

# How Can I Protect the Goodwill I've Developed in My Products or Services?

## An Overview of the Various Types of Trademark Protection

**Y**ou have set up your client's business entity, prepared the appropriate employment agreements, and reviewed the lease arrangement. Now, at long last, you are attending the grand opening of your client's pizzeria—Peppy Roni's. You are about to sink your teeth into a cheesy, spicy slice and you can almost taste that original sauce, when your client, Peppy, plops into the seat across from you. "It's over before it has even begun," he moans. "Next month my rival from chef college, Ann Chovie, is opening a pizzeria right down the street. And she plans to call it Spicy Roni's! Ann's pizza isn't nearly as good as mine. All the work I've done developing the perfect sauce will be down the drain. Customers are sure to think the stores are related and that I've lost my touch." You pull out your cell phone and call an attorney in your firm's Intellectual Property Department, who tells you that there are several ways Peppy can protect the name of his store under trademark law principles.



### Common Law Trademark Rights

Peppy can develop trademark rights to a word, phrase, or symbol by using the mark in connection with goods or services as a way to designate the source of those goods or services. Use of the word, phrase, or symbol "as a trademark" is key to the validity of the mark. For example, using the mark to advertise services offered or on letterhead describing the services offered are both acceptable uses as service marks. Using the mark on packaging or tags affixed to the goods the mark designates are also acceptable uses of the mark as a trademark. Peppy would be considered the senior user because he started using the mark first. Infringement occurs when a junior user, one who begins to use the mark after the senior

user did, starts using a similar mark, which consumers may be likely to confuse with the senior user's mark. By using his mark (Peppy Roni's) through advertisement and operation of the restaurant—in connection with his services (operating a restaurant), Peppy is developing common law rights to the mark. Ann's use of Spicy Roni's to designate the same services may be likely to cause confusion among consumers. Because Peppy is the senior user, he can probably stop Ann from using Spicy Roni's as the name of her pizzeria.

### Federal Trademark Registration

Rights associated with federal trademark registration and common law trademark rights are based on the same principles; however, there are many benefits associated with federal registration, including presumption of validity, availability of additional damages (including treble damages), presumption of use, the opportunity to become incontestable (conclusive evidence of the registrant's exclusive right to use the mark), and establishment of a nationwide use date as of the filing date of the application. In addition, registration on the Federal Trademark Register provides nationwide notice to others of the owner's use of the mark. If Peppy goes to court to stop Ann from using the name Spicy Roni and he has obtained a federal registration of the Peppy Roni's mark, these presumptions will make it easier for him to stop Ann from using the name Spicy Roni's.

Currently, the filing fee for a federal trademark application is \$325 per application per class. Maintaining the registration over the years involves additional fees.

### State Trademark Registration

State trademark registration is also available in all 50 states, but state registration does not provide the benefits that federal registration does. Legally, the same common law rights apply to a mark registered in a state's database as to one that is not registered.

There are some benefits associated with state registration. First, the mark is listed in a state's database, thus putting others on notice of the owner's use of the mark in the state where it has been registered. Second, registration with the state makes the mark more "official." Infringers often find a registration certificate persuasive when they receive a cease and desist letter. In addition,



state registration is inexpensive: the application fee is nominal and maintaining the registration costs less than it does for federally registered marks.

Trademark law protects the goodwill that trademark owners develop in their goods and services. It is important to note that all trademark rights are based on use, so it is Peppy's use of the mark Peppy Roni's that gives him these rights. If he stops using the name as a trademark, he can lose his rights to the mark. The federal system does allow a user to file an application before actual use of the mark if the user has a bona fide intent to use the mark, but even this type of application is contingent upon the registrant's eventual use of the mark. Although Peppy cannot stop Ann Chovie from

opening her pizzeria, he can use trademark law to stop Ann from using the name Spicy Roni's, a confusingly similar name. Now both you and Peppy can enjoy a slice of his pizza! **TFL**

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## **LABOR** *continued from page 15*

mains the best method for determining whether employees desire union representation. In such an election employees cast a secret vote under laboratory conditions and under the supervision of a Board agent. By contrast, the card-signing guarantees none of these protections. The issues raised herein is the extent to which, if any, a voluntary recognition should be given election "bar quality." The issue is significant because "bar quality" means that, for some period, the employees will not be able to exercise their Section 7 right to reject the union and/or choose a different one.<sup>20</sup>

Given the NLRB's grant of a review of *Shaw's Supermarket, Dana Corp.*, and *Metaldyne*, the interplay between an employer's voluntary recognition of a union and the employees' right to a secret-ballot election to determine the recognition of a bargaining representative role promises to be a focal point of future discussions. **TFL**

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### **Endnotes**

<sup>1</sup>H.R. 800, 110th Cong. (2007).

<sup>2</sup>29 U.S.C. § 159(c).

<sup>3</sup>See, e.g., *Hearing Highlights Diverging Views on Ballot Process, Need for Card Check Bill*, DAILY LABOR REPORT, no. 59, A-10 (Mar. 28, 2007).

<sup>4</sup>*Id.*

<sup>5</sup>If the employer and union fail to reach an agreement during negotiations for a first contract, the bill provides for mediation. If the mediation is unsuccessful, after 30 days, the parties enter into binding arbitra-

tion. This binding arbitration can impose a two-year contract and compel these contractual obligations by a federal court injunction. This provision in the Employee Free Choice Act differs vastly from what is provided under current law, under which parties must negotiate in good faith until they reach an agreement. However, the obligation to bargain in good faith does not, in fact, compel the employer to agree or concede to the union's demands.

<sup>6</sup>*Hearing Highlights Diverging Views on Ballot Process*.

<sup>7</sup>*Panel Allows Secret Ballot Amendment in House Floor Debate on Card Check Bill*, DAILY LABOR REPORT, no. 40, A-11 (Mar. 1, 2007).

<sup>8</sup>*Hearing Highlights Diverging Views on Ballot Process*.

<sup>9</sup>National Labor Relations Board Representation Outline, chapter 9-620, available at [www.nlr.gov/nlr/legal/manuals/outline\\_chap9.html](http://www.nlr.gov/nlr/legal/manuals/outline_chap9.html).

<sup>10</sup>*Pall Biomedical Products Corp.*, 331 NLRB, no. 192, at 1677 (Aug. 31, 2000).

<sup>11</sup>*Kroger Co.*, 219 NLRB 388 (1975).

<sup>12</sup>*Pall Biomedical Products Corp.*, at 1675.

<sup>13</sup>*Id.*

<sup>14</sup>*Shaw's Supermarket*, 343 NLRB, no. 105, at 963 (Dec. 8, 2004).

<sup>15</sup>*Id.* at 964.

<sup>16</sup>*Id.*

<sup>17</sup>*Id.* at 964 (citations omitted).

<sup>18</sup>*Id.* Walsh cited NLRB decisions extending back 30 years, including *Kroger Co.*, 219 NLRB 388 (1975); *Raley's*, 336 NLRB 374 (2001); *Alpha Beta Co.*, 294 NLRB 228 (1989); *Jerry's United Super*, 289 NLRB 125 (1988); and *Central Parking System*, 335 NLRB 390 (2001).

<sup>19</sup>*Dana Corporation and Metaldyne Corporation*, 341 NLRB, no. 150 (June 7, 2004).

<sup>20</sup>*Id.*