



# Trademark Basics for Nonprofits

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Public Counsel’s Community Development Project strengthens the foundation for healthy, vibrant and economically stable neighborhoods through its comprehensive legal and capacity building support of community-based nonprofit organizations. Nonprofit organizations increasingly recognize the importance of name recognition in their fundraising endeavors, and we are often asked for legal assistance with respect to trademarks, service marks, trade names and logos.

We have compiled this collection of frequently asked trademark questions and answers, and have divided them into the following categories:

- **FAQ 1-3 Trademark Definitions**
- **FAQ 4-10 How to Establish a Trademark**
- **FAQ 11-15 Proper Use of a Trademark**
- **FAQ 16-18 Protecting a Trademark from Infringement**

We hope you will find this resource to be a useful preliminary guide for determining how to establish, maintain, and protect these valuable corporate assets.

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*This publication should not be construed as legal advice.* These frequently asked questions and answers are provided for informational purposes only and do not constitute legal advice. While this information can help you understand the basic procedures for obtaining legal protection for your trademarks, it is very important that you obtain the advice of a qualified attorney.

Public Counsel’s Community Development Project provides free legal assistance to qualifying nonprofit organizations that share our mission of serving low-income communities and addressing issues of poverty within Los Angeles County. If your organization needs legal assistance, visit [www.publiccounsel.org/practice\\_areas/community\\_development](http://www.publiccounsel.org/practice_areas/community_development) or call (213) 385-2977, extension 200.

## TRADEMARK DEFINITIONS

### 1. What is a trademark? How is it different from a service mark?

A trademark is generally a word, phrase, symbol, design, or a combination thereof, that identifies and distinguishes the source of the goods of one party from those of others. Trademarks can include names, words, letters, numerals, figurative elements and combinations of colors and signs. Trademarks can be owned and used by for-profit entities, nonprofit entities, and individuals.

The term “trademark” is often used in two different senses, one broad and one narrow. In its broader meaning “trademark” is a generic term used to indicate the whole field of protection of all forms of indication of origin, including marks used on goods, service marks, collective marks and certification marks. In its narrower meaning, “trademark” refers to the actual words and symbols used to identify and distinguish goods and services.

Trademarks can be words or symbols that are used in connection with the sale of goods and/or services. The term “service mark” is a type of trademark that refers to the words and symbols used to identify and distinguish services (for example, a tutoring service as opposed to a company that sells books). So a trademark can be used in connection with goods and/or services, but a service mark can only be use in connection with services. The difference has little practical effect. Whenever this document refers to “trademark” or a “mark,” it is referring to both trademarks and service marks.

A trademark can be a word (letters/numbers/phrases) such as:

“UNITED WAY” or “UNITED-EWAY” or “UNITED WAY 211”

A trademark can be a design:



A trademark can be a combination of words and design such as:



or



Finally, a trademark can even be a scent, color, or sound.

A trademark is any mark used to distinguish the source of goods or services from those of another. Take a can of soda for example. The name on the can indicates to a consumer what is contained in the can and which company made the can of soda. The trademark allows consumers to discern one can of soda from another can of soda (*ie* consumers can discern Coca-Cola from Pepsi because of the names). When someone sees the Golden Arches on the side of a fast food restaurant, they know what company offers the

hamburgers sold inside. A nonprofit may thus use trademarks to differentiate itself from other organizations or businesses, and to build its brand or identify specific projects as coming from that nonprofit.

## 2. How is a trademark different from a patent or a copyright?

Trademarks, patents, and copyrights are all distinct intellectual property rights.

A patent is a right that can be used to prevent others from making, using or selling, offering for sale or importing an invention covered by the claims of the patent. The invention can be an apparatus, a process, a composition of matter or an ornamental design. For example, if a nonprofit develops a simpler, cheaper solar cooker for use in developing countries, such cooker may be the subject of a patent.

