<table>
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<tr>
<th>Name</th>
<th>Prof. Jessica Fajfar; Professor Cliff Kuehn</th>
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<td>Course</td>
<td>Internet and IP Justice Clinic (IIP Clinic)</td>
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**Spring 2021**  
**First Assignment**

**Required Text/Reading**

- You should refer to the USPTO Trademark Manual of Examining Procedure (TMEP) found at: http://tmep.uspto.gov/RDMS/detail/manual/TMEP/current/d1e2.xml, when working on cases and completing assignments. You will find the answer to any TM questions in the TMEP, so you should be familiar with accessing it and searching through it when you have a question. Also, the uspto.gov website has great resources, including instructional videos. I suggest browsing through the trademark portion of the website.

- Practical Law is a great resource that has many different types of agreement templates. For access to Practical Law Company materials go to Westlaw and click on the Practical Law Company link on the main page. You will be given reading assignments in Practical Law throughout the semester.

- Types of Entities Readings (see attached) - IP is crucial to the start-up world and we have many requests from startups for IP help. In order to get a better understanding of the world of start-ups as a whole, it will be essential for you to understand the differences between different business entities. It is also essential that all trademarks be filed in the name of the correct owner, which can be a business entity, individual or two or more individuals (i.e., partnership), so, again, it is very important that you have some background in the differences in business entities.

- Westlaw and LexisNexis: These two databases will be essential when researching case law, trademarks, and secondary sources. Through these databases, you will be able to search for Trademark Trial and Appeal Board (TTAB) cases, state and international trademarks, McCarthy on Trademarks (only through Westlaw) and other important treatises, such as Callmann on Unfair Competition, Trademarks, and Monopolies.

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<tr>
<th>1st Assignment</th>
<th>Orientation Readings DUE ON ORIENTATION Friday, January 8, 2021</th>
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<td>We will be going over administrative topics for the Orientation class, including ethical duties and conflicts of interests. In preparation, please read 37 C.F.R. § 11.101-11.110, which you can access at: <a href="https://www.law.cornell.edu/cfr/text/37/11.101">https://www.law.cornell.edu/cfr/text/37/11.101</a> (press &quot;next&quot; to get to the next section). Please also review the Practical Law “Trademark Overview” document.</td>
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| **1st Assignment** | First Assignment TMEP Readings: DUE FIRST DAY OF CLASS January 13, 2021  
You need to be familiar with the resources you have at hand. This is a practical learning experience, and you may not learn everything you need to know in class. One of the most valuable skills as a lawyer is the ability to spot the issues and know where to find the answer, if you do not know it right away. The Trademark Manual of Examining Procedure (TMEP) is an amazing resource that has all information you need to know about prosecuting trademarks. You need to be accustomed to referring to the TMEP when you have a question (believe me, you will find the answer in the TMEP). Please find the TMEP by searching through the USPTO website at www.uspto.gov.  
For **Wednesday, January 13, 2020, please read the following sections in the TMEP:** 1207.01; 1207.01(a); 1207.01(a)(i); 1207.01(a)(ii); 1207.01(a)(iii); and 1207.01(b) through 1207.01(b)(v). We will also discuss signature requirements, which are set forth in section 611 of the TMEP.  
**First Assignment-Using Practical Law: DUE FIRST DAY OF CLASS January 13, 2021**  
For the first day of class, go to Practical Law and start to search for documents or notes regarding topics that you believe would be important for you to know as a start-up lawyer working for a new company. List the title of 3 documents that you found in your search, browse through the documents, and provide your reasoning as to why you believe such information is important for you to know as a lawyer for a start-up company (1-3 sentences per document you list). Please email it to jlfajfar@usfca.edu by the first class.  
**First Assignment-Understanding Likelihood of Confusion-In re Luna Cycle and In re Fabfitfun: DUE FIRST DAY OF CLASS January 13, 2021**  
After reading the TMEP sections, read the Trademark Trial and Appeal Board (TTAB) decisions in In re Luna Cycles and In re Fabfitfun (see opinions attached).  
**--First Assignment-Understanding Different Business Entities: REFERENCE FOR CLINIC** Please review the basic overview of business entities (attached) and refer to it throughout the Clinic. Again, it is essential that you understand basic business entity differences.  
**-TM Clearance Exercise—SUNDAY, January 17, 2021** You MUST complete the Trademark Clearance and Office Actions Required Assignment by no later than Sunday, January 17 by 11:59 pm by emailing Professor Fajfar at jlfajfar@usfca.edu. This assignment will take quite some time to complete and you should allocate about 6 hours to completing the assignment. You must do the assignment in order from top to bottom or else you will miss certain steps. If you do not complete the full assignment by the due date you will not receive credit for the course. We suggest that you complete at least half before the first day of class. And please do not rush through this assignment, as this will lay a foundation for all cases this semester. If you have any questions about the assignment, you must contact Prof. Jessica Fajfar at jlfajfar@usfca.edu BEFORE the due date. No extensions will be granted. |
| **Note to Students** | If you have questions or email Prof. Jessica Fajfar at jlfajfar@usfca.edu or our Clinic Administrator, Heidi Tate, at lawclinic@usfca.edu. You can always reach Prof. Jessica Fajfar at 415-999-6519 (text is fine as well). |
open for business. Partners don't need to file any formal paperwork and don't have to pay special fees.

LLCs and partnerships are almost identical when it comes to taxation, however. In both types of businesses, the owners report business income or losses on their personal tax returns. In fact, co-owned LLCs and partnerships file the same informational tax return with the IRS (Form 1065) and distribute the same schedules to the business's owners (Schedule K-1, which lists each owner's share of income).

9. Can I Convert My Existing Business to an LLC?
Converting a partnership or a sole proprietorship to an LLC is an easy way for partners and sole proprietors to protect their personal assets without changing the way their business income is taxed. Some states have a simple form for converting a partnership to an LLC (often called a "certificate of conversion"), as described in Chapter 4. Partners and sole proprietors in states that don't use a conversion form must file regular articles of organization to create an LLC.

10. Do I Need to Know About Securities Laws to Set Up an LLC?
If you'll be the sole owner of your LLC, which you will manage and operate, and you don't plan to take investments from outsiders, your ownership interest in the LLC is not a "security" and you don't have to concern yourself with these laws. For co-owned LLCs, however, the answer to this question is a bit more involved.

If all of the owners of your LLC will actively manage the LLC, their ownership interests in the company will usually not be treated as securities. However, when someone invests in your business expecting to make money from the efforts of others, that person's investment is generally considered a security under federal and state law.

If your LLC's ownership interests are considered securities, you must get an exemption from the state and federal securities laws before the initial owners of your LLC invest their money. Fortunately, smaller LLCs, even those that plan to sell memberships to passive investors, usually qualify for securities law exemptions.
We'll explain this further in Chapter 2.

The Benefits of LLCs
The LLC stands as a unique alternative to five traditional legal and tax ways of doing business: sole proprietorships, general partnerships, limited partnerships, C corporations (also called "regular" corporations), and S corporations. While these business entities offer some of the same benefits as LLCs, none offer all of the same benefits. The combination of structural and tax benefits unique to LLCs includes:

- limited liability status
- taxation of business profits at individual rates
- flexible management structure, and
- flexible distribution of profits and losses.

Limited Liability Status
The legal characteristic most interesting to business owners is undoubtedly the limited liability status of LLC owners. With the exception of corporate entities, the LLC is the only form of legal entity that lets all of its owners off the hook for business debts and other legal liabilities, such as court judgments and legal settlements obtained against the business. Another way of saying this is that an investor in an LLC normally has at risk only his or her share of capital paid into the business.
There's Never Limited Liability for Personally Guaranteed Debts

No matter how a small business is organized (LLC, corporation, partnership, or sole proprietorship), its owners must normally cosign business loans made by banks—at least until the business establishes its own positive credit history.

When you cosign a loan, you promise to voluntarily assume personal liability if your business fails to pay back the loan. In some cases, the bank may ask you to pledge all your personal assets as security; in others, it may only require you to pledge specific personal assets—for example, the equity in your home.

EXAMPLE:
A married couple owns and operates Books & Bagels, a coffee shop and bookstore. In need of funds (dough, really) to expand into a larger location, the owners go to the bank to get a small loan for their corporation. The bank grants the loan on the condition that the two owners personally pledge their equity in their house as security for the loan. Because the owners personally guaranteed the loan, the bank can seek repayment from the owners personally by foreclosing on their home if Books & Bagels defaults. No form of business ownership can insulate them from the personal liability they agreed to.

For more information about pledging personal assets to secure business loans, see Legal Guide for Starting & Running a Small Business, by Fred Steingold (Nolo).

Business Profits and Losses Taxed at Individuals' Income Tax Rates
The LLC is recognized by the IRS as a "pass-through" tax entity. That is, the profits or losses of the LLC pass through the business and are reflected and taxed on the individual tax returns of the owners, rather than being reported and taxed at a separate business level. (Other pass-through entities include general and limited partnerships, sole proprietorships, and S corporations—those that have elected S corporation tax status with the IRS.) We'll discuss pass-through taxation further, below.

Flexible Management Structure
LLC owners are referred to as members. A member may be an individual or a separate legal entity, such as a partnership or corporation. Members invest in the LLC and receive percentage ownership interests in return. These ownership interests are used to divide up the assets of the LLC when it is sold or liquidated and are typically used for other purposes as well—for example, to split up profits and losses of the LLC or to divide up members’ voting rights.

LLCs are run by their members unless they elect to be managed by a management group, which may consist of some members and/or nonmembers. Small LLCs are normally member managed—after all, most small business owners want and need to have an active hand in the management of the business. However, this isn't always true. Especially with a growing business or one that makes fairly passive investments, such as in real estate, investors may not want a day-to-day role. Fortunately, an LLC can easily adopt a management-run structure in situations such as these:

• the members want the LLC to be managed by some, but not all, members
• the members decide to employ outside management help, or
• the members choose to cater to an outsider who wishes to invest in or loan capital to the LLC in exchange for a vote in management.
Uniform LLC Laws

For many years, legal scholars and state legislators have worked hard to have all states adopt the same (or very similar) laws affecting key areas of American business and life. Efforts are being made to adopt a national model LLC act that can be used by individual state legislatures to pass future LLC legislation. One model is the Prototype Limited Liability Company Act, sponsored by the American Bar Association's Section of Business Law. Another is the Uniform Limited Liability Company Act, developed by the National Conference of Commissioners on Uniform State Laws.

Usually, states adopt portions of the model acts to supplement their current LLC statutes. In short, while LLC laws are fairly similar (they generally try to conform to IRS regulations and to LLC statutory schemes in other states), state-by-state differences remain.

Flexible Distribution of Profits and Losses

An LLC allows business owners to split profits and losses any way they wish (this flexibility is afforded partnerships as well). You are not restricted to dividing up profits proportionate to the members' capital contributions (the standard legal rule for corporations).

EXAMPLE:

Steve and Frankie form an educational seminar business. Steve puts up all the cash necessary to purchase a computer with graphics and multimedia presentation capabilities, rent out initial seminar sites, send out mass mailings, and purchase advertising.

As the traveling lecturer, cash-poor Frankie will contribute services to the LLC. Although the two owners could agree to split profits and losses equally, they decide that Steve will get 65% of the business's profits and losses for the first three years as a way of paying him back for taking the risk of putting up cash.

By contrast, rules governing the distribution of corporate profits and losses are fairly restrictive. A C corporation cannot allocate profits and losses to shareholders at all—shareholders get a financial return from the corporation by receiving dividends or a share of the corporation's assets when it is sold or liquidated. In an S corporation (covered in detail below), profits and losses generally must follow shareholdings. For example, an S corporation shareholder holding 10% of the shares ordinarily must be allocated a 10% share of yearly profits and losses.

There are a few wrinkles in the flexibility afforded to LLCs. Because LLCs are treated like partnerships for tax purposes, LLCs must comply with technical partnership tax rules:

- **Tax laws require special (disproportionate) allocations of LLC profits or losses to have "substantial economic effect."** In Chapter 3, we'll discuss exactly what that means and how to help make sure your LLC complies with the requirement. For now, simply understand that the purpose of the rule is to ensure that the members have corresponding economic benefits and risks for profits and losses allocated to them.

- **Members contributing services to the LLC may be subject to income taxes on the value of their services.** Again, we'll discuss the tax effects of a member's future personal services to the LLC in Chapter 3.
Comparing LLCs and Other Business Forms

Anyone considering an LLC will want to compare this business form to the three traditional ways of doing business:

- sole proprietorships
- partnerships, and
- C corporations.

In addition, to fully understand the pros and cons of LLC status, you'll need to compare the LLC to two variants on these traditional business forms that come closest to resembling the legal and tax characteristics of the LLC:

- limited partnerships, and
- S corporations.

This section provides general information on the characteristics of each type of legal entity, focusing on the main reasons why businesses adopt one form over another. Our aim is to explain most of the information you'll need to decide whether the LLC is right for you. However, please realize that we can't cover every nuance of tax and business organization law as it applies to your business. Furthermore, the area of pass-through taxation is no piece of cake, even to tax specialists. You may need to check with a tax adviser to make sure the LLC makes sense to you from a tax standpoint, and to learn about any of the special tax areas (some of which are covered in Chapter 3) that may have special relevance to your business. For a quick overview of the different legal and tax characteristics of the various entities, see the business entity comparison chart, at the end of this chapter.

Sole Proprietorship

The simplest way of being in business for yourself is as a sole proprietor. This is just a fancy way
of saying that you are the owner of a one-person business. There's little red tape and cost—other than the usual business licenses, sales tax permits, and local and state regulations that any business must face. As a practical matter, most one-person businesses start as sole proprietorships just to keep things simple.

Other Ways of Doing Business: More Information From Nolo

For further examination of the legal and tax characteristics of the various ways of doing business, see the following Nolo titles:

- **LLC or Corporation**, by Anthony Mancuso. This book explains in depth the legal and tax differences between LLCs and corporations, as well as the legal and tax effects of different forms of doing business as a company grows.

- **Form a Partnership: The Complete Legal Guide**, by Denis Clifford and Ralph Warner. This book discusses general partnerships and shows you step by step how to prepare a general partnership agreement.

- **Incorporate Your Business: A Legal Guide to Forming a Corporation in Your State and How to Form Your Own California Corporation**, by Anthony Mancuso. These books provide in-depth treatment of the corporate structure and show you how to incorporate in each state. Incorporation forms are included.

**Sole Proprietorship Is Limited to One Person**

If your sole proprietorship grows, you'll need to move to a more complicated type of business structure. Once you decide to own and split profits with another person (other than your spouse), by definition, you have a: least a partnership on your hands.

**Sole Proprietor Is Personally Liable for Business Debts**

Unfortunately, although a sole proprietorship is simple, it can also be a dangerous way to operate, especially if the work you do might result in large debts or liabilities from lawsuits. The sole proprietor is personally liable for all debts and claims against a business. For example, if someone slips and falls in a sole proprietor's business and sues, the owner is on the line for paying any court award (if commercial liability insurance doesn't cover it). Similarly, if the business fails to pay suppliers, banks, or other businesses' bills, the owner is personally liable for the unpaid debts. The owner's personal assets, such as a home, car, and bank accounts, are fair game for repayment of these amounts.

**Sole Proprietor's Taxes**

Sole proprietors report business profits or losses on IRS Schedule C, Profit or Loss From Business (Sole Proprietorship), included with a Form 1040 individual federal tax return. Profits are taxed at the owner's individual income tax rates.

Because the owner is self-employed, he or she must pay an increased amount of self-employment (FICA) tax based upon these profits—about twice as much as an incorporated business or corporate employee would personally pay. This increased FICA tax doesn't necessarily mean that sole proprietorships are more expensive tax-wise than other business forms. For instance, if you are both a corporate shareholder and employee, as is the case for the owner/employees of most small corporations, you end up paying a similar amount of total FICA taxes.

**Sole Proprietorships Compared to LLCs**

The LLC requires more paperwork to get started and is more complicated than a sole proprietorship from a legal and tax perspective.
Although LLC owners, like sole proprietors, report business profits on their individual tax returns, the co-owned LLC itself is treated as a partnership and must prepare its own annual informational tax return. The payoff of the LLC for this added complexity is that owners are not personally liable for business claims or debts (unless personally guaranteed, as with a personally guaranteed bank loan).

**General Partnerships**

A partnership is a business in which two or more owners agree to share profits. If you go into business with at least one other person and you don't file formal papers with the state to set up an LLC, corporation, or limited partnership, the law says you have formed a general partnership. A general partnership can be started with a handshake (a simple verbal agreement or understanding) or a formal partnership agreement.

⚠️ **CAUTION**

Partners should always create a written partnership agreement. Without an agreement, the default rules of each state's general partnership law apply to the business. These provisions usually say that profits and losses of the business should be split up equally among the partners, regardless of the amount of capital contributed to the business by each partner. Rather than relying on state laws, general partners should prepare an agreement that covers issues such as the division of profits and losses, the payment of salaries and draws to partners, and the procedure for selling partnership interests back to the partnership or to outsiders.

**Number of Partners in a General Partnership**

General partnerships may be formed by two or more people; there is no such thing as a one-person partnership. Legally, there is no upper limit on the number of partners who may be admitted into a partnership, but general partnerships with many owners may have problems reaching a consensus on business decisions and may be subject to divisive disputes between contending management factions.

**General Partnership Liability**

Each owner of a general partnership is individually liable for the debts and claims of the business. In other words, if the partnership owes money, a creditor may go after any member of the partnership for the entire debt, regardless of that member's ownership percentage (although one partner can sue other partners to force them to repay their shares of the debt).

In addition, each partner may bind the partnership to contracts or enter a business deal that binds the partnership, as long as the contract or deal is within the scope of business undertaken by the partnership. In legal jargon, this authority is expressed by saying that each partner is an "agent" of the partnership.

The personal liability for partnership debts, coupled with the agency authority of each partner, makes the general partnership riskier than limited liability businesses (corporations, LLCs, and limited partnerships).

**General Partnership Taxes**

A general partnership is not a separate taxable entity. Profits (and losses) pass through the business to the partners, who pay taxes on profits at their individual tax rates. Although the partnership does not pay its own taxes, it must file an information return each year—IRS Form 1065, *U.S. Return of Partnership Income*. The partnership must give each partner a filled-in IRS Schedule K-1 (Form 1065), *Partner's Share of Income, Deductions, Credits, etc.*, which shows the proportionate share of profits or losses each person carries over to his or her individual 1040 tax return at the end of the year.
General Partnerships Compared to LLCs

General partnerships are less costly to start than LLCs because most states do not require a state filing (and fees) to form them. The major downside to running a general partnership over an LLC is the exposure to personal liability by each of the general partners. Although a general business insurance package (possibly supplemented by more specialized coverage for unusual risks) can mitigate possible effects, each partner is still personally responsible for all business debts and for any liabilities not covered by the business’s insurance policy. LLC owners, on the other hand, avoid this personal liability problem altogether.

General partnerships and LLCs come out about even on a couple of important issues:

- **Partnership agreement or operating agreement.** Even small partnerships and LLCs should start off with a good written partnership agreement or operating agreement. This, of course, takes time and if you don’t do the work yourself, is likely to cost $1,000 to $5,000 in legal fees, depending on the complexity of your business and the thickness of your lawyer’s rug. (We help you prepare an operating agreement in Chapters 5 and 6 of this book.)

- **Taxes.** General partnerships and LLCs can count on about the same amount of tax complexity, preparation time, and paperwork. Even though you’ll probably turn over most year-end tax work to a tax adviser (for either a co-owned LLC or partnership), understanding and following basic partnership tax procedures takes a fair amount of time and effort.

C Corporations

To establish a C corporation, you prepare and file formal articles of incorporation papers with a state agency (usually the secretary of state) and pay corporate filing fees and initial taxes. A corporation assumes an independent legal and tax life separate from its owners, with the result that it pays taxes at its own corporate tax rates and files its own income tax returns each year (IRS Form 1120).

Corporations are owned by shareholders and managed by a board of directors. Most management decisions are left to the directors, although a few must be ratified by the shareholders as well, such as the amendment of corporate articles of incorporation, sale of substantially all of the corporation’s assets, or the merger or dissolution of the corporation. Corporate officers are normally appointed by the board of directors to handle the day-to-day supervision of corporate business, and usually consist of a corporate president, vice president, secretary, and treasurer.

