy that is consistent with its business plans, country specific trademark laws, and available budget.

### **The Federal Application Process**

In order to obtain federal registration, a trademark application must be filed with the PTO. When an organization files an application, it must identify the class of goods or services that will be covered by its application.

For example, a nonprofit that is in the field of affordable housing, then, depending on the goods and services the nonprofit offered, the nonprofit could apply in class 37, which covers building construction and repair, class 36, which covers, among other things, nonprofit fundraising, class 45, which covers social services, and if the nonprofit sells t-shirts and other articles of clothing to raise money, class 25 which covers apparel. This will help prevent another person from using your organization's marks for those particular goods or services. However, the other person could use your organization's mark for unrelated goods, such as food or furniture.

A trademark that is considered to be famous (such as the Nike "swoosh" or the Coca-Cola logo), is protected against "dilution." Dilution can occur when another person used an identical or highly similar mark, regardless of whether the other person's goods or services are related to the owner's. For example, Nike would probably have a valid claim for dilution against a person who uses its "swoosh" logo in connection with selling cars even though Nike itself does not sell cars.

The current PTO filing fee is \$325 per class if the application is filed electronically and \$375 per class if the application is filed using the paper form.

A trademark application may be filed for a mark that is already in use, or one that an organization intends to use in the future. After an application has been filed, it generally takes several months before it is reviewed by the trademark examiner and, if it is approved, the application will be published in the PTO's *Official Gazette* so that interested parties will have an opportunity to oppose the registration of the mark. If no opposition is filed within thirty days of the date of publication, the PTO will, in time, issue a registration.<sup>1</sup>

A federal trademark registration is effective for a period of 10 years from the date of registration and can be renewed indefinitely for additional 10-year terms as long as the mark is in use. In addition, a Declaration of Use must be filed in between the fifth and sixth year of registration, or the registration will be cancelled.

### **Proper Use of Trademarks**

It is important that an organization make proper use of its trademarks in order to protect their validity. In particular:

- A mark should never be used as a generic or common descriptive name of a product or service. It should always be used as an adjective modifying the common term for the product or service (i.e., BAND-AID®)

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<sup>1</sup> If the nonprofit files an application based on its intent to use a mark, the PTO will not issue a registration until the applicant starts using the mark and files proof of its use of the mark with the PTO.

brand adhesive bandages not Band-aids).

- It is important to distinguish a mark from any surrounding text (e.g., using a distinctive typeface or stylization, all capital letters or italics font).
- Organizations should resist changing the spelling of the mark and avoid variations of the mark because these things can make the mark less recognizable.
- If the mark is federally registered, the federal registration symbol (“®”) should be used along with mark. Not only does the federal registration symbol indicate that an organization owns a federal registration for the mark, it may be helpful in recovering profits and damages in a trademark infringement suit.

An organization should consider drafting trademark usage guidelines to be followed by those in the organization who are involved in the advertisement and use of the organization's marks.

### **Protection of Trademarks**

Nonprofit organizations should consider implementing a policing program to prevent the use and registration of marks that are confusingly similar to their marks. Failure to prevent others from using a confusingly similar mark in connection with related goods or services could eventually result in the significant diminishment of the strength of the mark, or even the total loss of the organization's exclusive rights in the mark.

The onus of protecting a trademark rests entirely with its owner. Therefore, vigilant checks must be made to ensure the mark (or

a confusingly similar mark) is not being used impermissibly by other entities.

At a minimum, an organization should periodically conduct keyword searches on its trademarks on various search engines to detect any third party use. Also, employees should be encouraged to report any confusingly similar marks that may encounter. There are also trademark watching services available that provide notification when an application for a similar mark has been filed with the PTO or published for opposition.

If the nonprofit finds out that someone else is using its marks, it should contact its legal counsel. The legal counsel can help the nonprofit protect its mark by sending out a “cease and desist letter” demanding that the other party stop using the mark; challenge an application filed by another person to register a mark confusingly similar to the nonprofit’s mark or file a lawsuit to stop use of a mark if it infringes on the nonprofit’s rights.

Finally, if a nonprofit organization grants permission to a third party to use its mark, it should consider preparing a written license agreement between the parties, which should include language obligating the organization to exercise quality control over the licensed use of mark. Under U.S. trademark law, a trademark owner who gives another person a license to use the mark is required to exercise quality control over how the other person uses the mark. Therefore, the nonprofit should put in place a program to monitor how the other person is using the mark and ensure that it is being used properly.

## **Additional Resources**

You may find the following information helpful:

### **Patent & Trademark Office:**

[www.uspto.gov](http://www.uspto.gov)

### **Cornell University Law School Legal Information Institute:**

<http://topics.law.cornell.edu/wex/Trademark>

### **International Trademark Association:**

[http://www.inta.org/index.php?option=com\\_content&task=view&id=45&Itemid=59&getcontent=1](http://www.inta.org/index.php?option=com_content&task=view&id=45&Itemid=59&getcontent=1)

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