A copyright protects any tangible form of expression by an author of an original work which includes literary (e.g., novels, articles and other written works, including computer software), musical, dramatic, performance, pictorial and sculptural, audiovisual, sound records, architectural, and artistic works. In essence, copyrights provide protection for artistic expression.

In contrast, as discussed above, a trademark is any symbol, word, or design used to identify the source of goods and services. The owner of a trademark has the exclusive right to use the trademark for the goods or services for which it has been registered and for any other goods or services which are related thereto.

Like patents and copyrights, rights in trademark enable the trademark owner to stop another company from doing something. Under patent law, it might be creating another version of the invented product. Under copyright law, it might be copying a painting or charging people to watch a movie without permission. Under trademark law, it is typically using a mark that is so similar that its use is likely to cause consumers to be confused when buying those goods or services. “Likelihood of confusion” is the hallmark problem that trademark law seeks to prevent.

Whether two marks are “confusingly similar” is a nuanced and fact-specific inquiry. If one person uses a trademark in connection with car tires, and another person uses the same or similar-sounding trademark in connection with a hair salon, then the first trademark holder may not necessarily have the right to stop the second holder from using the mark. However, if a person uses a trademark in connection with car tires, and another person uses the same or similar-sounding trademark in connection with the same product or service, or even a related product or service (brake pads), then the trademark holder may be able to prevent the infringer from using that mark. In the context of nonprofit organizations, a nonprofit may prevent others from using its name or a similar name in connection with the same or similar services.

While each category is distinct, a product may fall into one or more categories – patent, trademark, and/or copyright. For example, a book may be protected under copyright law, whereas the title of a series of books or the names of the characters contained therein may be protected under trademark law.

There are several differences between these three distinct rights. For example, patents and copyrights both expire at the end of their respective terms. A trademark, however, may continue in perpetuity if intentionally and continually used as a trademark. Under the current U.S. law a federal trademark

registration lasts for 10 years and can be renewed for additional 10 year terms until the mark is no longer in use.

Further, in bringing a claim for infringement in a court of law, a person must have a valid patent or copyright registration to entitle them to bring a claim or seek certain types of remedies. A party claiming trademark infringement, on the other hand, need not have a registered trademark with the U.S. Patent and Trademark Office (“USPTO”) to bring a lawsuit for trademark infringement or recover damages (though registration does impart several benefits on the holder of the mark, as described in Section 9 below).

### **3. How does a trademark differ from a d/b/a, logo, URL and domain name?**

A “trade name” and a “d/b/a” (doing business as) can be a word or words or letters (and possibly including a symbol or design) used to identify and distinguish **entities**, such as corporations, companies, partnerships, nonprofits and businesses, as opposed to trademarks which are used to identify and distinguish the **goods or services** of a business.

Word(s) or letters which are only used as a trade name or a d/b/a and are not used to refer to the company’s goods or services are not trademarks. However, if the corporate name, company name, partnership name, trade name or d/b/a are used by themselves (and not as part of the address of the entity) on goods or associated with services to distinguish the goods or services, the word(s), trade names and/or d/b/a will also serve as and can be registered as trademarks. A few examples of company names that also serve as a trademark are the following: “**Coca-Cola**” (The Coca-Cola Company), “**Roto-Rooter**” (Roto-Rooter Corporation) and “**PG&E**” (Pacific Gas and Electric Company). On the other hand, Google’s new corporate name, Alphabet, is not used as a trademark in connection with search engine services, which will continue to be branded with the Google trademarks.

A “logo” is a graphic representation or symbol of a company name or trademark. Of course, the logo may be used and registered as a trademark if it is used on goods or associated with services in commerce.

A URL or domain name is an address on the World Wide Web. Similar to a trade name or d/b/a, if a URL is not used in connection with the goods or associated with the services being offered, it is not registerable as trademark. On the other hand, a URL can act as a trademark if the URL is used to identify the origin of the goods or is associated with the services. For example, “ibm.com” is a registered trademark for “computer software and hardware design services for others and consulting services in the field of computers.”