**TIP**

A C corporation is nothing more than a regular corporation. The letter “C” simply distinguishes the regular corporation (one taxed under normal corporate income tax rules) from a more specialized type of corporation regulated under Subchapter S of the Internal Revenue Code, discussed in “S Corporations,” below.

Number of Corporate Shareholders and Directors

In most states, one or more persons can form and operate a corporation. In a few states, the number of directors necessary for a multi-owner corporation is related to the number of shareholders. For example, if there are two shareholders, two or more directors must be named; if three shareholders, then three or more directors are necessary.
Corporate Limited Liability

As we have mentioned, a corporation provides all its owners (shareholders) with the benefits of limited liability—before other limited liability entities (such as the LLC) were available, that was a major reason many businesses organized as corporations.

Corporation’s Separate Legal and Tax Existence

The corporation has a legal and tax existence separate from its owners. This leads to the following corporate characteristics:

- **Separate taxes.** A corporation files its own income tax return and pays its own income taxes.

- **Tax benefits of employee fringe benefits.** The corporate form allows owner-employees (shareholders who also work in the business) to deduct a number of corporate fringes paid to employees (including themselves) from corporate income, such as the direct reimbursement of medical expenses. Also, corporations can provide tax-favored stock bonus, stock option, and other equity-sharing plans for employees.

- **Legal formalities.** Because a corporation has a separate legal existence, you must pay more attention to its legal care. This means owners must don directors’ and shareholders’ hats and hold and document annual meetings required under state law. Owners must keep minutes of meetings, prepare other formal documentation of important decisions made during the life of the corporation, and keep a paper trail of all financial dealings between the corporation and its shareholders. Owners also need to tend to other formalities, such as appointing officers required under corporate statutes. A corporation should issue stock to its shareholders and keep adequate capital on hand to handle foreseeable business debts and liabilities.

CAUTION

Shoddy corporate procedures can cost you. It can be dangerous to set up a thinly capitalized corporation, treat corporate coffers as an incorporated pocketbook for your personal finances, fail to issue stock, neglect to hold meetings, or overlook other formalities required under your state’s corporation code. If you do (or don’t do) these things, a court or the IRS may “pierce the corporate veil” (a metaphor carried over from a long line of court cases) and decide that the corporation is simply an “alter ego” of the shareholders of a small corporation. If this happens, the business owners (shareholders) can be held personally liable for any money awarded by a court against the corporation.

Corporations Compared to LLCs

Corporations are similar to LLCs in the types of paperwork and fees necessary to get them started with the state. Both must prepare and file organizational papers with the secretary of state and pay filing fees. Both should adopt a set of operating rules that sets out the basic requirements for operating the business—corporations adopt bylaws; LLCs adopt operating agreements.

What sets the corporate form apart from LLCs is how they are taxed. Corporations are taxed separately from their owners at corporate income tax rates. This can result in tax savings if money is left in a business for expansion or for other business needs. That’s because initial tax rates applied to corporate income are normally lower than the individual tax rates of business owners.

**Example:**

Justine and Janine own and operate Just Jams & Jellies, a specialty store selling gourmet
canned preserves. Business has boomed and their net taxable income, split equally by the partners, has reached a level where it is taxed at an individual tax rate of over 30%. If the owners incorporate, or if they form an LLC and elect corporate tax treatment, they can keep money in their business, which is taxed at the lower corporate tax rates of 15% and 25%, saving overall tax dollars on business income.

This corporate tax distinction can be eliminated if the LLC members wish. That is, LLC members can elect to have their LLC taxed as a corporation. We’ll discuss this option, and why some LLCs take it, in Chapter 3.

Even though an LLC may now elect corporate tax treatment, there may be other reasons to favor the corporate form over the LLC, such as the availability of corporate equity sharing plans. Also, a number of people—perhaps including persons you may wish to do business with—associate the corporate form with an added degree of formality and solidity. And, of course, the ability to go public (make a public offering of corporate shares) is a traditional feature of the corporate form that more successful small businesses may be able to capitalize on. (Forget about going public with an LLC; the practical and tax restrictions on transferring membership interests rule out this possibility.)

There are several downsides to corporate life. We’ve already mentioned the complexity of complying with state law corporate procedures by holding annual and special director and shareholder meetings. (Some states have tried to lessen the impact of these state-mandated formalities with the creation of the close corporation form—see the sidebar, “A Look at Close Corporations,” below.)
Limited Partnerships

A limited partnership is similar to a general partnership (discussed above), except that instead of being composed of general partners only, it has two types:

- **Limited partners.** One or more partners contribute capital to the business, but neither participates, in its day-to-day operations nor has personal liability for business debts and claims.
- **General partners.** One or more partners manage business operations and have personal liability for business debts and claims.

To get this special type of partnership started, you must file papers (certificate of limited partnership) with the state and pay an initial filing fee.

Number of Partners

Limited partnerships may be formed by two or more people, with:

- at least one person acting as the general partner, who has management authority and personal liability, and
- at least one person in the role of limited partner.

Limited Liability Only for Limited Partners

Limited partners enjoy the same kind of limited liability for the debts and liabilities of the business as do the shareholders of a corporation and the members of an LLC. General partners of limited partnerships, on the other hand, have the same personal liability described above for general partnerships.

Limited Partnership Taxes

For tax purposes, limited partnerships normally are treated like general partnerships, with all owners having to report and pay taxes personally on their share of the profits each year. The limited partnership files an informational tax return only, and is not subject to an entity level federal income tax.

Limited Partnerships Compared to LLCs

There are two major differences between limited partnerships and LLCs. First, a limited partnership must have at least one general partner, who is personally liable for the debts and other liabilities of the business. This differs from LLCs, where all members are covered by the cloak of limited liability.

Second, limited partners are generally prohibited from managing the business. A limited partner who becomes active in the business of the limited partnership typically loses the limited partner status with its attendant limited liability protection. (There are exceptions to this ban under the newer Revised Uniform Limited Partnership Act, which has made the rounds through state legislatures and has been adopted, at least in part, in most states.) In contrast, LLC members are given a free hand in managing and running the business, either by themselves or in conjunction with outside managers.

This second restriction of the limited partnership makes it more of a gamble for investors, who must turn over management of the business to a general partner. Such an arrangement may work well for outsiders who want to invest cash or property in a business run by others, but it won't work well for businesses that are funded and run primarily by their owners. Investors in actively run businesses who want limited liability status for all owners generally benefit by forming an LLC or a corporation: Both of these entities permit investors to help run the business while enjoying the personal protection of limited liability.
S Corporations

Now we come to our last comparison, and the one with the pickiest technical distinctions: the S corporation versus the LLC. Below, we address the main similarities and differences, but you may need to ask your tax adviser for further particulars if you want to understand the ins and outs of comparing these two business forms.

For starters, an S corporation follows the same state incorporation formalities as a C corporation. Typically, this means filing articles of incorporation and paying a state filing fee. An S corporation also must make a special one-page tax election under Subchapter S of the Internal Revenue Code to have the corporation taxed as a partnership (by filing IRS Form 2553, Election by a Small Business Corporation, with the IRS).

Number of S Corporation Owners

Generally, an S corporation may have no more than 100 shareholders (who must be individuals or certain types of trusts or estates). But spouses and other members of a shareholder's family who own shares in an S corporation are counted as one shareholder.

Limited Liability of S Corporation Shareholders

All S corporation shareholders are granted personal protection from the debts and other liabilities of the business, just like C corporation shareholders and LLC members.

Tax Election of S Corporation

S corporations benefit from the same basic pass-through treatment afforded partnerships and LLCs, so profits and losses are reported on the individual tax returns of the S corporation's shareholders. However, the S corporation must still prepare and file an S corporation annual income tax return each year, similar (from a time and energy standpoint) to the co-owned LLC preparing its own partnership informational tax return.

S Corporations Compared to LLCs

Like any other type of corporation, an S corporation requires some legal care and maintenance—more than is typically needed for an LLC. Regular and special meetings of directors and shareholders are held and recorded to transact important corporate business or decide key legal or tax formalities.

The main difference between S corporations and LLCs has to do with the requirements for electing S corporation tax treatment and some of the unique tax effects that result from this election. To be eligible to make an S corporation tax election with the IRS, the corporation and its shareholders must meet a number of special requirements. Here are a few of the S corporation tax requirements that can present a problem:

- **Individual shareholders of an S corporation must be U.S. citizens or have U.S. residency status.** If shares are sold, passed to (by will, divorce, or other means), or otherwise fall into the hands of a foreign national, the corporation loses its S corporation tax status.

- **Shareholders must be individuals or certain types of qualified trusts or estates.** Generally, S corporations can't have partnerships or other corporations as shareholders. Under typical state statutes, LLCs may have both natural (individual) and artificial (corporate, LLC, partnership, trust, and estate) members.

- **There can be no more than 100 shareholders in an S corporation.**

- **S corporations must have only one class of stock.** Different voting rights are permitted, meaning that S corporations may have one
class of voting shares and another consisting of nonvoting shares. But all shares must have the same rights to participate in dividends and the assets of the corporation when the business is sold or liquidated. Having only one class of stock limits the usefulness of the S corporation as an investment vehicle. Investors typically like to receive special classes of shares that have preferences regarding corporate dividends and participation in the liquidation assets of the corporation when it is sold or dissolved.

- **An S corporation that loses its status cannot reflect it for five years.** An S corporation can lose its S corporation tax status—perhaps inadvertently—for example, if some shares fall into the hands of a disqualified shareholder. Even if the corporation again becomes qualified, it must wait until five years have elapsed from the year of the disqualification.

Two special tax effects not suffered by other pass-through tax entities, such as LLCs and limited partnerships, often present problems for S corporation shareholders:

- **S corporation shareholders can't receive special allocations of profits and losses.** Corporate profits and losses must be split up proportionately to the percentage of shares owned by each shareholder. This point may sound technical or theoretical, but even for smaller businesses it has practical—and sometimes negative—significance.

**EXAMPLE:**

Ted and Natalie want a portion of Natalie's first-year salary to go toward paying for her initial shares in the enterprise. They also want Ted to get a disproportionate number of shares in recognition of the extra risk associated with putting cash into the business up front. Instead of getting two shares for every one of Natalie's shares, which reflects the ratio of Ted's cash to the value of Natalie's services, they want him to receive four shares for every share that she gets. Unfortunately, while this disproportionate doling out of shares may make a lot of practical sense, it is not permitted under S corporation rules.

- **S corporation entity-level debt can't be passed along to shareholders.** An S corporation generally can't pass the potential tax benefits of borrowing money along to its shareholders. In other pass-through entities, such as partnerships and LLCs, business debt (money borrowed by the business) increases the tax basis of the owners (we're simplifying here, but this is the effect of these special rules). This is good for a couple of reasons. First, the owners can deduct more losses from the business on their tax returns. Second, the higher the basis, the less gain—and the lower the taxes due—when owners sell their interests or the business itself is sold. This technical tax point is illustrated in the following example.

**EXAMPLE:**

Mitch's Barbecue Pit Corp., organized as an S corporation, is a promising business in search of outside capital for expansion. A special blend of seasonings in Mitch's secret rib sauce consistently brings in overflow crowds to his two downtown locations. A number of people have expressed interest in investing in Mitch's
expansion into other cities. It's expected that the venture will generate business losses in its first years immediately following the capital infusion. Mitch's will borrow funds from banks to supplement cash reserves and working capital. At first, interested investors plan to simply use the early S corporation losses to offset other income on their personal tax returns. However, the investors' tax advisers warn that because S corporation debt cannot be used to increase the tax basis of the shares held by the investors (as it could in a partnership or LLC) investors won't get to write off all the expected business losses on their individual tax returns. This technical tax disadvantage of the S corporation ultimately results in Mitch's having difficulty finding investors to fund its planned business expansion.

We won't go into this technical point further. Just realize that an S corporation has less flexibility than other pass-through entities to use borrowed money of the business to increase the tax benefits to the owners on their annual individual tax returns and lower the tax bite when the business or their interests in it are ultimately sold. Your tax adviser can fill you in on the details if you want more information.

To summarize, even if S corporation status makes sense to gain the benefits of limited liability for the owners but keep the pass-through tax status for business income and losses (and maybe save on self-employment taxes as mentioned below), it is often inconvenient or uncertain because of the requirements for adopting and keeping S corporation tax eligibility. By comparison, the tax status of an LLC is sustained and certain throughout the life of the business.

Further, the above technical tax considerations make the S corporation less attractive to investors seeking to maximize the deductions and losses they can pass through the business and claim on their individual tax returns.

**E lecting S Corporation Tax Status May Cut Your Self-Employment Tax Bill**

There is still a potential advantage of the S corporation over the LLC under current self-employment tax rules. Specifically, profits of the S corporation, which automatically pass through to the shareholders, are not subject to the self-employment (Social Security and Medicare) taxes. In an LLC taxed as a pass-through entity whose members are active in the business, the members pay self-employment taxes on all LLC profits allocated to them each year. And, presumably, if an LLC elects corporate tax treatment, the LLC pays its share (half) of the self-employment tax on profits paid to members as salaries, with the members picking up the tab on the other half. For further information on the current Social Security tax rules that apply to LLCs, see Chapter 3.

**Business Entity Comparison Tables**

In the tables below, we highlight and compare general and specific legal and tax traits of each type of business entity. We include a few technical issues in our chart (partially covered above). Should any of the additional points of comparison seem relevant to your particular business operation, we encourage you to talk them over with a legal or tax professional.
<table>
<thead>
<tr>
<th><strong>Business Entity Comparison Tables—Legal, Financial, and Tax Characteristics</strong></th>
<th><strong>Sole Proprietorship</strong></th>
<th><strong>General Partnership</strong></th>
<th><strong>Limited Partnership</strong></th>
<th><strong>C Corporation</strong></th>
<th><strong>S Corporation</strong></th>
<th><strong>LLC</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who owns business?</strong></td>
<td>sole proprietor</td>
<td>general partners</td>
<td>general and limited partners</td>
<td>shareholders</td>
<td>same as C corporation</td>
<td>members</td>
</tr>
<tr>
<td><strong>Personal liability for business debts</strong></td>
<td>sole proprietor personally liable</td>
<td>general partners personally liable</td>
<td>only general partner(s) personally liable</td>
<td>no personal liability for shareholders</td>
<td>same as C corporation</td>
<td>no personal liability for members</td>
</tr>
<tr>
<td><strong>Restrictions on kind of business</strong></td>
<td>may engage in any lawful business</td>
<td>may engage in any lawful business</td>
<td>same as general partnership</td>
<td>can't be formed for banking or trust business and other special business</td>
<td>same as C corporation— but excessive passive income (such as from rents, royalties, interest) can jeopardize S tax status</td>
<td>same as C corporation</td>
</tr>
<tr>
<td><strong>Restrictions on number of owners</strong></td>
<td>only one sole proprietor (a spouse may own an interest under marital property laws)</td>
<td>minimum two general partners</td>
<td>minimum one general partner and one limited partner</td>
<td>one-shareholder corporation allowed in all states</td>
<td>same as C corporation, but no more than 100 shareholders permitted, who must be U.S. citizens or residents</td>
<td>all states allow the formation of one-member LLCs</td>
</tr>
<tr>
<td><strong>Who makes management decisions?</strong></td>
<td>sole proprietor</td>
<td>general partners</td>
<td>general partner(s) only, not limited to partners</td>
<td>board of directors</td>
<td>same as C corporation</td>
<td>ordinarily members, or managers if LLC elects manager-management</td>
</tr>
<tr>
<td><strong>Who may legally obligate business?</strong></td>
<td>sole proprietor</td>
<td>any general partner</td>
<td>any general partner, not limited partners</td>
<td>officers</td>
<td>same as C corporation</td>
<td>any member if member-managed or any manager if manager-managed</td>
</tr>
<tr>
<td><strong>Effect on business if an owner dies or departs</strong></td>
<td>dissolves automatically</td>
<td>dissolves automatically unless otherwise stated in partnership agreement</td>
<td>same as general partnership</td>
<td>no effect</td>
<td>same as C corporation</td>
<td>some LLC agreements (and some default provisions of state law) say that LLC dissolves unless remaining members vote to continue business; otherwise LLC automatically continues</td>
</tr>
<tr>
<td><strong>Limits on transfer of ownership interests</strong></td>
<td>free transferability</td>
<td>consent of all general partners usually required under partnership agreement</td>
<td>same as general partnership</td>
<td>transfer of stock may be limited under securities laws</td>
<td>same as C corporations—but transfers to nonqualified shareholders terminate S tax status</td>
<td>most LLC agreements require membership consent to admit new member (absent such consent, transferee gets economic, not voting, rights in the transferor’s membership)</td>
</tr>
</tbody>
</table>
### Business Entity Comparison Tables—Legal, Financial, and Tax Characteristics (cont’d)

