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*An Intellectual Property and Business Law Firm*

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## **BACKGROUND ON TRADEMARKS**

In general terms a trademark or service mark is an identifier for one's goods or services in commerce. Trademarks cover goods, while service marks cover services (for the remainder of this discussion, unless specifically noted we will be using the term trademark or mark to describe both trademarks and service marks.) Trademarks not only cover words, but can also protect slogans, logos, stylized designs or lettering (the Coca-Cola script writing) colors, product packaging and design (a Coke bottle), building design elements (McDonalds arches) and a whole host of other product attributes.

Basically there are two types of trademarks - registered and common law (unregistered). However, there are certain legal aspects that are common to both types. One of the most important questions is how long have you been using the trademark? Potential rights to trademarks are dictated by when you started using the trademark. A general rule of thumb is that everything else being equal, the first person to use a mark will have priority over someone who started using the trademark later.

### **Common Law Trademarks**

Contrary to popular belief, trademark rights do not arise through the registration of the trademarks. Trademark rights arise through an individual or company's use of the trademark to identify their goods or services in commerce. The rights that arise through this use are referred to as common law rights. Common law rights have certain characteristics. First, the rights extend only to the geographic area that they are being used. Therefore, two people could be using the exact same trademark for the exact same goods and if the territories in which they are offering their goods or services do not overlap, each person has a right to use the trademark and cannot prevent the other from using it. Secondly, common law trademarks do not carry any presumptions with them at trial. This means that no matter how long you have been using the trademark you will have to prove 1) that the identifier rises to the level of being a trademark and is not merely a generic term or a term that is merely descriptive of the good or service that it identifies, 2) that you are entitled to use the trademark and 3) that the defendant is using the trademark in the same geographic area. Additionally, you will need to prove that the defendant had knowledge that you considered the identifier a trademark (which can usually be satisfied by using the TM symbol with your mark). Lastly, you will have to prove your actual damages with a good degree of certainty. Often times this is a difficult and laborious proposition.

### **Registered Trademarks**

The second broad class of trademarks is known as "registered trademarks." trademarks can be registered

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at the state or federal level. In general, the benefits of registering a trademark with a particular state will be confined to the state of registration. If a company solely does business in one state, this may be an attractive option. However, it should be noted that a state registration would not prevent someone from registering or using the trademark in a different state. For companies or individuals that are involved in interstate commerce (business between two or more states) federal registration may be available. Federal registration of trademarks provides certain advantages over common law trademarks. First and foremost, the protection has a nationwide scope regardless if you are selling in a defined geographic area or not. For example, if I am selling my goods in Colorado and Wyoming, I would be eligible for a federal trademark. If after I obtain a federally registered trademark and someone starts selling the same or similar goods using the same or similar trademark in Florida - I can prevent them from using the trademark and potentially sue for damages. This is true even if I am not selling my goods in Florida. Secondly, a federally registered trademark carries certain presumptions. The first presumption is that the trademark rises to the level of a trademark. While a defendant can always challenge the presumption, the burden is placed on the defendant to show that the mark does not rise to the level of a trademark. Additionally, five years after the registration date, a federally registered trademark is eligible to become incontestable. This means that a defendant cannot challenge the presumption that the mark rises to the level of a trademark. The second presumption is that the registrant is entitled to use the trademark. Federally registered trademarks are also eligible for certain heightened damages including three times the defendant's profits derived from using an infringing trademark for willful infringement and potentially attorney's fees if the infringement is determined to be malicious.

***Leyendecker & Lemire, LLC is a Denver-based law firm offering a full spectrum of Intellectual Property, Business and Entertainment related legal services for entrepreneurs, individual inventors, and businesses of all sizes. We pride ourselves in providing large firm quality, but with personalized service and attention the large firms do not provide to their smaller clients. Our strength is working with a client from the beginning of his/her venture to maximize the venture's value and potential, as well as, help minimize the risk of legal disputes. Call (303) 768-0123 or e-mail us at [info@coloradoiplaw.com](mailto:info@coloradoiplaw.com) today to see how we can help you!***

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