## **HOW TO ESTABLISH A TRADEMARK**

### **4. What benefits does a trademark provide to a nonprofit organization?**

Trademarks provide trade recognition in the marketplace and convey to consumers goodwill, both of which provide to the owner (whether a profit or nonprofit business) a competitive advantage. A nonprofit can use a trademark to distinguish its services and goods from those of other entities, and to allow

consumers to have an understanding of and be able to rely on the quality of the particular services or goods with which particular trademarks are used. For example, the Red Cross uses its trademarks to identify its services to consumers, who know when they are making a donation that the Red Cross's goodwill and quality stand behind the relief services offered. If another entity could also use the Red Cross name or logo, consumers would be confused as to which entity they are making a donation.

## **5. What laws protect trademarks?**

Federal laws protect trademarks throughout the United States by registration through the United States Trademark Office, which is part of the USPTO. Federal laws also protect against dilution of "famous" trademarks, preventing someone from using a mark similar to a famous mark even for dissimilar goods or where there is no likelihood of confusion. For example, one could not offer McDonalds brand windshield wipers – even though consumers may not be confused into believing that McDonalds was suddenly selling car accessories, use of that name for windshield wipers would dilute the association of the McDonalds name in the mind of consumers.

Certain state laws also protect trademarks by registration with a particular state. For links to state trademark registries, click here: <http://www.uspto.gov/trademarks-getting-started/process-overview/state-trademark-information-links>.

Finally, trademarks are also protected by common law principles that prohibit unfair competition by competitors using a confusingly similar trademark.

## **6. How is a trademark right established?**

Under common law, the first user of a mark in commerce for particular goods or services becomes the owner of the mark in the geographic area in which the mark has been used. Federal protection of the mark broadens the geographic scope of the owner's right to the entire country as long as the mark has been used in interstate commerce (the federal government's ability to regulate trademarks comes from the Commerce Clause of the Constitution, which permits Congress to regulate commerce "between the states"). Thus, the only requirement for the acquisition of trademark rights is to be the first user of the mark in commerce somewhere, for a particular good or service.

A trademark for services is deemed to be "in use" in interstate commerce when it is used or displayed in the sale or advertising of services, and, for purposes of federal trademark registration, the services are rendered in interstate commerce or in more than one state, and the person rendering the services is engaged in interstate commerce in connection with the services. A trademark for goods is deemed to be in use in interstate commerce when it is placed in any manner on the goods or their containers or the displays associated with them or, if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and the goods are sold or transported in interstate commerce. Generally, the goods or customers must pass between states, but sales to many out-of-state customers may also satisfy this requirement. Selling on the Internet generally satisfies this requirement. If you do not know whether your trademark qualifies as being used in commerce, you should seek the advice of a knowledgeable attorney.

It is also possible under federal law to establish first use priority of a trademark by filing an application based on a bona fide *intention* to use the trademark, after which trademark rights are granted by an actual use of the mark in commerce. The intent-to-use application allows an applicant to begin protecting a new trademark still in the planning or testing stages by ensuring that no other party registers a similar mark on similar goods or services before the applicant's own first use. However, an intent-to-use application must be made in good faith with actual intent to use the mark in commerce; the procedure cannot be used merely to obtain an early filing date. Once filed, the applicant has six months to actually use the mark in commerce (or else the applicant must request an extension). Then, when the applicant actually uses the mark in commerce, the applicant must file a Statement of Use before the USPTO will register the mark.

## **7. What steps should a nonprofit take before adopting a trademark?**

Unless the nonprofit has its own in-house trademark attorney, it is advisable to contact an attorney before adopting a mark or pursuing federal registration of a trademark. *Pro bono* attorneys are sometimes available to assist nonprofit organizations, and many others will offer assistance for reduced fees. The attorney will often recommend performing a trademark search to determine whether another party is using the same mark for similar services or goods. This is necessary to avoid the expense of pursuing a fruitless trademark registration and the damages that might result by infringing upon the prior rights of another trademark owner.