<table>
<thead>
<tr>
<th>Sole Proprietorship</th>
<th>General Partnership</th>
<th>Limited Partnership</th>
<th>C Corporation</th>
<th>S Corporation</th>
<th>LLC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of organizational paperwork and ongoing legal formalities</td>
<td>minimal</td>
<td>required, but partnership agreement recommended</td>
<td>start-up filing required, partnership agreement recommended</td>
<td>start-up filing required; bylaws recommended; annual meetings of directors and shareholders recommended</td>
<td>same as C corporation</td>
</tr>
<tr>
<td>Source of start-up funds</td>
<td>sole proprietor</td>
<td>general partners</td>
<td>general and limited partners</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How business usually obtains additional capital</td>
<td>sole proprietor’s contributions; working capital loans backed by personal assets of sole proprietor</td>
<td>capital contributions from general partners; business loans from banks backed by partnership and personal assets of partners</td>
<td>investment capital from limited partners; bank loans guaranteed by general partners</td>
<td>flexible; issuance of new shares to investors, bank loans (backed by personal assets of major shareholders if necessary)</td>
<td>generally same as C corporation— but can’t have foreign or entity shareholders and cannot issue special classes of shares to investors (differences in voting rights are allowed)</td>
</tr>
<tr>
<td>Ease of conversion to another type of business</td>
<td>may change form at will to partnership (if a new owner is added), corporation, or LLC</td>
<td>may change form to limited partnership, corporation, or LLC</td>
<td>may change to corporation or LLC</td>
<td>may change to C corporation by filing simple tax election; change to LLC can involve tax cost</td>
<td>generally same as C corporation</td>
</tr>
<tr>
<td>Is establishment or sale of ownership interests subject to federal and state securities laws?</td>
<td>generally, no</td>
<td>generally, no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Business Entity Comparison Tables—Legal, Financial, and Tax Characteristics (cont’d)</td>
<td></td>
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<td>---------------------------------------------------------------</td>
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<tr>
<td><strong>Who generally finds this the best way to do business?</strong></td>
<td></td>
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</tr>
<tr>
<td>Sole Proprietorship: sole owner wants minimum red tape and maximum autonomy</td>
<td>General Partnership: joint owners who are not concerned with personal liability for business debts</td>
<td>Limited Partnership: joint owner with passive investors who want limited liability protection and pass-through tax status (and prefer not to form an LLC); some real estate syndicates prefer to set up LPs rather than LLCs because they are accustomed to the LP form</td>
<td>C Corporation: owners who want the formal structure of the corporation form but want pass-through taxation of business profits (note: owners who want limited liability protection plus pass-through taxation should usually set up an LLC instead of an S corporation; some owners form an S corporation simply to minimize the owner's self-employment taxes</td>
<td>S Corporation: owners who want limited liability legal protection and pass-through taxation of business profits</td>
<td>LLC: owners who want limited liability legal protection and pass-through taxation of business profits</td>
</tr>
<tr>
<td><strong>How business profits are taxed</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>individual tax rates of sole proprietor</td>
<td>individual tax rates of general partners (unless partner elects corporate tax treatment) same as sole proprietorship (unless partner elects corporate tax treatment)</td>
<td>individual tax rates of general and limited partners (unless partner elects corporate tax treatment) same as sole proprietorship (unless partner elects corporate tax treatment)</td>
<td>profits are split up and taxed at corporate rates and individual tax rates of shareholder</td>
<td>same as sole proprietorship</td>
<td>individual tax rates of members</td>
</tr>
<tr>
<td><strong>Tax-deductible employee benefits available to owners who work in the business?</strong></td>
<td></td>
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</tr>
<tr>
<td>generally, no, but owner may deduct medical insurance premiums and establish IRA or Keogh retirement plan</td>
<td>similar as sole proprietorship (unless partner elects corporate tax treatment)</td>
<td>same as sole proprietorship (unless partner elects corporate tax treatment)</td>
<td>same as sole proprietorship, tax-deductible fringe benefits, including corporate retirement and profit-sharing plan as well as tax-favored stock option and bonus plan for employee-shareholders; may reimburse employees' actual medical expenses; group term life insurance also deductible within limits</td>
<td>same as sole proprietorship (unless LLC elects corporate tax treatment)</td>
<td></td>
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<tr>
<td></td>
<td>Sole Proprietorship</td>
<td>General Partnership</td>
<td>Limited Partnership</td>
<td>C Corporation</td>
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<tr>
<td>Automatic tax status</td>
<td>yes</td>
<td>yes</td>
<td>yes, can elect</td>
<td>yes, on filing</td>
<td>no; must meet</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>corporate tax status</td>
<td>certificate of</td>
<td>requirements and</td>
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<td></td>
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<td></td>
<td>by filing IRS Form 8832</td>
<td>limited</td>
<td>file tax</td>
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<td></td>
<td>partnership with</td>
<td>incorporation</td>
<td>election form</td>
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<td></td>
<td></td>
<td></td>
<td>state filing office</td>
<td>with state filing</td>
<td>(IRS Form 2553)</td>
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<tr>
<td>Are taxes due when</td>
<td>generally tax free</td>
<td>generally tax free</td>
<td>generally not</td>
<td>generally not</td>
<td>same as C</td>
</tr>
<tr>
<td>business is formed?</td>
<td>to set up</td>
<td>to set up</td>
<td>taxable if under</td>
<td>taxable if</td>
<td>corporation</td>
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<td></td>
<td></td>
<td>IRC Section 351</td>
<td>IRC Section 351</td>
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<tr>
<td>Deductibility of</td>
<td>generally, owner</td>
<td>limited partners</td>
<td>corporation, not</td>
<td>shareholders</td>
<td></td>
</tr>
<tr>
<td>business losses</td>
<td>may deduct losses</td>
<td>not active in</td>
<td>individual</td>
<td>receive pro</td>
<td></td>
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<tr>
<td></td>
<td>from active</td>
<td>the business may</td>
<td>shareholders,</td>
<td>rata amount of</td>
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<td></td>
<td>business income on</td>
<td>deduct losses from</td>
<td>deducts business</td>
<td>corporate loss</td>
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<td></td>
<td>individual tax</td>
<td>active business</td>
<td>losses; shareholders</td>
<td>to deduct on</td>
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<td></td>
<td>return</td>
<td>income on</td>
<td>who sell their</td>
<td>their individual</td>
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<td></td>
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<td>individual tax</td>
<td>stock for a loss</td>
<td>income tax</td>
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<td>returns</td>
<td>may be able to</td>
<td>returns, subject</td>
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<td>returns</td>
<td>deduct part of the</td>
<td>to special loss</td>
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<td>returns</td>
<td>loss from</td>
<td>limitation rules</td>
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<td>Tax level when</td>
<td>personal tax level</td>
<td>personal tax levels</td>
<td>two levels:</td>
<td>normally taxed</td>
<td></td>
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<tr>
<td>business is sold</td>
<td>of owner</td>
<td>of individual</td>
<td>shareholders and</td>
<td>at personal</td>
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<td></td>
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<td>general partners</td>
<td>corporation are</td>
<td>tax levels of</td>
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<td>subject to tax on</td>
<td>individual</td>
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<td>liquidation</td>
<td>shareholders,</td>
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<td>but corporate-</td>
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<td>level tax</td>
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<td>sometimes due</td>
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<td>if S corporation</td>
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<td>formerly was a</td>
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<td>C corporation</td>
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</table>
Trademark: Overview
by Practical Law Intellectual Property & Technology

This Note provides an overview of US trademark law. Topics covered include the legal framework for trademark law, the nature of trademark protection, the acquisition and maintenance of trademark rights and registrations, trademark enforcement and protection, exploiting trademarks, and loss of trademark rights.

In 2020 the USPTO issued several notices concerning the extension of certain trademark-related timing deadlines and fee waivers under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). For more information, see Article, COVID-19: Intellectual Property & Technology Practice Changes: USPTO.

Legal Framework for Trademark Protection in the US
Federal Law
State Law

International Considerations

Types of Trademarks
Trade Dress
Collective Marks and Certification Marks

Requirements for Federal Trademark Protection
Distinctiveness
Use in Commerce
Trademark Searching and Clearance

Registering a Trademark
Federal Registration
State Registration
Federal Registration Process
A **trademark** represents one of several types of **intellectual property** protected by US law. Trademarks are protected in the US at both the federal and state level.

A trademark:

- Identifies a single source of origin for goods and services.
- Distinguishes the owner’s goods and services from those of others.
- Provides the owner of the mark with the right to prevent others from adopting similar marks likely to cause confusion in the marketplace.

This Note provides an overview of US trademark law and discusses:

- The legal framework for trademark protection.
- The nature of trademark protection.
- The acquisition of trademark rights.
Trademark: Overview, Practical Law Practice Note Overview 9-512-8249

- The maintenance of trademark rights.
- The enforcement of trademark rights.
- Proper trademark use.
- Loss of trademark rights.
- Ways trademark rights can be exploited.

Legal Framework for Trademark Protection in the US

Trademarks may be protected under both federal and state law.

Federal Law

At the federal level, the primary source of trademark protection is the Lanham Act (15 U.S.C. §§ 1051 to 1141n).

The US Patent and Trademark Office (USPTO) is the federal agency that administers the Lanham Act and regulates registration of trademarks on the federal trademark register. UPSTO trademark regulations appear in Title 37 of the Code of Federal Regulations (37 C.F.R. §§ 2.2 to 7.41).

The USPTO website provides legal and regulatory information, and procedural guidance on the federal trademark application process. The Trademark Manual of Examining Procedure, published by the USPTO, provides detailed information concerning examination of a federal trademark application.

State Law

Trademarks are protected at the state level by:

- Common law unfair competition principles.
- State trademark statutes.

For more information on state trademark laws, see Trademark Laws: State Q&A Tool.

International Considerations

Trademark rights are territorial in nature. Generally, rights in one jurisdiction do not give rise to rights in other jurisdictions. The US is a party to certain international agreements that provide various benefits for US companies seeking trademark protection outside of the US and for foreign companies seeking protection in the US, including:

- The Paris Convention for the Protection of Industrial Property.
Types of Trademarks

Under the Lanham Act, a trademark generally includes any of the following when used to identify and distinguish goods or services:

- Word.
- Name.
- Symbol.
- Device.

The term service mark is sometimes used to refer to a trademark that is used for services.

In some circumstances trademarks may consist of:

- Colors.
- Sounds.
- Scents.

For more on trademark protection for these less common trademarks, see Practice Note, Protecting Non-Traditional Trademarks.

Trade Dress

Under certain circumstances trade dress may be protectable as a trademark. For more information on trade dress protection, see Practice Note, Trade Dress Protection.

Collective Marks and Certification Marks

The Lanham Act also recognizes and provides for registration of:

- Collective marks.
- Certification marks.
Requirements for Federal Trademark Protection

To be protected as a trademark at the federal level, a designation must be:

- Distinctive (see Distinctiveness).
- Used in interstate commerce (see Use in Commerce).

Distinctiveness

Distinctiveness is the ability of a designation to identify a single source of goods or services. Distinctiveness may be either:

- Inherent (see Inherent Distinctiveness).
- Acquired (see Acquired Distinctiveness).

Inherent Distinctiveness

A mark is inherently distinctive if it is immediately capable of identifying a source of origin for a good or service.

Inherent distinctiveness is generally analyzed along a spectrum of distinctiveness ranging from generic terms, which are not protectable under any circumstances, to highly distinctive fanciful marks, which have the broadest scope of inherent protection.

For more information on inherent distinctiveness, see Practice Note, Acquiring Trademark Rights and Registrations: Distinctiveness.

Acquired Distinctiveness

Some terms that are not inherently distinctive may acquire distinctiveness (also known as secondary meaning), and be capable of protection as a trademark, through use and promotion over time. For example, terms that describe a product attribute or characteristic may be protectable if they acquire distinctiveness. Under the Lanham Act, a mark that has been in substantially continuous and exclusive use for five years is entitled to a presumption of acquired distinctiveness (15 U.S.C. § 1052(f)).

Use in Commerce

In the US, trademark rights at the federal level arise through use of a protectable mark in interstate commerce in connection with goods or services. For more information on what qualifies as use in commerce, see Practice Note, Proving Trademark Use and Priority.

At the state level, trademark rights arise through use of the mark in commerce within the state.
Trademark Searching and Clearance

Before using or seeking to register a trademark, a company should conduct trademark clearance. Trademark clearance typically involves:

- Conducting one or more trademark searches, including:
  - preliminary or “knock out” searches; and
  - full availability searches.
- Analyzing the search results.
- Taking additional steps to attempt to assess and mitigate any risks posed by potential obstacles disclosed in the searches, for example by:
  - conducting use investigations of potentially conflicting marks;
  - seeking consent or coexistence agreements from third parties that own potentially conflicting marks; or
  - petitioning to cancel conflicting registrations.

For more information on trademark searching and clearance, see Practice Note, Trademark Searching and Clearance.

For a checklist of information to obtain from a client before conducting trademark searching and clearance, see Trademark Searching and Clearance Information Checklist.

Registering a Trademark

In the US, a trademark may be registered at the federal or state level.

Federal Registration

At the federal level, trademarks are registered under the Lanham Act in the USPTO. The USPTO administers two trademark registers:

- **Principal Register.** The Principal Register is the primary register of trademarks the USPTO maintains, subject to additional registrability requirements, and is reserved for marks that are inherently distinctive or that have acquired distinctiveness (see Eligibility for Registration on the Principal Register).
• **Supplemental Register.** The Supplemental Register is the secondary register and is reserved for certain nondistinctive marks that do not inherently qualify for registration on the Principal Register, but that are capable of distinguishing goods or services. If a mark on the Supplemental Register acquires distinctiveness through use and promotion over time, the owner may file a new application to register the mark on the Principal Register.

**Term of a Federal Trademark Registration**

A federal registration on the Principal Register or Supplemental Register is effective for ten years, subject to maintenance requirements, and may be renewed for additional ten-year periods if certain requirements are met (see Maintaining Federal Trademark Registrations).

**Eligibility for Registration on the Principal Register**

Not all words, symbols, logos, and devices can be registered as trademarks. The Lanham Act and USPTO regulations specify the eligibility of trademarks for federal registration.

Certain subject matter may not be registered under any circumstances, including:

- Marks likely to cause confusion as to source with a previously used or registered mark.
- Generic terms.
- Deceptive matter.
- Functional matter.
- Matter that falsely suggests a connection with a person or institution.
- Government insignia.
- Names, portraits, and signatures identifying particular living individuals without their written consent.

The Lanham Act, on its face, also still prohibits registration of immoral, scandalous, and disparaging marks (15 U.S.C. § 1052(a)). However, the US Supreme Court has invalidated these restrictions as unconstitutional under the First Amendment (Iancu v. Brunetti, 139 S. Ct. 2294 (2019) (affirming Federal Circuit decision that Lanham Act immoral and scandalous mark proscriptions are unconstitutional restrictions on free speech); Matal v. Tam, 137 S. Ct. 1744 (2017) (holding that Lanham Act disparagement proscription constitutes unconstitutional government regulation of expression in violation of the First Amendment)).

Certain designations may be registered only on a showing of acquired distinctiveness (secondary meaning), including designations that are:

- Merely descriptive of the goods or services.
- Primarily geographically descriptive of the goods or services.
• Primarily merely a surname.

For more information on eligibility for federal trademark registration on the Principal Register, see Practice Note, Acquiring Trademark Rights and Registrations: Eligibility for Trademark Registration Under the Lanham Act.

Benefits of Federal Registration
Although not required for the acquisition and protection of trademark rights, federal registration of a mark on the Principal Register confers significant benefits on the trademark owner, including evidentiary presumptions relating to:

• Ownership of the mark.

• Validity of the mark.

• The exclusive right to use the mark nationwide in connection with the goods or services covered by the registration.

• The right to use the registered trademark symbol: ®.

Registration of a mark on the Supplemental Register confers certain benefits, including the right to use the registered trademark symbol, but not the evidentiary benefits of registration on the Principal Register.

For more information on the benefits of registration of a mark on the Principal Register and the Supplemental Register, see Practice Note, Acquiring Trademark Rights and Registrations: Benefits of Federal Registration.

State Registration
Most states have statutes for registering trademarks used in the state. Requirements for obtaining state registrations, and their terms, vary by state. Generally a mark must be used in commerce within the state before a registration can be obtained. A state registration may offer some procedural and evidentiary advantages in litigation. For more information on state trademark registration, see Trademark Laws: State Q&A Tool.

Federal Registration Process
If a company decides to seek registration of a mark after the search and clearance process has been completed, the next step is filing an application with the USPTO. Trademark applications are filed online through the USPTO’s Trademark Electronic Application System.

Filing Basis
The most common trademark application filing bases are:

• Use in commerce. A use-based (Section 1(a)) application is based on existing use of the mark in interstate commerce (15 U.S.C. § 1051(a)).
Intent to Use. An intent-to-use (ITU or Section 1(b)) application is based on a bona fide intent to use the mark in commerce in connection with the goods or services listed in the application, even though actual use of the mark has not yet taken place (15 U.S.C. § 1051(b)).

Applications to register a trademark on the Supplemental Register must be based on use in commerce.

For more information on filing bases, see Practice Notes, Acquiring Trademark Rights and Registrations: Filing Basis and Filing a Federal Trademark Application: Filing Bases

Filing Requirements
A trademark application filed with the USPTO must comply with certain filing requirements and formalities. For more information, see Practice Notes, Acquiring Trademark Rights and Registrations: Application Elements and Filing a Federal Trademark Application: Filing and Prosecuting the Application.

USPTO Examination
After an application is filed, it is assigned to a trademark examining attorney for examination. The examining attorney reviews the application for:

• Compliance with formal application requirements.
• The eligibility of the trademark for registration.

For more information on the USPTO examination process, see Practice Note, Acquiring Trademark Rights and Registrations: USPTO Examination.

Office Actions
If the examining attorney identifies any deficiencies in the application or issues pertaining to the registrability of the mark, the examining attorney issues an Office Action identifying the deficiencies and issues. The applicant typically has six months from the date the Office Action is issued to respond. The examining attorney may issue additional Office Actions if the applicant does not provide a satisfactory response.

For resources providing guidance for responding to Office Actions, see Trademark Office Action Response Toolkit.

In some cases where an application is refused based on a finding of likelihood of confusion with a prior registered mark, the applicant may be able to overcome the refusal through a consent agreement with the prior rights owner. For a sample trademark consent agreement, see Standard Document, Trademark Consent Agreement.

Publication
An application for the Principal Register that passes through examination is published for opposition in the USPTO’s Trademark Official Gazette. Applications to register marks on the Supplemental Register are not published.

For more information, see Practice Note, Filing a Federal Trademark Application: Publication.
Opposition
Once a mark is published for opposition, a party with standing may oppose registration of the mark by filing a Notice of Opposition within the opposition period or any applicable extension of the period (see Opposition Proceedings).

Registration
If no opposition is filed, the next step in the registration process depends on whether the mark is the subject of:

• A use-based application. A mark that is the subject of a use-based application proceeds to registration if no opposition is filed.

• An intent-to-use application. A mark that is the subject of an intent-to-use application may not be registered until the applicant files a proper Statement of Use. For more information on requirements for the Statement of Use, see Practice Note Acquiring Trademark Rights and Registrations: ITU Application.

For more information on the process for registering a trademark with the USPTO, see Practice Note, Filing a Federal Trademark Application and Registering a Trademark Checklist.

Maintaining Trademark Rights
Trademark rights are subject to certain maintenance requirements for both common law rights and registrations.

Maintaining Common Law Rights
Common law rights in a trademark are maintained through bona fide use of the mark in commerce as a source identifier for goods or services (see Practice Note, Proving Trademark Use and Priority). Absent federal registration, rights are generally limited to the geographic area in which the mark is used. Non-use of a mark may result in abandonment of the mark (see Loss of Trademark Rights).

Trademark rights may be weakened, or even lost, through certain trademark owner conduct including:

• Misuse of the trademark.

• Failure to take appropriate action against third parties that infringe or otherwise misuse the mark.

For information on proper trademark use and protection, see Standard Document, Trademark Use and Protection Guidelines (Internal Distribution).

Maintaining Federal Trademark Registrations
A federal trademark registration is maintained by:

• Continuous and consistent use of the mark in commerce.
• Compliance with registration maintenance formalities, including timely filing of:

  • declarations of continued use or excusable nonuse; and

  • renewal applications.

For more information, see Practice Note, Maintaining Trademark Registrations.

Incontestability
The owner of a mark registered on the Principal Register may, subject to certain requirements, file a Declaration of Incontestability to seek incontestable status for the mark. A Declaration of Incontestability may be filed once the mark has been in continuous use in commerce for at least five consecutive years after the registration date. The declaration may be filed within one year after the expiration of any five-year period of continuous use following registration.

Incontestable status confers significant benefits on the trademark owner. For example, an incontestable registration is, subject to certain exceptions, conclusive evidence of the mark owner’s exclusive right to use the mark for the goods or services listed in the registration. For more information on incontestability, see Practice Note, Maintaining Trademark Registrations: Affidavit of Incontestability Under Section 15.

A registration on the Supplemental Register is not eligible for incontestable status.

Maintaining State Trademark Registrations
Requirements for maintaining state registrations vary by state. For more information on state trademark registration maintenance requirements, see Trademark Laws: State Q&A Tool.

Enforcing Trademark Rights
To maintain their rights, trademark owners must be diligent in protecting their marks by taking appropriate enforcement action against infringement and other misuse by third parties. In the US, the principal means of trademark enforcement are:

• Cease and desist letters (see Cease and Desist Letters).

• Litigation asserting infringement and related claims (see Infringement Litigation).

• Opposition and cancellation proceedings in the Trademark Trial and Appeal Board (TTAB) (see Opposition and Cancellation Proceedings).

Cease and Desist Letters
Trademark owners faced with infringement or misuse of their marks by third parties typically send cease and desist letters to attempt to resolve the matter without the need for formal legal action.
Infringement Litigation

At the federal level, the Lanham Act provides causes of action for infringement of:

- Marks that are not federally registered, under Section 43(a) (false designation of origin) (15 U.S.C. § 1125(a)(1)(A)).

In infringement litigation, owners of federally registered marks typically assert false designation of origin (unfair competition) claims under Section 43(a), along with infringement claims under Section 32. Depending on the ground for cancellation, a Section 43(a) claim may survive a cancellation of the owner’s registration in the litigation because the 43(a) claim does not depend on the existence of the registration.

Federal and state courts have concurrent subject matter jurisdiction over Lanham Act claims. Most suits are brought in federal court, however, because federal judges have greater familiarity with the Lanham Act.

For more information on infringement claims under the Lanham Act, see Practice Notes, Lanham Act Section 43(a) Claims and Trademark Infringement and Dilution Claims, Remedies, and Defenses.

For a toolkit of resources for evaluating and preparing to commence trademark litigation in federal district court under the Lanham Act, see Trademark Litigation: Pre-Suit Toolkit.

Likelihood of Confusion

Likelihood of confusion is the test for trademark infringement. Likelihood of confusion refers to confusion in the marketplace over source, sponsorship, or affiliation resulting from the simultaneous use by different parties of identical or similar marks for their respective goods or services. Likelihood of confusion is analyzed according to a multi-factor test. The specific tests vary somewhat from circuit to circuit, but common factors examined include:

- The strength of the plaintiff’s mark.
- The similarity of the parties’ marks.
- The relatedness of the parties’ goods or services.
- The similarity of the parties’ trade and marketing channels.
- The defendant’s intent.
- The existence of actual confusion.
For more information on the likelihood of confusion analysis in infringement litigation under the Lanham Act, see Practice Note, Trademark Litigation: Likelihood of Confusion. For a toolkit of resources for researching, analyzing, and arguing the likelihood of confusion issue, see Likelihood of Confusion Toolkit.

### Principal Remedies for Infringement
Principal remedies available in trademark infringement actions under the Lanham Act include:

- Preliminary and permanent **injunctive relief**.
- Actual damages.
- Profits of the infringer.
- Enhanced damages for willful infringement.
- Attorneys’ fees in exceptional cases.

For more information, see Practice Notes, Trademark Litigation: Injunctive Relief and Trademark Litigation, Monetary Relief

### Principal Defenses to Infringement Claims
Principal defenses to infringement claims include:

- Challenges to the ownership, validity, and enforceability of the plaintiff’s mark, for example, challenges that the mark is generic, abandoned, or functional.
- Descriptive fair use.
- Nominative fair use.
- First Amendment protection, including parody.
- Equitable defenses, including laches.

For more information on these defenses, see:

- Practice Note, Trademark Litigation: Fair Use and First Amendment Defenses.
- Practice Note, Trademark Litigation: Laches and Other Equitable Defenses.
- Practice Note, Genericness Challenges to Trademark Rights.
- Practice Note, Trademark Abandonment from Discontinued Use.
Trademark: Overview, Practical Law Practice Note Overview 9-512-8249

- Practice Note, Trademark Litigation: Functionality.
- Practice Note, Trademark Infringement and Dilution Claims, Remedies, and Defenses: Principal Defenses to Trademark Infringement and Dilution Claims.

Additional Lanham Act Claims
Trademark owners may also protect their marks through claims under the Lanham Act for:

- **Unfair competition under Section 43(a).** Court decisions have established that Section 43(a) of the Lanham Act provides a cause of action for infringement of trademarks not registered with the USPTO. Section 43(a) also provides a cause of action for other acts likely to cause consumer confusion or deception (15 U.S.C. § 1125(a)(1)(A)). For more information on Section 43(a) claims, see Practice Note, Lanham Act Section 43(a) Claims.

- **Dilution.** Dilution is the lessening of the capacity of a famous mark to identify and distinguish goods or services. Dilution may be by:
  - blurring; and
  - tarnishment.

  For more information on dilution claims under the Lanham Act, see Practice Notes, Trademark Infringement and Dilution Claims, Remedies, and Defenses: Federal Trademark Dilution Claims and Trademark Litigation: Proving Fame for Dilution Claims.

- **Cyberpiracy.** The Lanham Act provides a cause of action for trademark owners against cyberpirates who engage in bad faith registration or trafficking in domain names for profit (15 U.S.C. 1125(d)). For more information, see Practice Note, Brand Protection Online: The Anticybersquatting Consumer Protection Act.

- **Trademark counterfeiting.** Trademark counterfeiting is a form of infringement involving the use of a counterfeit of a registered mark. The Lanham Act provides a trademark owner with additional potential remedies for acts of trademark counterfeiting. For more information, see Practice Note, Protecting Against Counterfeit Trademarks and Gray Market Goods.

State Claims
Trademark owners, subject to various requirements, may also protect their interests through claims under state statutes and common law, including claims for:

- Common law trademark infringement and unfair competition.
- Unfair competition under state statutes, for example, deceptive trademark practices acts.
- Dilution under state statutes and common law.
Trademark: Overview, Practical Law Practice Note Overview 9-512-8249

- Counterfeiting under state statutes.

For federally protected marks, state claims are typically asserted together with federal claims under the Lanham Act. For more information on state trademark claims, see Trademark Laws: State Q&A Tool.

Recording Trademarks with US Customs and Border Protection
To help combat counterfeiting and gray market activities, trademark owners may record their trademark registrations with US Customs and Border Protection (CBP). For more information on enforcement against counterfeiting, including recordation of marks with CBP, see Practice Notes, Protecting Against Counterfeit Trademarks and Gray Market Goods and Trademark Enforcement: Working with US Customs and Border Protection.

Opposition and Cancellation Proceedings

Opposition Proceedings
Trademark owners may, under certain circumstances, oppose registration of a trademark that is the subject of a federal trademark application for registration on the Principal Register. Principal grounds to oppose registration of the applied-for mark include that the mark is:

- Likely to cause consumer confusion about the source of goods or services.
- Likely to dilute the distinctiveness of an owner’s famous mark.
- Generic for or merely descriptive of the goods or services.

Trademark opposition proceedings are conducted before the TTAB within the USPTO.

Most opposition proceedings settle before trial, often with the parties entering into an agreement for their marks to coexist in the marketplace subject to certain restrictions. For a sample trademark coexistence agreement, see Standard Document, Trademark Coexistence Agreement.

For more information on opposition proceedings, see Practice Notes, TTAB Oppositions and Cancellations: Grounds and Defenses and TTAB Oppositions and Cancellations: Practice and Procedure.

For a toolkit of resources for use in opposition and cancellation proceedings before the TTAB, see TTAB Proceedings Toolkit.

Cancellation Proceedings
Cancellation proceedings in the TTAB allow parties to cancel registrations after the USPTO has issued the registration. The grounds for cancellation are largely consistent with the grounds for opposition, but are limited once a registration has been in existence for five years.

For more information on cancellation proceedings, see Practice Notes, TTAB Oppositions and Cancellations: Grounds and Defenses and TTAB Oppositions and Cancellations: Practice and Procedure.

For a toolkit of resources for use in opposition and cancellation proceedings before the TTAB, see TTAB Proceedings Toolkit.
Proper Trademark Use

To protect and keep their rights, trademark owners must both:

- Take appropriate measures to enforce their rights against third parties.
- Ensure that they use their marks properly to maintain the brand name significance of the marks.

If trademarks are not used properly, their strength and scope of protection may be eroded and, in a worst case scenario, the marks may become generic if their source-identifying significance is lost.

For more information on proper trademark use, see Practice Note, Proving Trademark Use and Priority and Standard Document, Trademark Use and Protection Guidelines (Internal Distribution).

Exploiting Trademark Rights

Trademarks are property and are transferable. The value of a trademark is based on its goodwill and its ability to exclude others from using similar marks likely to cause marketplace confusion. In addition to actively enforcing its trademark against third parties, a trademark owner may be able to exploit its trademark in various ways, for example by:

- Licensing the mark (see Trademark Licensing).
- Selling the mark (see Selling Trademarks).
- Using the mark as collateral to secure financing (see Using Trademarks as Collateral).

Trademark Licensing

Trademark owners may license their marks to others to use, subject to various terms and conditions agreed on by the parties, including exclusivity, licensing fees, and royalties. Trademark licenses can be recorded with the USPTO, but recordation is not required.

The trademark owner must monitor the nature and quality of the licensee’s goods and services. Failure to exercise adequate quality control can lead to abandonment of the licensed trademarks (see Abandonment Through Uncontrolled Licensing).

For sample arms-length trademark license agreements, see Standard Documents, Trademark License Agreement (Pro-Licensor) and Trademark License Agreement (Pro-Licensee). For an intercompany license agreement, see Standard Document, Intercompany Trademark License Agreement.

For a checklist of common issues that a licensor should consider when starting a trademark licensing program, see Trademark License Checklist.
Selling Trademarks

A trademark owner may be able to obtain value by selling and assigning its trademarks and any associated registrations or applications.

Both registered and unregistered trademarks can be assigned, but the assignment of the mark must include the goodwill associated with the mark. An assignment of a registered trademark must be in writing. Recordation of a trademark assignment with the USPTO is not required to make a transfer effective, but provides certain benefits. There are restrictions on the assignment of intent-to-use trademark applications.

For more information on trademark assignments, see Practice Note, Intellectual Property Rights: The Key Issues: Trademark Assignments.

For sample assignment agreements, see Standard Documents, Trademark Acquisition Agreement and Trademark Assignment Agreement (Short Form).

Using Trademarks as Collateral

State UCC Article 9 provisions govern perfection of security interests over trademarks. While the USPTO accepts documents evidencing grants of security interests in federally registered trademarks and trademark applications, these recordings are not necessary or effective to perfect the lender’s security interest. However, USPTO recordation is recommended, as it may provide protection against subsequent bona fide purchasers and mortgagees.

For more information on security interests over trademarks, see Practice Note, Security Interests: Intellectual Property: Trademarks.

For a sample agreement, see Standard Document, Trademark Security Agreement (Short Form).

Loss of Trademark Rights

There are various ways that trademark rights may be lost. The most common means for losing rights include:

• Abandonment of a mark through nonuse (see Abandonment Through Nonuse).

• Abandonment of a mark through uncontrolled licensing (see Abandonment Through Uncontrolled Licensing).

• Genericide (see Genericide).

There are other ways that trademark rights may be limited or lost through conduct of the owner, including improper assignments (see Improper Trademark Assignments).

Abandonment Through Nonuse

In the US, a trademark must be used to keep rights in the mark. If a mark is not used, it is subject to abandonment. Under the Lanham Act, abandonment occurs when the trademark owner both:
Abandonment Through Uncontrolled Licensing

The Lanham Act provides that a mark is abandoned if, through conduct of the trademark owner, the mark either:

- Becomes the generic name for the goods or services (see Genericide).
- Otherwise loses its significance as a trademark.

One way that a mark may lose its trademark significance is if the owner licenses the mark without exercising adequate quality control over the nature and quality of the licensed goods or services. This is commonly known as naked licensing. For more information on naked licensing, see Practice Note, Loss of Trademark Rights: Abandonment Through Uncontrolled (Naked) Licensing.

For more information on quality control in trademark license agreements, see Standard Document, Trademark License Agreement (Pro-Licensor): Drafting Note: Quality Control.

Genericide

Trademark rights can be lost if the mark’s primary meaning to the relevant public becomes the name of the genus of the goods or services. For more information on genericide, see Practice Notes, Loss of Trademark Rights: Genericide and Genericness Challenges to Trademark Rights.

Improper Trademark Assignments

Improper trademark assignments may also lead to the limitation or loss of trademark rights. Improper assignments include:

- **Assignments in gross.** For more information on assignments in gross, see Practice Note, Loss of Trademark Rights: Assignments in Gross.
- **Improper assignments of intent-to-use trademark applications.** For more information on improper assignments of intent-to-use trademark applications, see Practice Note, Loss of Trademark Rights: Improper Assignment of Intent-to-Use Applications.
For model stand-alone and short-form trademark assignments, see Standard Documents, Trademark Acquisition Agreement and Trademark Assignment Agreement (Short-Form).
Opinion by Lykos, Administrative Trademark Judge:

Luna Cycles (“Applicant”) seeks to register on the Principal Register the mark LUNACYCLE in standard characters for goods ultimately identified as “Bicycle frames for electric bicycles; Electric bicycles; Electric bicycle parts, namely, brake sensors, electric bicycle motors, electric bicycle mid-drives, bicycle sprockets” in International Class 12.¹

¹ Application Serial No. 87132160, filed August 9, 2016, under Section 1(a) of the Trademark Act, 15 U.S.C. § 1051(a), alleging September 1, 2012 as the date of first use anywhere and in commerce.
The Trademark Examining Attorney refused registration of Applicant’s mark pursuant to Section 2(d) of the Trademark Act of 1946, 15 U.S.C. § 1052(d), on the ground that Applicant’s mark so resembles the registered mark for “Women’s bicycle clothing and accessories, namely, shorts, short-sleeve jerseys, long-sleeve jerseys, sleeveless jerseys, wind jackets, insulated warm-up jackets, sweatshirts, winter hats; women’s athletic clothing, namely, tops, socks in International Class 25,\(^2\) that, when used on or in connection with Applicant’s identified goods in each class, it is likely to cause confusion or mistake or to deceive.

The registration includes the following translation statement: “The English translation of ‘LUNA’ in the mark is ‘MOON.’” The registration includes the following description of the mark:

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Color is not claimed as a feature of the mark. The drawing is amended to appear as follows: stylized word “LUNA” inside a rectangular design. With a design element composed of a crescent moon inside the letter "A".
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\(^2\) Registration No. 3842162, issued August 31, 2010, on the Principal Register. Concurrent with the filing on August 30, 2016 of a partial “Combined Declaration of Use and Incontestability under Sections 8 & 15,” removing some of the goods listed in the original registration, Registrant also filed a request under Trademark Act Section 7 to amend the registered mark to “[rearrange] the placement of the crescent moon to a different position within the letter ‘A’; and, [replace] the oval outline with a rectangle.” The amendment was accepted, and the registration certificate was updated on December 13, 2016.
When the refusal was made final, Applicant appealed. The appeal is now briefed and has been presented to us for a decision on the merits.

I. Section 2(d) Refusal

We base our determination under Section 2(d) on an analysis of all of the probative evidence of record bearing on a likelihood of confusion. *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973) (“*du Pont*”). See also *In re Majestic Distilling Co.*, 315 F.3d 1311, 65 USPQ2d 1201, 1203 (Fed. Cir. 2003). In any likelihood of confusion analysis, however, two key considerations are the similarities between the marks and the similarities between the goods. See *In re Chatam Int’l Inc.*, 380 F.3d 1340, 71 USPQ2d 1944 (Fed. Cir. 2004); *Federated Foods, Inc. v. Fort Howard Paper Co.*, 544 F.2d 1098, 192 USPQ 24 (CCPA 1976). These factors and others are discussed below. See *M2 Software, Inc. v. M2 Commc’ns, Inc.*, 450 F.3d 1378, 78 USPQ2d 1944, 1947 (Fed. Cir. 2006) (even within *du Pont* list, only factors that are “relevant and of record” need be considered).

A. The Marks

We commence with an analysis of the similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression. See *Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369, 73 USPQ2d 1689, 1692 (Fed. Cir. 2005). “The proper test is not a side-by-side comparison of the marks, but instead ‘whether the marks are sufficiently similar in terms of their commercial impression’ such that persons who encounter the marks would be likely to assume a connection between the parties.” *Coach Servs., Inc. v.*
 Triumph Learning LLC, 668 F.3d 1356, 101 USPQ2d 1713, 1721 (Fed. Cir. 2012) (quoting Leading Jewelers Guild, Inc. v. LJOW Holdings, LLC, 82 USPQ2d 1901, 1905 (TTAB 2007)). The focus is on the recollection of the average purchaser, who normally retains a general rather than a specific impression of trademarks. Our analysis cannot be predicated on dissection of the involved marks. Stone Lion Capital Partners, LP v. Lion Capital LLP, 746 F.3d 1317, 110 USPQ2d 1157, 1161 (Fed. Cir. 2014). Rather, we are obliged to consider the marks in their entireties. Id. See also Franklin Mint Corp. v. Master Mfg. Co., 667 F.2d 1005, 212 USPQ 233, 234 (CCPA 1981) (“It is axiomatic that a mark should not be dissected and considered piecemeal; rather, it must be considered as a whole in determining likelihood of confusion.”).

The marks at issue are LUNACYCLE in standard characters and LUNA. Applicant argues that the Examining Attorney improperly focuses on the wording in the cited mark without giving due consideration to the design and appearance. In Applicant’s view, the carrier, stylized lettering, and crescent moon design provide meaningful distinctions with Applicant’s word mark. Applicant also criticizes the Examining Attorney for purportedly dissecting the marks and placing a disproportionate emphasis on the shared literal portion LUNA. As Applicant asserts, its mark is “a portmanteau of the word ‘LUNACY’ and ‘CYCLE’ and that Applicant’s marketing strategy plays off this highly specific concept ...” Brief, p. 15; 4 TTABVUE 16. With LUNACY as the dominant portion of the applied-for mark, Applicant asserts that it engenders a different connotation and commercial
impression from the cited mark comprised of the term LUNA, a synonym for “moon.” Continuing, Applicant contends that the cited mark “evokes feminine beauty and elegance” whereas its mark alludes to the craziness or lunacy of its non-traditional electric bicycles and associated products. In view of these differences, Applicant takes the position that the marks are audibly and visually distinct and project dissimilar connotations and commercial impressions.

We acknowledge the specific differences in sight and sound pointed out by Applicant. However, we disagree with Applicant’s contention that the Examining Attorney has improperly dissected the marks and that they are overall different in meaning and commercial impression. In reaching a conclusion on the issue of likelihood of confusion, there is nothing improper in stating that, for rational reasons, more or less weight has been given to a particular feature of a mark, provided the ultimate conclusion rests on a consideration of the marks in their entireties. 

There is no correct pronunciation of a trademark that, like Applicant’s applied-for mark LUNACYCLE, is not a word, but a coined term. In re Viterra Inc., 671 F.3d 1358, 101 USPQ2d 1905, 1912 (Fed. Cir. 2012); Edwards Lifesciences Corp. v. VigiLanz Corp., 94 USPQ2d 1399, 1409 (TTAB 2010). Applicant urges us to find that because prospective consumers will focus on the first six letters of Applicant’s mark which spell the word “lunacy,” the mark projects a different connotation and meaning. Under Applicant’s logic then, consumers would be more likely to understand and
pronounce Applicant’s mark as “lunacy cle.” While in theory this is possible, it is highly unlikely. Rather, considering the goods for which registration is sought, it is more likely that consumers will understand the mark to represent a “telescoped form” of the two separate words “LUNA CYCLE” focusing on the first arbitrary portion “luna” as the dominant feature and according less significance to the generic term “cycle.” Because Applicant has applied to register its mark in standard character format, if registered, Applicant would be entitled to display its mark in any stylization, including with the letter “L” and initial letter “C” in upper case and the remaining letters in lower case.3 See In re Viterra Inc., 101 USPQ2d at 1909 (the rights reside in the wording or other literal element and not in any particular display or rendition); see also Cunningham v. Laser Golf Corp., 222 F.3d 943, 55 USPQ2d 1842, 1847 (Fed. Cir. 2000) (“Registrations with typed drawings are not limited to any particular rendition of the mark and, in particular, are not limited to the mark as it is used in commerce.”). Used in this manner, consumers are more likely to read Applicant’s mark as two separate words, “luna cycle” instead of focusing on the play on word “lunacy.” The display of the mark on Applicant’s own specimen, reproduced below, of use with each of these letters in a relatively larger sized font supports this finding:

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3 Under Trademark Rule 2.52(a), 37 C.F.R. § 2.52(a), applicants for standard character marks make no claim to any particular font style, size, or color.
Turning our analysis now to the registered composite mark LUNA as the sole literal element, centrally positioned in relatively large sized lettering, is the dominant element. See *In re Viterra Inc.*, 101 USPQ2d at 1911 (“the verbal portion of a word and design mark likely will be the dominant portion”); *In re Dakin’s Miniatures, Inc.*, 59 USPQ2d 1593, 1596 (TTAB 1999) (“In the case of marks
which consist of words and a design, the words are normally accorded greater weight because they would be used by purchasers to request the goods.”). The rectangular carrier is rather ordinary and therefore is subordinate to this literal element. See *In re Hughes Furniture Indus., Inc.*, 114 USPQ2d 1134, 1138 (TTAB 2015) (design feature of mark that merely serves as carrier does not distinguish applicant’s mark from cited mark). The stylized letter “A” incorporating a crescent moon serves to reinforce the dominance of the literal element LUNA. Thus, the graphics in the registered mark fail to mitigate the similarities in sound and appearance.

Insofar as the involved marks each incorporate LUNA as either the sole literal or dominant element, the marks engender a similar sound, appearance, connotation and commercial impression, when viewed in their entireties despite any differences in wording and appearance. In other words, we find the similarities outweigh the dissimilarities. This *du Pont* factor also weighs in favor of finding a likelihood of confusion.

B. The Goods

The next step in our analysis here is a comparison of the goods, the second *du Pont* factor. We consider the goods as identified in Applicant’s application vis-à-vis the goods identified in the cited registration. *Stone Lion*, 110 USPQ2d at 1161. The respective goods need not be identical or even competitive in order to find that they are related for purposes of our likelihood of confusion analysis, but need only be “related in some manner and/or if the circumstances surrounding their marketing [be] such that they could give rise to the mistaken belief that [the goods] emanate
from the same source.” Coach Servs., 101 USPQ2d at 1722 (quoting 7-Eleven Inc. v. Wechsler, 83 USPQ2d 1715, 1724 (TTAB 2007)). Evidence of relatedness may include news articles or evidence from computer databases showing that the relevant goods are used together or used by the same purchasers; advertisements showing that the relevant goods are advertised together or sold by the same manufacturer or dealer; or copies of prior use-based registrations of the same mark for both applicant’s goods and the goods listed in the cited registration. See, e.g., In re Davia, 110 USPQ2d 1810, 1817 (TTAB 2014) (finding pepper sauce and agave sweetener related where evidence showed both were used for the same purpose in the same recipes and thus consumers were likely to purchase the products at the same time and in the same stores). The issue is not whether purchasers would confuse the goods, but rather whether there is a likelihood of confusion as to the source of these goods. L’Oreal S.A. v. Marcon, 102 USPQ2d 1434, 1439 (TTAB 2012); In re Rexel Inc., 223 USPQ 830, 831 (TTAB 1984).

As noted above, Applicant’s goods are identified as,

Bicycle frames for electric bicycles; Electric bicycles; Electric bicycle parts, namely, brake sensors, electric bicycle motors, electric bicycle mid-drives, bicycle sprocket.

The current goods in the cited registration are

Women’s bicycle clothing and accessories, namely, shorts short-sleeve jerseys, long-sleeve jerseys, sleeveless jerseys, wind jackets, insulated warm-up jackets, sweatshirts, winter hats; women’s athletic clothing, namely, tops, socks.

Applicant argues that the goods are “readily and immediately distinguishable on their face.” Brief, p. 18; 4 TTABVUE 19. While that may be true, as noted above, the issue is not whether purchasers would confuse the goods, but rather whether there is
a likelihood of confusion as to the source of these goods. Based on the identifications themselves, both goods are related, complementary products.

“Electric bicycles” are “human powered bicycles with integrated electric motors to provide a cyclist with additional power and speed. The latest generation of electric bikes feature lightweight, removable rechargeable batteries making them easy, practical and fun to use in a variety of settings.” These products are marketed towards the “The Daily Commuter”, “The Recreational, Fun-Loving Cyclist,” “Environmentally Conscious-Cyclist”, “Adult Cyclist” and “Physically-Limited Cyclist.” The record shows that electric bicycles are offered for sale in the same trade channels as traditional bicycles which also offer women’s bicycle apparel.

The Examining Attorney submitted evidence from brick-and-mortar/online retail bicycle specialty stores offering for sale electric bicycles as well as the type of women’s bicycle apparel products identified in the involved application under the same brand name or trademark. The best illustration is Spokes etc. (https://spokesetc.com/) which promotes itself as the “Largest Trek & Specialized Dealer in the Mid-Atlantic,” offering free shipping or in-store pick-up for orders placed online. Its business-to-consumer (B2C) website shows that it offers for sale under the Trek trademark “Trek Ride+Lift+” electric bicycle as well as women’s bicycle apparel such as “Trek UCI World Cup Waterloo Women’s T-shirt,” “Bontrager Trek Segafredo Travel Polo,”

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5 Id. at 20-21.

Although we acknowledge that the Trek and Electra marks may be viewed as house marks, the evidence still demonstrates that the same consumers may encounter the involved goods in the same context.

The record also shows that bicycle specialty stores offer for sale electric bicycles as well as women’s bicycle apparel under different trademarks but as complementary products. For example, Bike Attack offers a variety of brands of electric bicycles as well as women’s bicycle clothing apparel. This evidence is not from “big box” retail stores selling a wide variety of goods but rather from specialty retailers marketing to electric bicycle enthusiasts, which would of course include women. This targeted type of retailing is narrower in scope, and supports a finding that consumers would be likely to encounter one product while purchasing the other.

In view of the evidence of record, we find that the goods identified in the application and cited registration are related and complementary in nature. Cf. In re Martin’s Famous Pastry Shoppe, Inc., 748 F.2d 1565, 223 USPQ 1289, 1290 (Fed. Cir. 1984) (holding bread and cheese to be related because they are often used in combination and noting that “[s]uch complementary use has long been recognized as

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a relevant consideration in determining a likelihood of confusion”). As such, the second du Pont factor also weighs in favor of finding a likelihood of confusion.

C. Trade Channels

Directing our attention to the established, likely-to-continue channels of trade, Applicant argues that because the cited registration covers promotional clothing items offered in connection with nutrition bars, it cannot overlap with Applicant’s identified goods. Applicant’s argument is misplaced; the cited registration contains no such limitations. Because the identifications in the application and cited registration have no restrictions on channels of trade, we must presume that the goods travel in all channels of trade appropriate for such goods. See Octocom Sys., Inc. v. Hous. Comp. Servs. Inc., 918 F.2d 937, 16 USPQ2d 1783, 1787 (Fed. Cir. 1990). These trade channels include, as reflected in the record, online and brick-and-mortar specialty bicycle shops. As such, the third du Pont factor regarding the similarity or dissimilarity of established, likely to continue trade channels also favors a finding of likelihood of confusion.

D. The Number and Nature of Similar Marks in Use on Similar Goods

“The purpose of [an applicant’s] introducing third-party uses is to show that customers have become so conditioned by a plethora of such similar marks that customers have been educated to distinguish between different such marks on the bases of minute distinctions.” Palm Bay, 73 USPQ2d at 1694; see also Jack Wolfskin Ausrustung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U., 797 F.3d 1363, 116 USPQ2d 1129, 1136 (Fed. Cir. 2015); Juice Generation, Inc. v. GS
Enters. LLC, 794 F.3d 1334, 115 USPQ2d 1671, 1675-76 (Fed. Cir. 2015) (internal citations omitted). “[T]he strength of a mark is not a binary factor” and “varies along a spectrum from very strong to very weak.” Juice Generation, 115 USPQ2d at 1675-76 (internal citations omitted). “The weaker [the Registrant’s] mark, the closer an applicant’s mark can come without causing a likelihood of confusion and thereby invading what amounts to its comparatively narrower range of protection.” Id. at 1676 (internal citations omitted). See also Palm Bay, 73 USPQ2d at 1693 (“Evidence of third-party use of similar marks on similar goods is relevant to show that a mark is relatively weak and entitled to only a narrow scope of protection.”). As emphasized by the U.S. Court of Appeals for the Federal Circuit, evidence of the extensive registration and use of a term by others can be “powerful” evidence of weakness. Jack Wolfskin, 116 USPQ2d at 1136; Juice Generation, 115 USPQ2d at 1676.

Third-party registrations may be relevant to show that a mark or a portion of a mark is descriptive, suggestive, or so commonly used in ordinary parlance that the public will look to other elements to distinguish the source of the goods. Juice Generation, 115 USPQ2d at 1674-75. See also Institut Nat’l des Appellations D’Origine v. Vintners Int’l Co. Inc., 22 USPQ2d 1190, 1196 (Fed. Cir. 1992) (“third party registrations show the sense in which the word is used in ordinary parlance and may show that a particular term has descriptive significance as applied to certain goods or services.”) (internal citations omitted).

Applicant maintains that the LUNA portion in the cited mark is relatively weak and entitled to a narrow scope of protection in light of its common use as a trademark
in the apparel industry. In support thereof, Applicant argues that based on its search of the USPTO database, there are over 100 marks utilizing LUNA or a variation thereof in International Class 25. As examples, Applicant has made of record several third-party registrations incorporating the term LUNA in their mark which list clothing items in Class 25 and in some instances women’s clothing items. See Reg. No. 4498401 (LUNA LA VIE); Reg. No. 2029008 (LUNACHIX); Reg. No. 2110031 (LUNAIRE); Reg. No. 1966953 (LUNA BLANCA); Reg. No. 4936552 (LUNA MOON);

Reg. No. 4923587 (LLUNAA); Reg. No. 4886436 ( ); Reg. No. 4989986 (LUNA COLLEZIONE); Reg. No. 4538357 (LUNAFINERY); Reg. No. 4803146 (MAR & LUNA); Reg. No. 3421154 (LUNA LUZ); Reg. No. 4305484 (LUNA C); Reg. No. 4736651 (LUNA BLUE); and Reg. No. 4842537 (SOL + LUNA).8

Bicycle clothing may indeed by a distinct product line from apparel. But even assuming that women’s bicycle clothing falls within the ambit of apparel, the evidence of record falls short of establishing that LUNA is so weak in the apparel industry that consumers are capable of making minute distinctions. The record is devoid of examples of actual use of the mark LUNA or variations thereof in connection with Registrant’s goods or goods related thereto. Thus, the evidence before us falls short of showing that the cited mark is weak for the relevant goods. Compare Jack Wolfskin, 116 USPQ2d at 1136 (“extensive” evidence not only of third-party registrations but also “of these marks being used in internet commerce” for the

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8 See May 16, 2017 Response to Office Action.
relevant goods); *Juice Generation*, 115 USPQ2d at 1671 (uncontradicted testimony of “a considerable number” of third-party uses of similar marks, along with third-party registrations). We therefore deem this factor neutral.

E. Nature and Extent of any Actual Confusion

Applicant points to the absence of evidence of actual confusion even with concurrent use as weighing in its favor. A showing of actual confusion would of course be highly probative, if not conclusive, of a likelihood of confusion. The opposite is not true, however. The lack of evidence of actual confusion carries little weight. *J.C. Hall Co. v. Hallmark Cards, Inc.*, 340 F.2d 960, 144 USPQ 435, 438 (CCPA 1965). The issue before us is the likelihood of confusion, not actual confusion. *Herbko Int’l Inc. v. Kappa Books Inc.*, 308 F.3d 1156, 64 USPQ2d 1375, 1380 (Fed. Cir. 2002) (actual confusion not required). Further, any suggestion that there has been no actual confusion between the marks based on the coexistence of Applicant’s mark and the cited registration is entitled to little probative value in the context of an ex parte appeal. *In re Majestic Distilling Co.*, 65 USPQ2d at 1205. See also *In re Kangaroos U.S.A.*, 223 USPQ 1025, 1026-27 (TTAB 1984). Therefore, this *du Pont* factor is neutral.

F. Extent of Potential Confusion

With regard to the extent of potential for confusion, i.e., whether de minimis or substantial, we cannot find, as Applicant urges that this factor leans towards a finding of no likelihood of confusion. At issue in this case are electric bicycles and women’s bicycle clothing items. These are the type of goods that would be marketed
to and purchased by members of the general public. The potential for confusion therefore cannot be deemed to be de minimis. See In re Davey Products Pty Ltd., 92 USPQ2d 1198, 1205 (TTAB 2009). This du Pont factor therefore, at best, is neutral.

II. Conclusion

After considering all of the evidence of record and arguments pertaining to the du Pont likelihood of confusion factors, each of the du Pont factors discussed above either favors a finding of likelihood of confusion or is neutral. To summarize, despite slight differences in sound and appearance, overall the marks project virtually the same connotation and commercial impression. This, coupled with the related and complementary nature of the goods which are marketed in the same trade channels to the same consumers, female bicycle enthusiasts, supports a finding that there is a likelihood of confusion between Applicant’s mark and the cited registration.

**Decision:** The Section 2(d) refusal is affirmed.
Opinion by Cataldo, Administrative Trademark Judge:

FabFitFun, Inc. ("Applicant") seeks registration on the Principal Register of the standard character mark I'M SMOKING HOT for

Cosmetics and makeup; personal care products, namely, body lotion, body butter, shower gel, soap, body polish, body and foot scrub, and non-medicated skin creams; fragrances; body shimmer powder; non-medicated lotions and gels for face and body care; non-medicated skin care preparations; essential oils; false eyelashes; fingernail decals; fingernail embellishments; hair care preparations; incense; nail care preparations; non-medicated bath preparations; non-medicated lip care

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1 The Trademark Examining Operation reassigned this case to Ms. Passman after the appeal was instituted.
preparations; non-medicated sun care preparations; non-medicated toiletries; perfumes; potpourri; room fragrances; shaving preparations, soaps for personal use in International Class 3.²

The Trademark Examining Attorney has refused registration of Applicant’s mark under Section 2(d) of the Trademark Act, 15 U.S.C. § 1052(d), on the ground that Applicant’s mark, when used in connection with the identified goods, so resembles the mark SMOKIN’ HOT SHOW TIME in standard characters, registered on the Principal Register for “cosmetics, mascara,” in International Class 3,³ as to be likely to cause confusion, mistake or deception.

When the refusal was made final, Applicant appealed and filed a request for reconsideration. Subsequently, the Examining Attorney denied the request for reconsideration and the Board resumed the appeal. The Examining Attorney and Applicant filed briefs and presented arguments at an oral hearing before this panel. We reverse the refusal to register.

**Likelihood of Confusion**

When the question is likelihood of confusion, we analyze the facts as they relate to the relevant factors set out in *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563, 567 (CCPA 1973). *See also In re Majestic Distilling Co.*, 315 F.3d 1311, 65 USPQ2d 1201 (Fed. Cir. 2003). In any likelihood of confusion analysis, two key considerations are the similarities between the marks and the relatedness of the

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² Application Serial No. 86847381, filed on December 13, 2015, based upon Applicant’s allegation of a bona fide intent to use the mark in commerce under Section 1(b) of the Trademark Act, 15 U.S.C. § 1051(b).

³ Registration No. 4883039, issued on January 5, 2016.
goods or services. See *Federated Foods, Inc. v. Fort Howard Paper Co.*, 544 F.2d 1098, 192 USPQ 24 (CCPA 1976). We discuss the *du Pont* factors for which Applicant and the Examining Attorney have presented evidence and arguments. “Not all of the [*du Pont*] factors are relevant to every case, and only factors of significance to the particular mark need be considered.” *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 101 USPQ2d 1713, 1719 (Fed. Cir. 2012) (quoting *In re Mighty Leaf Tea*, 601 F.3d 1342, 94 USPQ2d 1257 (Fed. Cir. 2010)).

A. Relatedness of the Goods/Channels of Trade/Consumers

With regard to the goods, channels of trade and classes of consumers, we must make our determinations under these factors based on the goods as they are identified in the application and cited registration. See *In re Dixie Rests. Inc.*, 105 F.3d 1405, 41 USPQ2d 1531, 1534 (Fed. Cir. 1997). See also *Stone Lion Capital Partners, LP v. Lion Capital LLP*, 746 F.3d 1317, 110 USPQ2d 1157, 1161 (Fed. Cir. 2014); *Hewlett-Packard Co. v. Packard Press Inc.*, 281 F.3d 1261, 62 USPQ2d 1001 (Fed. Cir. 2002); *Octocom Sys., Inc. v. Hous. Computers Servs. Inc.*, 918 F.2d 937, 16 USPQ2d 1783, 1787 (Fed. Cir. 1990). A proper comparison of the goods “considers whether ‘the consuming public may perceive [the respective goods or services of the parties] as related enough to cause confusion about the source or origin of the goods and services.’” *In re St. Helena Hosp.*, 774 F.3d 747, 113 USPQ2d 1082, 1086 (Fed. Cir. 2014) (quoting *Hewlett-Packard*, 62 USPQ2d at 1004).

In this case, the goods in the application and cited registration are identical as to “cosmetics.” In view of the identity of the recited “cosmetics,” there is no need for us
to further consider the relatedness of the goods. See *SquirtCo v. Tomy Corp.*, 697 F.2d 1038, 216 USPQ 937, 938-39 (Fed. Cir. 1983) (holding that a single good from among several may sustain a finding of likelihood of confusion); *Tuxedo Monopoly, Inc. v. Gen. Mills Fun Grp.*, 648 F.2d 1335, 209 USPQ 986, 988 (CCPA 1981) (likelihood of confusion must be found if there is likely to be confusion with respect to any item that comes within the identification of goods or services in the application). Nonetheless, the Examining Attorney has also submitted internet website evidence demonstrating that third parties provide cosmetics as well as incense, room fresheners, skin care products and fragrances under the same marks.\(^4\) Thus, while unnecessary to our determination, the Examining Attorney has established that these additional goods are related to the “cosmetics” identified in the cited registration.\(^5\)

“The authority is legion that the question of registrability of an applicant’s mark must be decided on the basis of the identification of goods set forth in the application regardless of what the record may reveal as to the particular nature of an applicant’s goods, the particular channels of trade or the class of purchasers to which the sales of goods are directed.” *Octocom Sys., Inc.*, 16 USPQ2d at 1787. Because the goods identified in the application and the cited registration are in-part identical as to “cosmetics,” we must presume that the channels of trade and classes of purchasers of


Page references to the application record refer to the downloadable .pdf version of the United States Patent and Trademark Office (USPTO) Trademark Status & Document Retrieval (TSDR) system. References to the briefs refer to the Board’s TTABVUE docket system.

\(^5\) We further observe that Applicant presented no argument or evidence regarding the relatedness of the goods.
“cosmetics” are the same as to these goods. See In re Viterra Inc., 671 F.3d 1358, 101 USPQ2d 1905, 1908 (Fed. Cir. 2012); Genesco Inc. v. Martz, 66 USPQ2d 1260, 1268 (TTAB 2003) (“Given the in-part identical and in-part related nature of the parties’ goods, and the lack of any restrictions in the identifications thereof as to trade channels and purchasers, these clothing items could be offered and sold to the same classes of purchasers through the same channels of trade”); In re Smith & Mehaffey, 31 USPQ2d 1531, 1532 (TTAB 1994) (“Because the goods are legally identical, they must be presumed to travel in the same channels of trade, and be sold to the same class of purchasers”).

We find that the du Pont factors of the relatedness of goods, channels of trade and classes of consumers weigh in favor of likelihood of confusion.

B. Conditions of Sale

Neither identification of goods restricts the recited cosmetics by price. In the absence of any limitations suggesting otherwise, we find that the cosmetics at issue include lower cost make-up items that may be purchased without a high degree of care.6 “When products are relatively low-priced and subject to impulse buying, the

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6 Internet evidence of record shows various cosmetics offered for sale at $12 to $32, and the goods identified in the cited registration offered for sale at €1.99, which would appear to be a modest price in U.S. dollars. October 7, 2016 Final Office Action at 26-50; Applicant’s response to the Examining Attorney’s first Office Action at 70-78. These relatively inexpensive items may be subject to impulse purchase. See L’Oreal S.A. v. Marcon, 102 USPQ2d 1434, 1441 (TTAB 2012); Wet Seal Inc. v. FD Mgmt. Inc., 82 USPQ2d 1629, 1640-41 (TTAB 2007). Although the latter evidence apparently reflects the price of cosmetics in a foreign market, we have given it limited weight to the extent it confirms that cosmetics can include relatively inexpensive items. Applicant does not contend that cosmetics are limited to high-priced items such that consumers would exercise a heightened degree of care in their purchasing decisions.
risk of likelihood of confusion is increased because purchasers of such products are held to a lesser standard of purchasing care.” Recot Inc. v. M.C. Becton, 214 F.3d 1322, 54 USPQ2d 1894, 1899 (Fed. Cir. 2000). As a result, this du Pont factor also favors a finding of likelihood of confusion.

C. Strength or Weakness of the term Smokin’/Smoking Hot for Cosmetics

We consider the conceptual strength of “smokin(g) hot” in relation to cosmetics. The Examining Attorney submitted the following definition of “smoking hot:” “attractive, sexy looking, very hot.” In the context of cosmetics, we find that this definition indicates that the purpose or intended result of the cosmetics offered under the marks at issue is to render the user’s appearance “smoking hot.” Given the meaning “smoking hot” has in relation to the goods, the term has some degree of conceptual weakness in connection with cosmetics and is at best highly suggestive when used in connection with such goods.

We next consider Applicant’s argument concerning the number and nature of third-party uses of “smokin’ hot” for beauty products. Applicant argues that in “its Office Action Response and Request [for] Reconsideration, Applicant presented evidence of many third party marks that employ the term SMOKIN HOT for beauty products.” In support of this contention, Applicant introduced into the record with its September 26, 2016 Response to the Examining Attorney’s first Office Action screenshots from third-party websites displaying various “SMOKIN’ HOT” formative

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8 7 TTABVUE 20.
marks and other uses in connection with a variety of cosmetics, including the following:9

bobbibrowncosmetics.com, on a page titled BOBBI BROWN SMOKING HOT, offers Smokey Eye cosmetics prizes to women who submit photos to #SmokingHot under the banner ARE YOU #SMOKINGHOT?;

vibe.com contains an article on a page titled MAC Cosmetics Launches Smoking Hot Temperature Rising Collection, discussing MAC Cosmetics’ new line of cosmetics entitled Temperature Rising, although it appears that the term “Smoking Hot” is used by the author to describe the collection rather than as a trademark or trade name;

drugstore.com offers for sale Wet n Wild MegaLast Lip Color, in the color Smokin’ Hot Pink 905D;

amazon.com offers for sale Too Faced SMOKIN’ HOT LASHES mascara and eyeliner;

facebook.com features a page entitled Smokin’ Hot Makeup, an online store offering clothing and jewelry, but apparently not makeup;

amazon.com.uk offers for sale Barry M Cosmetics Eyeshadow Palette, Smokin Hot, although the price therefor is listed in pounds, and it is not clear to what extent, if any, this webpage will be viewed by consumers in the United States; and

ebay.com.uk offers for sale Maybelline SMOKIN’ HOT Mascara Eyeliner Color Tattoo Xmas Gift Set containing mascara and eyeliner, although it is not clear to what extent this webpage will be viewed by U.S. consumers.

Applicant further introduced into the record with its April 14, 2017 Request for Reconsideration additional screenshots from the following third-party websites:10

essie.com offers for sale SMOKIN’ HOT nail polish;

amazon.com offers for sale Layer'r Shot Deodorant, Smokin Hot;

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9 At .pdf 132-177.
10 At .pdf 9-33.
amazon.com offers for sale Bare Escentuals Eye Shadow (Smokin’ Hot);

amazon.com offers for sale e.l.f. Nail Polish, Smokin Hot and e.l.f. Super Glossy Lip Shine Smokin’ Hot;

amazon.com offers for sale L.A. Girl Inspiring Eyeshadow Palette, You’re Smokin’ Hot!;

amazon.com offers for sale Ultime Pro Matte Lip Crayon Smokin’ Hot; and

ebay.com offers for sale Pop Beauty Smokin’ Hot Eyeshadow Trio.

Applicant thus has made of record a total of ten third-party uses of SMOKIN’ HOT formatives as marks for cosmetics in general and, in particular, eye makeup of various colors and shades. In addition, Applicant introduced four other examples of SMOKIN’ HOT used either as marks in the United Kingdom, or as descriptive terms applied to makeup, although as noted above, it is not clear to what extent, if any, U.S. consumers will be exposed to these UK websites. While Applicant has not presented specific evidence concerning the extent and impact of these uses, it nevertheless presented “evidence of these marks [incorporating the phrase ‘smokin’ hot’] being used in internet commerce” for the cosmetics and mascara identified in the cited registration. “Evidence of third-party use of similar marks on similar goods is relevant to show that a mark is relatively weak and entitled to only a narrow scope of protection.” Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin, 396 F.3d 1369, 73 USPQ2d 1689, 1693 (Fed. Cir. 2005) (citation omitted). Internet printouts, such as those offered by Applicant, “on their face, show that the public may have been exposed to those internet websites and therefore may be aware of the advertisements contained therein.” Rocket Trademarks Pty Ltd. v. Phard S.p.A., 98
USPQ2d 1066, 1072 (TTAB 2011). While the Federal Circuit has held that “extensive evidence of third-party use and registrations is ‘powerful on its face,’ even where the specific extent and impact of the usage has not been established,” see Jack Wolfskin Ausrustung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U., 797 F3d 1363, 116 USPQ2d 1129, 1136 (Fed. Cir. 2015) (emphasis added) (citing Juice Generation, Inc. v. GS Enters. LLC, 794 F.3d 1334, 115 USPQ2d 1671, 1674 (Fed. Cir. 2015)), we believe that the record of third-party use in this case reflects a more modest amount of evidence than that found convincing in Jack Wolfskin and Juice Generation wherein “a considerable number of third parties’ use [of] similar marks was shown.” Id.11 Ultimately, we do not believe the evidence of weakness here is as persuasive as that in either Juice Generation or Jack Wolfskin.

Nevertheless, based on the totality of the evidence, including the dictionary definition, we find that the shared phrase SMOKIN’ [SMOKING] HOT is somewhat

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11 Applicant also made of record with its September 26, 2016 Response to the Examining Attorney’s first Office Action copies of 18 third-party registrations, issued on the Principal Register to a number of entities for SMOKING HOT or SMOKIN’ HOT formative marks for a variety of goods and services that are unrelated to those at issue, including cigar stores, websites featuring barbeque and grilling videos, computer game software and gaming machines, yoga instruction, restaurant and catering services, electronic cigarettes, hats, women’s health consulting services, and food items. In this case, however, because none of the third-party registrations introduced into the record by Applicant recite goods or services relating to goods identified in the challenged application and cited registration, this evidence has little, if any, probative value with regard to the weakness of the cited mark as to cosmetics and mascara. See Palm Bay, 73 USPQ2d at 1693 ) (“Evidence of third-party use of similar marks on similar goods is relevant to show that a mark is relatively weak and entitled to only a narrow scope of protection.”) (emphasis added; citation omitted); In re i.am.symbolic, LLC, 866 F.3d 1315, 123 USPQ2d 1744, 1751 (Fed. Cir. 2017) (disregarding third-party registrations for goods in other classes where the proffering party “has neither introduced evidence, nor provided adequate explanation to support a determination that the existence of I AM marks for goods in other classes, ... support a finding that registrants’ marks are weak with respect to the goods identified in their registrations”); accord Hunt Foods & Indus., Inc. v. Gerson Stewart Corp., 367 F.2d 431, 151 USPQ 350, 353 (CCPA 1966).
weak in that it at best suggests a desired result of using the identified cosmetics, while the third-party uses discussed above tend to show consumer exposure to third-party use of the term on similar goods. Overall, we find the evidence suggests that consumers of cosmetics will look not just to the “SMOKIN’ [SMOKING] HOT” component of marks containing the phrase to identify and distinguish source, but also to the other parts of the marks. Here, the other part of the registered mark is SHOW TIME, and there is nothing in the record to indicate that this aspect of the registered mark is strong or weak. Accordingly, we find on this record that the component “SMOKIN’ HOT” is somewhat weak.

The registered mark, SMOKIN’ HOT SHOW TIME, on the other hand, has not been shown to be either particularly strong or particularly weak. On balance, we do not believe that, on this record, the relative strength of the cited mark in its entirety weighs significantly one way or the other. Rather, the relative weakness of the component term SMOKIN’ HOT common to both marks weighs somewhat in favor of a finding of no likelihood of confusion.

D. Similarity/Dissimilarity of the Marks

We consider Applicant’s mark I’M SMOKING HOT and the registered mark SMOKIN’ HOT SHOW TIME and compare them “in their entireties as to appearance, sound, connotation and commercial impression.” Palm Bay Imps. Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772, 396 F.3d 1369, 73 USPQ2d 1689, 1691

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12 A dictionary definition of SHOWTIME, discussed infra, does not establish that the term is weak in relation to the identified goods.
The marks “must be considered ... in light of the fallibility of memory.” St. Helena Hosp., 113 USPQ2d at 1085 (quoting San Fernando Elec. Mfg. Co. v. JFD Elecs. Components Corp., 565 F.2d 683, 196 USPQ 1 (CCPA 1977)). The proper focus is on the recollection of the average consumer, who retains a general rather than specific impression of the marks. Winnebago Indus., Inc. v. Oliver & Winston, Inc., 207 USPQ 335, 344 (TTAB 1980); Sealed Air Corp. v. Scott Paper Co., 190 USPQ 106, 108 (TTAB 1975); see also Gegenuber Dem Julichs-Platz v. Chesebrough-Pond, Inc., 470 F.2d 1385, 176 USPQ 199, 200 (CCPA 1972) (“Side-by-side comparison is not the test. The focus must be on the ‘general recollection’ reasonably produced by appellant’s mark and a comparison of appellee’s mark therewith.”) (citation omitted). Because, as found earlier, the goods at issue in this appeal are cosmetics without any reference to price point, the average consumer includes ordinary users of cosmetics.

As a preliminary point, at oral hearing, Applicant’s counsel argued that customers occasionally refer to the products identified in the cited registration by the mark SHOW TIME SMOKIN’ HOT, rather than the way it is registered — SMOKIN’ HOT SHOW TIME, and that we should consider this other construction of the mark in making our determination regarding its similarity to the mark in the involved application. Applicant relies, for this proposition, on the decision of the Federal Circuit in In re Hearst Corp., 982 F.2d 493, 25 USPQ2d 1238, 1239 (Fed. Cir. 1992). Applicant’s reliance upon Hearst is nevertheless inapposite.

The Federal Circuit in Hearst stated as follows:
The Board, analyzing the marks for confusing similarity, found that “varga” was the dominant element of the VARGA GIRL mark, and that “girl” was merely descriptive and thus could not be afforded substantial weight in comparing VARGA GIRL with VARGAS. The Board erred in its analytic approach. Although undoubtedly “varga” and “vargas” are similar, the marks must be considered in the way they are used and perceived. See In re Nat’l Data Corp., 753 F.2d 1056, 224 USPQ 749 (Fed. Cir. 1985). Marks tend to be perceived in their entireties, and all components thereof must be given appropriate weight. See Opryland USA Inc. v. Great Am. Music Show, Inc., 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992).

The appearance, sound, sight, and commercial impression of VARGA GIRL derive significant contribution from the component “girl”. By stressing the portion “varga” and diminishing the portion “girl”, the Board inappropriately changed the mark. Although the weight given to the respective words is not entirely free of subjectivity, we believe that the Board erred in its diminution of the contribution of the word “girl”. When GIRL is given fair weight, along with VARGA, confusion with VARGAS becomes less likely.

*Id.* In *Hearst*, the Federal Circuit held that the Board failed to give appropriate weight to the term GIRL in our consideration of the relatedness of the VARGA GIRL mark to the VARGAS mark in the cited registration. When read in context, it is clear that the Federal Circuit’s decision in *Hearst*, consistent with longstanding precedent and subsequent decisional law, stands for the proposition that we must consider the mark as registered or applied for in its entirety, not that we must consider a variation on the registered mark because consumers may refer to it in such a manner. In this case, registration has been refused based on the mark in the cited registration, not on any variation of it that the registrant or its customers may in fact use. Therefore, in determining whether confusion is likely we limit ourselves, as we must, to a
comparison of the applied-for mark with the registered mark. See In re Viterra, 101 USPQ2d at 1908, (citing du Pont, 177 USPQ at 567).

The only common element in the marks is the term SMOKIN’ HOT/SMOKING HOT and, as discussed above, this term is weak as a source identifier in the field of cosmetics. See In re Bed & Breakfast Registry, 229 USPQ 818, 819 (Fed. Cir. 1986) (“The record shows that a large number of marks embodying the words ‘bed and breakfast’ are used for similar reservation services, a factor that weighs in favor of the conclusion that BED & BREAKFAST REGISTRY and BED & BREAKFAST INTERNATIONAL are not rendered confusingly similar merely because they share the words ‘bed and breakfast.’”); see also Trademark Manual of Examining Procedure (TMEP) § 1207.01(b)(viii) (October 2017) and authorities cited therein (“If the common element of two marks is ‘weak’ in that it is generic, descriptive, or highly suggestive of the named goods or services, it is unlikely that consumers will be confused unless the overall combinations have other commonality.”). While we are mindful that weak marks still deserve protection from registration of a similar mark for similar goods/services, see China Healthways Institute, Inc. v. Wang, 491 F.3d 1337, 1340, 83 USPQ2d 1123, 1125 (Fed. Cir. 2007), the registered mark is not SMOKIN’ HOT but rather SMOKIN’ HOT SHOW TIME. We must evaluate whether that mark in its entirety is sufficiently similar to Applicant’s mark I’M SMOKING HOT that consumers would mistakenly believe the goods emanate from a common source.
As an initial matter, the informal spelling of SMOKIN’ in the registered mark versus the traditional spelling of SMOKING in Applicant’s mark does little to create a distinction between them. For words ending in —ing, the elision of the final letter “g” and addition of an apostrophe is a common form of contraction that would be easily recognized by prospective purchasers. “Contractions of a term do not alter the essential identity of character and meaning between the full word and the contraction.” In re South Bend Toy Mfg. Co., 218 USPQ 479, 80 (TTAB 1983) (LIL’ LADY BUGGY vs. LITTLE LADY); In re Strathmore Prods., Inc., 136 USPQ 81, 82 (TTAB 1962) (“it is ... apparent that these marks have the same meaning for, in effect, the registered mark [GLISS’N] is but a contraction of the word “glisten.”).

Regarding the appearance and sound of the marks, in Applicant’s mark I’M SMOKING HOT the term SMOKING HOT modifies the term I’M. By contrast, SMOKIN’ HOT in the registered mark SMOKIN’ HOT SHOW TIME, modifies the term SHOW TIME. This difference in structure renders the marks only somewhat similar in appearance and sound.

Turning to connotation and overall commercial impression, as discussed above, “smoking hot” is defined as “attractive, sexy looking, very hot.”13 In relation to cosmetics, the term “smokin[g] hot” appears to describe or at best suggest a desired result of using the goods, i.e., that they will make one appear to be attractive and sexy. Use of the term “smokin[g] hot” by third parties, discussed above, supports this

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meaning. “Show time” is defined as “the time at which an entertainment, such as the showing of a movie, is scheduled to start; slang the time at which an activity is to begin.” Thus, Applicant’s mark connotes an individual’s declaration that “I am attractive or sexy looking,” and the registered mark connotes the time for sexy entertainment or activity to begin. These connotations and the overall impressions conveyed by the marks in their entireties are more different than they are similar. While both generally connote attractiveness or sexiness due to the shared component SMOKIN’ HOT/SMOKING HOT, Applicant’s mark in its entirety conveys the impression of a statement regarding one’s personal appearance and the registered mark conveys sexy entertainment.

Taken in their entireties, the marks are more dissimilar than similar in appearance, sound and connotation and, overall, convey somewhat different commercial impressions. In view thereof, the du Pont factor of the similarity or dissimilarity of the marks favors a finding of no likelihood of confusion.

E. Balancing the Factors

In conclusion, we find that the goods are identical in part as to “cosmetics” and are presumed to be available in the same channels of trade at all price points to the same classes of consumers. However, the marks I’M SMOKING HOT and SMOKIN’ HOT SHOW TIME are more dissimilar than similar, and evidence of record establishes that, while the registered mark in its entirety is neither strong nor weak,
the marks’ common term SMOKIN’ HOT or SMOKING HOT is relatively weak in connection with the goods at issue. Because of the overall differences between the marks and the weakness of the term shared by them, we find that confusion is not likely between Applicant’s mark I’M SMOKING HOT and the mark SMOKIN’ HOT SHOW TIME in the cited registration.

**Decision:** The refusal to register based on likelihood of confusion under Section 2(d) of the Trademark Act is reversed.
TRADEMARK CLEARANCE AND OFFICE ACTIONS: REQUIRED ASSIGNMENT

To be emailed to Professor Jessica Fajfar at jlfajfar@usfca.edu by no later than 11:59 pm on Sunday January 17, 2020.

A. KEEP IN MIND BEFORE SEARCHING:

1. Purpose of the trademark clearance is to lessen the risk of trademark disputes down the road and to advise the client of possible office actions (which are public record) that the trademark examiner may issue;

2. The standard of trademark infringement is a likelihood of confusion that entails a non-exhaustive list of factors considered by courts, which includes similarity of goods/services, similarity of marks, similarity of distribution channels, evidence of actual confusion, sophistication of buyers, intent in adopting the mark, etc.

3. The USPTO heavily relies on the similarity of the marks AND similarity of the goods/services. The USPTO only considers the mark as filed and the goods/services as filed (and natural zone of expansion) in the likelihood of confusion analysis.

4. Trademark clearance also entails informing the client of potential other office actions, such as mere descriptiveness. The first part of this Assignment specifically focuses on the risk of receiving an office action based on a likelihood of confusion. The second party focuses on other office actions.

5. Please refer to the Trademark Manual of Examining Procedure (“TMEP”) when prosecuting trademark applications. The TMEP has everything you need to know about the trademark filing, classes of goods/services, descriptions, specimens, office actions, assignments, post-registration procedures, etc. It is a great resource and you should become familiar with it and go there first when you have a question.

B. BASIC SEARCH TOOLS.

1. FIELD SEARCHING

2. Fields—when you enter in a search term, you choose a field relevant to that specific search term.

   a) For example, in any given initial trademark application filing (all filings are done online through the Trademark Electronic Application System “TEAS”), there is a lot of information entered, such as the mark itself, the goods/services associated with the mark, the owner’s name and address, the date of first use, the attorney of record, etc.

   b) If you want to search for a certain mark, then you would naturally start to search by entering the mark or a portion thereof, for example, if you wanted to call your cat food River Cat Food, then you would want to look for marks that contain some version of the word River. But if you simply searched for River without putting in a field, then you may pull up irrelevant filings, such as filings where the owner’s last name is River or maybe the service is river cleaning. This is why you may need to further limit your search by including a field, for example, in this case we would limit our search to marks (i.e., field code “basic index”) that contain the word River.

   c) The USPTO provides the Trademark Electronic Search System (“TESS”) as a tool for searching trademarks and TESS contains numerous different field options.

   d) Go to At USPTO website: www.uspto.gov

   e) Go to Trademarks-Searching Trademarks-TESS
f) Go to “Word and/or Design Mark Search: Structured”
Please remember how to get here. You will be using this search engine a lot this semester. Click on the arrow symbols next to the Field Box and see by how many fields you can restrict your search. For example, the BI (Basic Index) field is the most popular field to search by because it will pull up all applications or registrations where the search term is in the mark itself (both punctuated marks and non-punctuated marks) or in the pseudo mark information (see Exercise 2 below for information about pseudo marks). Important other field is the “Goods & Services” that the mark is used in connection with, for example, bread, dance classes, mobile applications, etc. The “Coordinated Class” field will pull up all registrations/applications in both the international class you searched, and any related international classes that may be relevant. Other important fields are serial or registration number and owner name.

3. **Boolean and Truncation tools**

a) Truncation is the addition of a symbol before or after a root word to allow searching for variations containing the root word; Boolean is the search logic that allows combination of words or phrases in a single search.

b) Examples of Boolean searching is using “And” “or” “not” as an operator.

c) Go back to the Structured Search on TESS and click on the arrows in the Operator box on the right hand side to see a list of all possible operators.

d) Examples of truncation: Add * to the end of or beginning of the root word search: Heart*

e) Review how to conduct sophisticated searches [here](#). Note, although this link is about searching in the goods and services ID manual (which you will learn about later on in this exercise) many of these same tricks such as wildcard, fuzzy, proximity, and grouping searches) can be used in TESS under the basic index (BI) field, so please review carefully (note expanders and wild card searching does not work for any field except BI). We will also discuss these searches more in class.

C. **Exercise 1: Searching Too Broad**

1. **DIRECTIONS FOR ALL EXERCISES: ON A SEPARATE PIECE OF PAPER, NOTE THE EXERCISE NUMBER AND ACCOMPANYING ANSWER, WHERE A QUESTION IS ASKED. YOU MUST DO THESE EXERCISES IN NUMERICAL ORDER.** For example, for this Exercise One, you will only have an answer to subsection f(1), so on your separate piece of paper, you should note Exercise 1: VI(1): [X] Number of Results

2. Hypothetical mark---Pure Flex: Client says it wants this as a trademark for its new extremely flexible eyeglass frames.

3. Go back to the Structured Search on TESS;

4. Click Search Trademark Database: TESS (lower left); Go to “Word and/or Design Mark Search: Structured;” (please remember this!)

5. Insert Pure Flex in the first search box

6. Do not use “Field” boxes or quotations

7. Click on “submit query”
a) How many results do you get?
b) Note that each result is marked as either DEAD or LIVE. A trademark is LIVE if the mark is registered or if the mark is pending registration. A trademark is DEAD if the application never made it to registration and has been abandoned or cancelled or if the trademark was once registered but has since been cancelled for failure to file proper maintenance filings or because a third party cancelled the mark through an inter partes proceeding.
c) You will see that there are too many hits for you to realistically analyze, and truthfully you would be wasting time looking at all of them.
d) Reason: When you leave words separated you would get every application/registration on the TESS database that has either the word Pure or Flex anywhere within the application. This is because the TESS database reads the space between the words as an OR, i.e., as “pure” OR “flex” anywhere in the application.
e) Your search is the equivalent of entering pure in the first box without a field, using the OR connector, and entering Flex in the second search box without a field.

D. Exercise 2: Using Quotations, Pseudo Marks, and Basic Index search
1. Go back to “Word and/or Design Mark Search: Structured” search
2. Enter the trademark you are interested in clearing by using quotations to see if there are any exact hits in the first box and leave the second box blank: “Pure Flex”
3. Select in the first field box: BI (Basic Index)
4. Click on “submit query”
5. How many results do you get?
6. In looking at the results, do all of the marks contain the exact mark “Pure Flex”? 
7. Remember that the BI search pulls up all applications/registrations on TESS that contain the search term in the mark OR in the pseudo mark information.
8. These results contain the pseudo mark “Pure Flex.” The trademark examiner issues pseudo marks in order to help assist in searching. For example, if you file a mark that contains two words mashed together as one, the examiner will issue a pseudo mark that contains the two words separate. Or if the mark is misspelled or sounds similar, the examiner will issue a pseudo mark.
9. Go back to the results and click on the result with registration number 4625478.
10. Click on the blue TSDR box (Trademark Search Document Retrieval) in the upper left hand corner. This is where you access all of the information about the mark, including goods/services, owner, attorney of record, etc.
11. Click on the “Document” in the upper left hand corner. This is where you access the public record. Note, all filings and communications are public record (even phone communications may be summarized in writing and put in the record). This is something to keep in mind when determining whether or not to file a mark on the federal register.
12. Click on the Document entitled Notice of Pseudo Mark and read the examiner’s explanation for issuing a Pseudo Mark. Copy and paste the examiner’s reasoning for issuing the Pseudo Mark for the answer to this section I.

E. Exercise 3: Determining Risk of Likelihood of Confusion Office Action
1. Go back to the results list for the search completed in Exercise 3 above.
2. Review the results by clicking on each result and reviewing the description of goods/services to see if any of the goods/services are close to glasses or glasses frames. Write down which results you think, if any, would be considered a risk, i.e., a mark that may be considered likely to be confused with our mark. Remember, likelihood of confusion considers both similarity of the marks AND similarity of the services/goods.
3. The search we just completed, i.e., the exact mark, is a relatively narrow search you can conduct and should be conducted in the beginning of the search to confirm there is no identical mark for similar services, as that would constitute a likelihood of confusion and the mark would not be cleared for registration.
4. This is not the end of your search, however, as the likelihood of confusion analysis takes into account sight, sound and meaning of marks, so we need to further expand our search in order to search for different variations.

F. Exercise 4: Using Truncation: *
1. When using the * to expand the root word, your search field will automatically be limited to the BI search field. You can insert the * symbol either before or after the root word depending on the search you want.
2. Put in Pur* in the first search box and BI in the field box; click AND for the operator; and put in Fle* in the second search box and BI in the field box.
3. How many results do you get?
4. With only considering the similarity in the marks in the results (and not goods/services, etc.), are there any other marks that may have potentially been problematic that were not pulled up on the prior searches? If so, which ones?

G. Exercise 5: Goods/Services Field and the Crowded Field Doctrine
1. A new client wants to brand its t-shirt line Salty T-Shirts.
2. Put in “salty t-shirts” inside quotations in the first search box and leave the second search box blank. How many results to you get?
3. Now put in Salt* in the first search box and BI in the first field box (again, if you don’t put BI in the field box, because you used the * expander, it will automatically use the BI field). How many results to do you get? This search pulls up all marks that contain the root word Salt.
4. Now let’s try to narrow the search by using the “goods and services” field box. Put in Salt* in the first search box and BI in the first field box and choose AND as the connector and put in t-shirts in the second search box and choose Goods and Services as the field.
5. How many results did you get? This search should have pulled up all filings for t-shirts that contain Salt as a root word in the mark. These results are suggesting a crowded field for t-shirt companies with some variation of Salt in its name.
6. A crowded field means that the mark is very popular for a certain category of good/services and, thus, consumers are used to seeing that type of mark on similar goods/services and are not as confused between similar marks, so long as there is some small difference.

H. Exercise 6: Crowded Field Doctrine and Office Actions
1. Let’s try to limit the above search a bit more to see how many t-shirt companies have filed for a mark that contains the full term Salty.
2. In the first term search term box insert Salty and choose BI in the field box, choose AND as the connector, insert t-shirts in the second search term box, and choose Goods and Services in the field box.
3. How many search results do you get? Which marks, if any, do you believe a trademark examiner may cite against in an office action based on a likelihood of confusion?
4. Click on the Salty Cotton serial no. 86608530 entry in the results.
5. Go to TSDR (upper-mid left hand corner), click on Documents and read the office action issued on May 12, 2014 by the examiner (note, the examiner incorrectly cites the prior-pending application serial number, the correct serial number is: 86345736).
6. What do you believe the main reason is for the examiner issuing the office action?
7. Would you have issued this office action?
8. Why were the other Salty marks not cited?

I. Exercise 7: Foreign Marks and Translations: Doctrine of Foreign Equivalents
   1. Another client desires to file for the mark The Bread Tradition to be used in connection with various breads and pastries.
   2. Let’s start with searching bread* in the first search box and leave the field box blank, choose AND as the connector and put tradition* in the second search box, and leave the field blank. You can do this same search in one box by inserting *bread* and *tradition*. How many results do you get?
   3. Review the results by clicking on each result and looking at the goods and services for each. In considering both the similarity of the marks AND the similarity of the goods/services, which marks in the results, if any, do you believe may be considered a likelihood of confusion? Do not consider whether the marks are Dead or Live.

J. Exercise 8: Complimentary Goods/Services and the Zone of Natural Expansion
   1. Pull up serial number 86399791 for La Tradition du Pain by entering in the serial number in the first search box. Leave all of the other boxes and operator blank.
   2. Click on TSDR and then click on Documents. Pull up the office action issued on October 8, 2014. Pay close attention to the section 2(d) argument.
   3. Which mark did the examiner cite against that application? On what grounds?
   4. This is an example of “complimentary goods/zone of natural expansion”
   5. Did the examiner eventually accept the argument in favor of registration (hint-look at the public record)? What do you think persuaded the examiner?

K. Exercise 9: Similarity of Marks: Similar Meanings
   1. Client wants to brand its legal services and call it LegalRider.
2. Start by searching for “legalrider” in the first search box without any field or connector.
3. Did you find any exact hits?
4. Now insert the following in the first search box without any field: *legal* and *ride*. Do you find any concerning marks?
5. Are there any other search terms you would suggest? If so, what are those terms?
6. Can you find any mark that the examiner would cite against our client for their mark Legalrider? (Do not pay attention to whether the marks are dead or live).

L. Exercise 10: Designs and Descriptions of Marks
1. Now your client comes to you and desires to register a design logo that is a perfect green star with five points in connection with an electric car.
2. As background, for every initial application filing you have to choose whether to file for a standard character word mark, which is just the words without any stylization, or a stylized logo, which can be a stylized version of the words or a design logo or a variation of both stylized words and
designs. It is always best to do both a standard character mark for the word portion AND the stylized version of the logo (each a separate application). For the green star logo, since there is no word component, we will only have to do a stylized logo filing. If, for example, the company was called FULL-STAR and had a Green logo with the words FULL-STAR underneath, then you would advise your client to file for a standard character word mark for FULL-STAR and the logo that included that star and words. If the star was used on its own too, then it may be worth doing three different applications: the word mark, the entire logo with the star and words underneath, and just the star itself.

3. When you fill out an initial application for a stylized logo, you will have to describe what the logo/mark consists of. For example, I would describe this mark as follows: “The marks consists of a green star with five points.” The descriptions can get much more complicated for more complicated marks, but you will always have to describe the main features of the mark.

4. This leads us to the field box: description of mark. Go to the structured search page. Put in Star in the first search box and choose Description of Mark as the field. How many results do you get?

5. You should see a row of blue buttons near the top of the search results page. Click on Image List (third to last button). You can use that view to search through the logos faster. You will see that this search will pull up all marks that have some sort of star in the mark, either in the form of a design or word.


1. Let’s try searching in a different way. Go back to www.uspto.gov. Click on Trademarks and scroll down to the blue bar in the middle of the page and click the arrow until you see Design Search Code.

2. For any designs, the examiner will assign a design code to help search for similar marks. Review the Design Search Code Manual and find the proper design search code for a star. You can click on Keyword Search on the top to search by key words.

3. You should scroll through all of the stars to see which code would be most relevant. There may be more than one code that is relevant, which is fine. Remember, our mark is a single star with five points. Which design code do you believe is the MOST relevant?
4. Go back to the structured search page. Put in the most relevant design code in the first search box (including all 6 digits and periods), choose Design Code as the field and leave the second row of boxes blank. How many results to you get?

5. How many design codes do you believe are relevant? Just think, if there was a green star with four points for electric cars, would that be relevant? Or three points?

6. Now put in all of the design codes that you believe are relevant in the first search box with spaces in between (remember the spaces mean OR). How many results do you get?

7. When searching for designs, you can pull up the IMAGE LIST, which is a blue button at the top panel of the TESS search records. Then you can easily scroll through the images to see if the designs are really similar to the designs you are searching, rather than having to click every TESS record. Have you found this button?

N. Exercise 12: Introduction to the ID Manual and Classes

1. Go back to the main [www.uspto.gov](http://www.uspto.gov) homepage and click on Trademarks and go to the middle blue bar and click on Select ID Manual.

2. The ID Manual contains all descriptions that have already been pre-approved. The filing fee for using these pre-approved descriptions (TEAS Plus Application $225) is $50 less than customizing your own description (RF Application $275). Most of the time, you can find a description that matches your clients’ goods/services in this ID Manual. Always go here first when drafting descriptions of the goods/services for your client.

3. There are 45 different classes, classes 001-035 are for goods and classes 036-045 are services. You can go to chapter 1400 of the TMEP to read about the different classes and what goods/services each class contains.

4. Click on the ID Manual. You can use the free form search, or click on the blue magnifying class icon in the upper left hand corner in order to do an advanced search. You can also re-review [Searching the ID Manual](#), for tricks and tips on searching (again this also can be used in searching TESS).

5. Enter in Car in the search box.

6. On the results page, the first column is the term ID (not particularly important, but helpful in finding that particular description again), the second column is the class number (important), the third column is the pre-approved description (important), and the other columns are not important and just note when the description was approved, etc.

7. Find which class Electric Cars fall into. What is the class?

8. Note, your client will be paying a filing fee for EACH CLASS. So it will be important for you to know how many classes we will need to file in, as that will determine the total filing fee. It is fine to include as many descriptions in the same one class and still pay only one filing fee, but once the description falls into another class, then there will be another filing fee assessed.
9. Note, ONLY INTERNATIONAL CLASS NUMBERS are relevant Classes 001 through 045. US Class numbers are no longer relevant so do not search by those classes.

10. Scroll down and take a look at all of the descriptions that contain Car. How many different classes contain a description with the word Car?

O. Exercise 13: Searching using Classes
1. Now let’s see if searching by class narrows the search a bit more. Go back to structured search. Put in the most relevant design code in the first search box, choose Design Code as the field, choose AND as the connector, and put in 012 in the second search box, and choose International Class in the field box. How many results do you get?

2. Note, when searching by class in TESS, you always use three digits, so class 1 would be 001 and class 45 would be 045. In Westlaw, you do not include the zeros when searching in the international class field.

3. Go back to the ID Manual, but go to the advanced search icon at the upper right hand corner and only limit your search by class 012 (do not put anything in the free form search box). How broad is class 012? What is an example of a good that falls into class 012 but yet would not be considered to be similar to cars in a likelihood of confusion analysis?

4. Do you think if a local bike dealer that only sold electric bikes and a car dealer that sold new cars had the same logo, it would be considered to be a likelihood of confusion? Just give your initial thought and a sentence or two as to why.

5. Note, you can also search by Coordinated Class, instead of just International Class, which will pull up similar marks in the class you are searching in and similar classes. I highly recommend this search function. Unfortunately, even searching with a Coordinated Class may not pull all relevant classes up.

P. Exercise 14: Searching Using Westlaw
1. Another search option that you have available is using the Westlaw trademark search database. The added benefit of using Westlaw is that you can also search international AND state databases. Please use Westlaw in doing your state searches for your clearances.

2. Sign into Westlaw.

3. On the first page, type into the search box “trademarks”

4. Westlaw should give you some suggestions, including “Federal Trademarks” or “State Trademarks” (which contains state trademark databases) or “Trademarks” (which contains all trademarks, state, federal and international).

5. NOTE: expanders and connectors are different than the USPTO database. You can come up with creative searches by utilizing these terms and connectors. You can review the connectors and expanders on the right hand side of the Trademark search database.

6. NOTE: when you insert design codes, you do not put in the periods in Westlaw, but you do include the periods in the USPTO database searches.
7. NOTE: When you search by class in Westlaw, you don’t use zeros, so if you are searching by the international class field, you just have to put in “2” to search international class 2, rather than 002 if you were searching by international class in TESS.

Q. Exercise 15: Descriptiveness Office Actions and Disclaimers

1. A very popular office action is an action issued because the examiner believes that the mark is merely descriptive of the goods/services, or an ingredient, component or function thereof. Descriptiveness office actions can be very hard to overcome, so it is important to warn clients of this possibility so they are aware that an office action is possible and if such is issued, we may not be able to overcome such action.

2. There are two different types of office actions that the examiner may issue with respect to descriptive marks:
   a. Only part of the mark is highly descriptive or generic, and the examiner requests that that portion of the mark be disclaimed, meaning that the registrant would not have exclusive right to use the disclaimed portion of the mark apart from the mark as a whole; or
   b. The examiner believes the entire mark is descriptive and requests evidence showing 1) that the mark is not merely descriptive; OR 2) that the mark has acquired distinctiveness.

3. Go to structured search and put in the following serial number: 88390560 for WAHPEPAH’S KITCHEN. (Note, you refer to the serial number if the mark is not yet registered and you refer to the registration number if the mark is registered.)

4. Go to TSDR and click on Documents. Pull up the Office Action issued on July 2, 2019. What does the examiner want the applicant to disclaim?

5. What evidence does the examiner present to argue for such disclaimer? Do you believe this is fair?

6. Go to serial no. 88463253 for OVA MOON and read the office action from August 30, 2019. What does the examiner want the Applicant to disclaim? Do you believe this is a fair request?

7. Go to serial no. 88158632 for SIMPLE SUDS CO and read the office action from November 13, 2018. What does the examiner want the Applicant to disclaim? Do you believe this is a fair request?
Exercise 16: Descriptiveness Office Actions and Argument Mark is not Descriptive
1. Now go back to serial no. 88463253 for OVA MOON;
2. Read the response to office action (ROA) dated September 27, 2019 (note, the PDF version of the ROA is in the evidence section of the ROA, the argument section always shows up in a weird format and may be hard to read, so please go to the PDF of the argument in the evidence section of the ROA);
3. What does the Applicant argue? Does the examiner agree? How do you know?
4. Now go back to serial no. 88158632 for SIMPLE SUDS CO;
5. Read the ROA dated March 30, 2019 (again, there is a PDF of the actual argument in the evidence section of the ROA as well as the weird formatted version in the argument section).
6. What did the Applicant argue? Does the examiner agree?

Exercise 17: Descriptiveness Office Actions and Evidence of Acquired Distinctiveness
1. Go to structured search and put in the following registration number: 4706364 for FIT TIP DAILY
2. Go to TSDR and then click on Documents.
3. Read the Office Action issued on May 14, 2014 (there are duplicate copies, so click on either one). Read the Section 2(e)(1) Descriptiveness Refusal portion. What portion of the mark does the examiner think is descriptive?
4. Now go back to Documents and click on the Response to the Office Action filed on April 3, 2014. Does the Applicant argue that the mark is not descriptive or does the Applicant argue that the mark has acquired distinctiveness? What evidence does the Applicant submit?
5. Now go back to Documents and read the second office action issued on April 24, 2014. Does the examiner accept the Applicant’s argument? What does the examiner request?
6. Now go back to Documents and read the second Response to Office Action issued on October 21, 2014. What type of evidence does the Applicant submit? Does the examiner accept the argument?

Exercise 18: Descriptiveness Office Actions and the Supplemental Register
1. Go to structured search and enter in the following registration number 4654521 for STORYBUILDER.
2. Go to TSDR, click on Documents and read the office action issued on March 3, 2014. What does the examiner argue?
3. How does the Applicant respond to the examiner’s argument on May 29?
4. How does the examiner respond in the August 8 Office Action? Note, this second office action is final--usually the second office action with respect to the same issue is final. When the examiner marks the office action final, that means that the Applicant has 6 months to appeal to the Trademark Trial and Appeal Board (TTAB) for review. Before that time, however, the Applicant has an opportunity to submit a Request for Reconsideration to the examiner. The timing is essential, because you have to allow time for the examiner to respond to the Request for Consideration before the 6 months is up, so if the response is not in our favor, we don’t blow the 6 month deadline to appeal to the TTAB. Essentially, don’t wait until the last minute to respond to a Final Refusal.
5. What does the Applicant request in its Request for Reconsideration filed on October 1, 2014?

6. What does it mean to be on the Supplemental Register?

U. Exercise 19: Responding to other Office Actions

1. There are many different kinds of office actions that the examiner may submit. The most popular office actions that our Clinic sees time and time again are:
   a. Descriptiveness/Disclaimer Office Actions (OAs);
   b. Likelihood of Confusion OAs;
   c. OAs stating that the description of services/goods is inaccurate. We can always amend the description of goods/services SO LONG AS the description is NOT expanded in any way. It can be limited, but never expanded. But if we file in the wrong class, we could not fix that problem, and the whole application would be lost, so it is essential that we initially file in the correct class.
   d. Mere Ornamentation/Mark does not Function as a Trademark. This is popular if the mark is a design on product, for example, a t-shirt. For instance, if the client wanted to register a logo that was a picture of a purple sand dollar, and the logo was only found on the t-shirt and not on the tag, then the examiner would say that mark does not function as a brand because consumers see it has mere ornamentation or decoration. (We would fix this problem by telling our client to put the trademark on the actual tag of the product, where the consumers would perceive it as a brand.) Always ask yourself before you submit a specimen—will consumers see this mark as a brand designation?
   e. Specimen does not match the Drawing. Note, for every trademark application, we need to submit both a drawing of the mark by itself, AND, a specimen showing use in commerce. The drawing of the mark can NEVER be changed, so if your client decides to tweak their logo a bit after we filed, we would have to refile an entirely new application. The specimen has to show the mark being used in commerce. For goods, we have to submit a photo of the mark affixed in the actual goods or packaging. For services, we can show advertisements of the services or a web page showing the services being promoted. If the specimen we submit does not match the drawing exactly, then the examiner will refuse the specimen. For example, if we file the mark PLAY THE DIFFERENCE, but the specimen we submit always shows the mark PLAY THE DIFFERENCE! with the exclamation at the end, then the examiner would issue an office action stating that the specimen does not match the drawing. In that case, we would not be able to amend the drawing, so we would have to submit a new specimen showing the mark being used in commerce without the exclamation. This would put us in a predicament if the client always used the mark with the exclamation.

2. However, there are many more flavors of office actions and it is your job to be able to spot these potential actions before they are issued.
3. Read Responding to Office Actions in the TM Manual (attached hereto and is also found on the Student Network on the Clinic Computers) and pay close attention to the office actions noted below:
   a. Geographic Descriptiveness
   b. Geographic Deceptiveness
   c. Deceptiveness
   d. Deceptively Misdescriptive
   e. Primarily Merely a Surname
   f. Functional
RESPONDING TO OFFICE ACTIONS

V. **Office Actions based on a Likelihood of Confusion** (Lanham (Trademark) Act 2(d))
   a. Conduct Due Diligence—carefully review each of the marks prosecution history and application.
      i. Prosecution history may reveal admissions made on the record, such as limiting description of goods, statements that registrant does not intend to enter a specific market.
         1. Prosecution history can be obtained by pulling up the relevant application/registration on TESS (Trademark Electronic Search System) by going to www.uspto.gov—Trademarks—Trademark Search—Structured Search—Enter Serial No. or Trademark.
         2. Once you have pulled up the relevant/application go to TARR status and then click on Trademark Document Retrieval. This will allow you to see all records from the initial filing of the application through to registration.
      ii. The prosecution history may reveal that a registrant failed to file a renewal and thus the application may be abandoned.
         1. The first renewal must be filed between the 5th and 6th year; and every ten years, so that the next renewal is due between the 9th and 10th year, and thereafter between the 19th and 20th year, etc.
         2. If a renewal is not timely filed, the registrant still has a six month grace period during which they can pay a fee to renew within the six month grace period.
         3. If the registrant does not file a valid renewal within the grace period, then the registration is abandoned and the mark cannot be cited against the Applicant.
      iii. The application will also reveal the owner of the mark
         1. If the owner is a Fortune 100 company, odds are that they are monitoring their mark and even if you do overcome the office action, the company may still oppose the mark during publication and/or sue the client in federal court.
         2. This is something to consider when determining whether to go forward with filing a response or letting the application abandon.
   b. Argue in response that the marks are not likely to be confused (See Conflicts with Existing Marks section for more details)
      i. Focus on the difference in the marks themselves, i.e., sight, sound and meaning differences.
      ii. Focus on the difference in the goods as described in the application
      iii. Use the 8 factor test to your advantage, i.e., focus on the factors that are in your favor (no need to address all factors unless relevant), e.g.,
         1. Distribution Channels are different (retail v. online)
         2. Good faith in adopting the mark
         3. Customers are sophisticated and thus would not be confused
   c. Make sure your response is responsive and effective
      i. Arguments that may not fly with the examiner include:
1. Arguing that the Applicant is using its mark in connection with a “house mark,” i.e., common mark in all products of an enterprise, and thus consumers cannot be confused
   a. E.g., if Dior creates a perfume and applies to register the mark “CANDY” for the perfume, it cannot argue that because CANDY is always used in connection with Dior (e.g., CANDY by Dior) it is not confusingly similar to the mark KANDI perfume by another company
   b. Examiners only consider the exact marks as they are seen in the applications and the exact descriptions
   c. Sometimes mentioning the fact that Applicant uses the mark in connection with a house mark can subliminally affect an examiner’s decision, but do not make this a focus of the argument
      i. Perhaps allude to it by adding a sentence in your response, such as “Further, the CANDY mark is always used in connection with Dior and thus consumers will not confuse the products…”
   
2. Arguing that the mark cited against Applicant does not appear to be in use for certain goods/services listed in the description
   a. Examiners will not rely on such an argument and if you believe it is necessary to limit a description of another mark or cancel a registration of another mark based on non-use, you will have to go through the proper inter partes proceeding by officially filing a Petition to Cancel or Limit a registration
   
   d. Note: The examining attorney cannot officially refuse registration based on a conflicting mark in an earlier-filed application until the conflicting mark registers (although the examiner will still cite such an application). Therefore, when the examining attorney has examined the later-filed application and determined that, but for the conflict between the marks, it is in condition to be approved for publication or issue, or in condition for a final refusal, the examining attorney will suspend action on the later-filed application until the earlier-filed application matures into a registration or is abandoned.
      i. You do have the opportunity to respond to a likelihood of confusion claim based on an earlier-filed mark that has not yet registered.
         1. Decide whether it makes sense to make an early argument on the record—usually it is best to wait and see whether the argument is even necessary, as the earlier-filed mark may not ultimately register.
   
   e. See examples in TEMPLATE section.

II. Office Actions based on Descriptiveness (Lanham Act section 2(f)). There are a few different options to consider in this instance—see subsections a-e below.
   a. Argue that the mark is inherently distinctive, i.e., the mark is not descriptive
      i. If you only argue that the mark has acquired secondary meaning, it can be interpreted as a concession that the mark is not inherently distinctive. You should argue that the mark is inherently distinctive, but in the alternative, it has acquired secondary meaning.
      ii. NOTE: A claim of distinctiveness under Lanham Act §2(f) is normally not filed in a §1(b) intent-to-use application before the applicant files an allegation of use, because a claim of acquired distinctiveness, by definition, requires prior use.
b. In the alternative, argue that the mark has acquired distinctiveness. There are three types of evidence used to show that a mark has acquired distinctiveness:
   i. A claim of ownership of one or more prior registrations by Applicant on the Principal Register of the same mark for goods or services that are the same as or related to those named in the pending application.
   ii. A statement verified by the Applicant that the mark has become distinctive of the applicant’s goods or services by reason of substantially exclusive and continuous use in commerce by the applicant for the five years before the date when the claim of distinctiveness is made
      1. Such a statement may be enough to overcome an office action based on descriptiveness.
      2. Statement is as follows: “The mark has become distinctive of the goods and/or services through applicant’s substantially exclusive and continuous use in commerce for at least the five years immediately before the date of this statement.”
      3. There is an option in the TEAS that allows you to check the box to include such declaration.
   iii. Actual evidence of acquired distinctiveness
      1. Survey evidence, market research, and consumer reaction studies
      2. Substantial marketing and advertising efforts
      3. Pervasiveness online via mass social media accounts such as twitter and facebook
      4. Declarations from customers that the applicant’s mark is seen as a source rather than as a descriptive term
   c. Can claim acquired distinctiveness “in part”
      1. TASTY CHIPS, may claim that TASTY has acquired distinctiveness, but disclaim exclusive rights to CHIPS
   d. Amend the application to the Supplemental Register
      i. Supplemental register exists for marks that are not inherently distinctive but are capable of acquiring distinctiveness
      ii. There may be disadvantages to registering on the Supplemental Register and many practitioners are opposed to the Supplemental Register, as it does not give the applicant any substantive rights:
         1. There is no prima facie proof of validity of the mark, and rather it is proof that the applicant must proffer evidence that the mark has acquired distinctiveness.
         2. Can constitute an admission that the mark is not inherently distinctive (although there is a split of authority of whether or not this does constitute an admission).
      iii. There are benefits to registering on the Supplemental Register, including:
         1. The mark will show up on a USPTO database search and thus may thwart other applicants from attempting to register a similar mark.
         2. Examiners may cite marks filed on the Supplemental Register against other applicants where the marks are potentially confusingly similar
         3. If the mark is allowed on the Supplemental Register, the applicant may use the® symbol. This helps consumers see the mark as a brand.
e. Do not respond to the Office Action and let the application be abandoned.
   i. Continue use of the mark without a registration
   ii. Refile after five years of use
f. Do not file an application at all if you believe the mark is sufficiently descriptive that it will undoubtedly cause an office action to be issued based on descriptiveness with little chance of overcoming the refusal.
   i. Then there are no adverse arguments on the record stating that the mark is merely descriptive
   ii. File after 5 years of use
   iii. Advise client that choosing a more distinctive name may lead to stronger trademark rights
   iv. Maybe advisable to register on the Supplemental Register if mark most likely descriptive (especially slogans that the Applicant desires to use as a trademark)
g. Note: Some marks by their nature require a showing of secondary meaning:
   i. Single Colors
      1. T-Mobile Magenta
   ii. Product Design/Configuration
      1. Shape of a chocolate truffle
h. See Template section for examples

III. Office Actions based on Geographic Descriptiveness (Lanham Act 2(e))
   a. Marks that are deemed Geographically Descriptive may only be registered with a showing of secondary meaning.
   b. The test for determining whether a mark is geographically descriptive is:
      i. Primary significance of the mark is a generally known geographic location;
      ii. Goods/services do originate in the place identified in the mark; AND
      iii. Purchasers would be likely to believe that the goods or services originate in the geographic place identified in the mark
   c. Make an argument that counters the test above
      i. See Templates section for an example
   d. In addition to making the argument that the mark is not geographically descriptive, make an argument (to prevent the concession that the mark is geographically descriptive) that in the alternative it has acquired secondary meaning.
      i. See section II Office Actions based on Descriptiveness.
   e. Consider amending the application to the Supplemental Register
      i. See section II(c) above.

IV. Office Actions Requesting Disclaimers
   a. Many times the examiner will request that the applicant disclaim generic portions of a mark
      i. When portions of a mark are disclaimed, it means that no rights are being asserted in the disclaimed component standing alone, but rights are asserted in the composite
   b. It is ok to disclaim clearly generic portions of a mark
      i. For example, if the mark is SKY PERFUME, the examiner will most likely request that the applicant disclaims “PERFUME” except as used in the whole mark.
      ii. This is ok since other perfume companies may need to use the word PERFUME in their trademark; e.g., THE PERFUME CONNECTION
   c. In the event the examiner requests a disclaimer for a portion of the mark that you do not believe is generic, then applicant should file a response asserting that such portion
of the mark is not generic, and rather is inherently distinctive, or, in the alternative, has acquired secondary meaning
i. For example, if Applicant filed a stylized design mark for DJ TECHTOOLS for a DJ blog about DJ technology and DJ technology as a product, and the examiner requested that the applicant disclaimDJ TECHTOOLS
   1. Argue that DJ TECHTOOLS is inherently distinctive, or in the alternative has acquired secondary meaning based on use in commerce for more than 5 continuous years
   2. Disclaim “DJ” apart from the mark as shown.

V. Office Actions based on Geographic Deceptiveness under Lanham Act Section 2(e)(3)
   a. Marks that are deemed Primarily Geographically Deceptively Misdescriptive or Geographically Deceptive are never registrable
   b. The test for determining whether a mark is primarily geographically deceptively misdescriptive under §2(e)(3) is the same as the test for determining whether a mark is deceptive under §2(a). The tests were merged after the amendment of the Trademark Act by the NAFTA Implementation Act. This means that there is no difference between Primarily Geographically Deceptively Misdescriptive marks and Geographically Deceptive marks.
   c. In order to sustain a refusal based on geographic descriptiveness the examiner must show the following:
      i. Primary significance of the mark is a generally known geographic location;
      ii. Goods/services do not originate in the place identified in the mark;
      iii. Purchasers would be likely to believe that the goods or services originate in the geographic place identified in the mark; AND
      iv. The misrepresentation is a material factor in a significant portion of the relevant consumer’s decision to buy the goods or use the services
   d. Make arguments in the alternative
      i. See Templates section for an example

VI. Office Actions based on Deceptiveness under Lanham Act Section 2(a)
   a. Like Geographically Deceptive marks, Deceptive marks, in general, are never registrable.
   b. A deceptive mark can comprise of any of the following:
      i. a single deceptive term;
      ii. a deceptive term embedded in a composite mark that includes additional non-deceptive wording and/or design elements;
      iii. a term or a portion of a term that alludes to a deceptive quality, characteristic, function, composition, or use of the goods/services;
      iv. the phonetic equivalent of a deceptive term.
   c. The test for determining whether a mark is deceptive is as follows:
      i. Is the term misdescriptive of the character, quality, function, composition or use of the goods/services?
      ii. If so, are prospective purchasers likely to believe that the misdescription actually describes the goods/services?
      iii. If so, is the misdescription likely to affect a significant portion of the relevant consumers’ decision to purchase?
   d. What is not considered to be deceptive:
      i. If the mark in its entirety would not be perceived as indicating that the goods contained that material or ingredient.
1. E.g., the mark COPY CALF was found not deceptive for wallets and material made to simulate leather, because it was an obvious play on the expression "copy cat" and suggested to purchasers that the goods were imitations of items made of calf skin.

ii. Other grammatical variations of a term may not necessarily be deceptive in relation to the relevant goods. For example, "silky" is defined, inter alia, as "resembling silk." Thus, a mark containing the term SILKY would not be considered deceptive (but might be descriptive).

iii. Dictionary definitions should be carefully reviewed to determine the significance the term would have to prospective purchasers.

1. E.g., although the term GOLD would be considered deceptive for jewelry not made of gold, the term GOLDEN would not be deceptive.

iv. Remember marks are not Deceptive under 2(a) if there is no material reliance on the deceptive material (see section VII below re Deceptively Misdescriptive marks)

e. Make arguments in response
i. See Templates Section

VII. Office Actions based on Deceptively Misdescriptive marks under Lanham Act Section (2)(e)(1)

a. Marks that are Deceptively Misdescriptive are not entitled to registration under Lanham Act (2)(e)(1) unless there is a showing of secondary meaning.

b. The test for determining whether a mark is Deceptively Misdescriptive is the following:
   i. The matter sought to be registered misdescribes the goods
      1. E.g., Tater Dog, for hot dogs on a potato bread bun (but without a potato subpart); (TTAB reversed examiner’s final refusal)
   ii. Description conveyed by the mark is plausible, i.e., relevant consumers are likely to believe the misdescription
      1. Do this by demonstrating that consumers regularly encounter goods or services that contain the features or characteristics in the mark.
      2. Applicant’s own hang tags, labels, advertising, and product information may also provide evidence of the believability of the misdescription.

c. The difference between Deceptive marks under 2(a) and Deceptively Misdescriptive marks under 2(e)(1) is:
   i. The examiner must show that consumers are likely to rely on the misrepresentation for the mark to be considered Deceptive, i.e., material reliance
      1. The examining attorney should consider all available information that shows the presence or absence, and the materiality, of reliance.
   ii. If there is no material reliance, then the mark will be deemed Deceptively Misdescriptive, and, thus, registrable with a showing of secondary meaning
      1. E.g., TITANIUM deceptively misdescriptive of recreational vehicles that do not contain titanium

d. Argue the mark is not Deceptively Misdescriptive by making arguments in response to the test set forth in section b above, and, in the alternative, even if the mark is Deceptively Misdescriptive, it has acquired secondary meaning (acquired distinctiveness)

e. See TEMPLATES Section

VIII. Office Actions based on Surname (2(e)(4))
a. Under §2(e)(4) of the Trademark Act, a mark that is primarily merely a surname is not registrable on the Principal Register absent a showing of acquired distinctiveness under §2(f).

b. The question of whether a term is primarily merely a surname depends on the primary, not the secondary, significance to the purchasing public. Five Factors to be considered:
   i. whether the surname is rare;
      1. fact that a surname is rare does not per se preclude a finding that a term is primarily merely a surname. Even a rare surname may be held primarily merely a surname if its primary significance to purchasers is that of a surname.
   ii. whether the term is the surname of anyone connected with the Applicant;
   iii. whether the term has any recognized meaning other than as a surname;
      1. Often a word will have a meaning or significance in addition to its significance as a surname--examining attorney must determine the primary meaning of the term to the public, i.e., GOLD.
   iv. whether it has the “look and feel” of a surname; and
      1. Some names, by their very nature, have only surname significance even though they are rare surnames, e.g., FAJFAR
   v. whether the stylization of lettering is distinctive enough to create a separate commercial impression

c. If there is additional matter besides the surname in the mark, question remains whether the mark sought to be registered as a whole would be perceived by the public primarily merely as a surname.

d. Any doubt of whether the public views the mark as primarily merely a surname should be resolved in favor of the Applicant

e. Argue in response that the mark is not primarily merely a surname
   i. If there is a readily recognized meaning of a term, apart from its surname significance, such that the primary significance of the term is not that of a surname, registration should be granted on the Principal Register without evidence of acquired distinctiveness.
   ii. TTAB held FIORE not primarily merely a surname where it is also the Italian translation of the English word “flower” and the non-surname meaning is not obscure
      iii. See TEMPLATES section

f. You may also argue in response, in the alternative, that the mark has acquired secondary meaning.
   i. See section II above for test of acquired distinctiveness under 2(f) of the Lanham Act.

IX. Office Actions on the basis of Ornamentation

a. Matter that is merely a decorative feature does not identify and distinguish the applicant’s goods and, thus, does not function as a trademark. A decorative feature may include words, designs, slogans, or trade dress.

b. With regard to registrability, ornamental matter may be categorized along a continuum ranging from ornamental matter that is registrable on the Principal Register, to purely ornamental matter that is incapable of trademark significance and unregistrable under any circumstances, as follows:
   i. Ornamental matter that serves as an identifier of a “secondary source” is registrable on the Principal shirt (e.g., the designation “NEW YORK UNIVERSITY”)
can convey to the purchasing public the “secondary source” of the T-shirt (rather than the manufacturing source).

ii. Ornamental matter that is neither inherently distinctive nor a secondary source indicator may be registered on the Principal Register under §2(f), if the applicant establishes that the subject matter has acquired distinctiveness as a mark in relation to the goods.

iii. Ornamental matter that is neither inherently distinctive nor an indicator of secondary source, and has not acquired distinctiveness, but is capable of attaining trademark significance, may be registered on the Supplemental Register.

iv. Some matter has been determined to be purely ornamental and, thus, incapable of trademark significance and unregistrable on either the Principal Register or the Supplemental Register.
   1. E.g., peace symbol, “smiley face,” or the phrase “Have a Nice Day” on a T-Shirt

c. Argue in response that the mark is inherently distinctive and not merely ornamentation
   i. See TEMPLATES

d. In the alternative, Applicant can amend to the Supplemental register, with the disclaimer that Applicant is not conceding that the mark is not inherently distinctive.
   i. See section II(e) above re Supplemental Register

X. Office Action with a basis of Functionality

a. Marks that are deemed functional are never registrable; a feature is functional as a matter of law if it is “essential to the use or purpose of the article or if it affects the cost or quality of the article.”
   i. For example, circular shape of a beach towel was held to be functional, as it was essential to the use of the towel by allowing sun bathers to rotate without having to move the towel.

b. The functionality doctrine is intended to encourage legitimate competition by maintaining a proper balance between trademark law and patent law

c. A determination of functionality normally involves consideration of one or more of the following factors, commonly known as the “Morton-Norwich factors”:
   i. the existence of a utility patent that discloses the utilitarian advantages of the design sought to be registered;
      1. If the mark was or is subject to a patent, there is a heavy burden of showing that the feature is not functional;
      2. A design patent weighs against a finding of functionality, because design patents by definition protect only ornamental and nonfunctional features; however, ownership of a design patent can be outweighed by other evidence supporting the functionality determination.
   ii. advertising by the applicant that touts the utilitarian advantages of the design;
   iii. facts pertaining to the availability of alternative designs; and
      1. Alternative designs available in the industry can show there is no competitive need for the design, and, thus, does not favor a finding of functionality.
      2. If evidence indicates that the applicant’s configuration is the best or one of a few superior designs available, this favors a finding of functionality.
   iv. facts pertaining to whether the design results from a comparatively simple or inexpensive method of manufacture.
d. In the event the examiner issues an office action based on functionality, the applicant will most likely be requested to produce documents, such as advertising, marketing or explanatory material that is relevant to a functionality determination.

XI. Office Actions based on Immoral and Scandalous matter under Lanham Act 2(a)
   a. Held to be UNCONSTITUTIONAL on the basis of Viewpoint Discrimination (See Matal v. Tam and In re Brunetti)

XII. Office Actions based on inappropriate Description of Goods
   a. Office actions based on inappropriate description of goods are very common. Usually the examiner will want clarification with respect to certain terms, especially technical terms.
      i. If the examiner’s proposed description is accurate, adopt such description
      ii. If the proposed description is not accurate, then attempt to amend the description of goods/services taking into account the examiner’s proposed description
         1. For example, if original description is “audio reverb” and the examiner suggests “computer hardware for audio reverb” when in fact that goods constitute software and not hardware, then amend as follows: “computer software for audio reverb”
         2. Remember you cannot amend the goods/services to broaden the description, but can amend to clarify
      iii. Use TESS and click the appropriate box in order to amend the goods
         1. See example in TEMPLATES section

XIII. Office Actions based on inappropriate Specimen of Use
   a. If the specimen of use does not show the exact same mark as filed in your application it will be denied by the examiner.
   b. Appropriate specimens depend on whether the mark is used in connection with goods or services;
   c. For goods, appropriate specimens include the mark shown on:
      i. Commercial packaging
      ii. Tags
      iii. Stamping of the mark on the goods (such as on fruit)
      iv. Displays at the point of sale;
      v. Manuals relating to the goods;
      vi. Websites showing sale of the goods, with the mark at the point of sale
      vii. Mere advertising for goods is NOT an appropriate specimen
   d. For services, appropriate specimens include the mark shown on:
      i. Advertising material, advertising the services at issue, such as the website or flyers;
   e. Goods and Services must be available, and pre-orders do not count if the good or service is not available
   f. Beta uses can count as use