If the nonprofit cannot or does not want to obtain attorney assistance, a preliminary on-line search using popular search engines such "Google" or "Yahoo," followed by a search on the USPTO website's Trademark Electronic Search System (TESS) at <http://www.uspto.gov/> should reveal any identical trademarks that have been filed for registration and any that have been registered.

Remember, trademark infringement occurs when marks are "confusingly similar" and not necessarily identical. Thus, if the initial searches do not turn up the proposed trademark, a professional search probably should still be undertaken, as it may turn up similar but not identical trademarks, state trademark registrations, and trademarks that are in use but have never been filed for federal or state registration. Many professional search services exist, and it would be wise for any organization not familiar with these search services to seek a recommendation from an intellectual property attorney.

## **8. How does a nonprofit obtain a trademark registration?**

Federal registration is obtained by filing an application with the USPTO by using the on-line procedure available at [www.uspto.gov/teas](http://www.uspto.gov/teas). The trademark application must designate at least one service in one or more of the 11 classes of services, and/or at least one specified type of goods in one or more of the 34 classes of goods. For example, United Way has several trademarks for various classes, including Class 35 (Advertising and Business) and Class 36 (Insurance and Financial).

Each trademark application requires a filing fee for each class of goods or services designated, and at present the fee differs based upon whether the application is filed by paper (\$375 per class), electronically (\$325 per class) or electronically by special procedure called a TEAS Plus application (\$275 per class).<sup>1</sup>

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<sup>1</sup> All fees are current as of 9/2015.

Attorneys' fees for preparing and filing a trademark application typically involve hundreds of dollars for the first class and typically a reduced amount for each additional class.

Prosecution is the process by which the trademark application is examined by the USPTO trademark examiner to ensure that the trademark can be registered. This process can take approximately 10 to 24 months after filing the initial trademark application. Where the trademark application is based upon an actual use of the mark (as opposed to intent-to-use) the application must designate the date of first use of the trademark in interstate commerce and provide an sample showing how the mark is used with the services or goods in each class. Where the trademark application is based upon a bona fide intent to use, the application must state an intent-to-use the trademark for the designated services or goods. Either a use-based or an intent-to-use application must be signed by a representative of the nonprofit under penalty of perjury attesting to the use or bona fide intent to use the trademark.

State registration involves similar steps as determined by the applicable state agency with jurisdiction over trademarks, but typically only protects the trademark in that particular state. For more information about California state trademarks, including forms and frequently asked questions, visit the Secretary of State's website at [www.sos.ca.gov/business/ts](http://www.sos.ca.gov/business/ts).

## **9. What are the benefits of registration?**

A federal registration of a trademark affords the registrant many benefits. Significantly, federal registration allows the trademark registrant a variety of statutory benefits and remedies not provided for where the trademark owner has no registration and only common law rights. One of the most important benefits is that prospectively from the date of the registration, the registrant enjoys exclusive rights nationally, i.e., even in geographic areas in which it does not offer its goods or services bearing the registered mark. Thus, if a company sells its products in California, Texas and Arizona that company can, through a federal registration, secure protection in Illinois, Washington, and every other state.

Registration of a trademark can also provide prima facie evidence of the validity of (i) the registered mark; (ii) the registration of the mark; (iii) the registrant's ownership of the mark; and (iv) the registrant's exclusive right to use the registered mark. These elements are essential if a nonprofit needs to stop another from using a mark that is so similar that its use is likely to cause consumers to be confused into mistakenly believing that the second user is in some way affiliated with the first.

Notably, where a registrant maintains trademark ownership for five years or more, the holder of the mark has "conclusive evidence" of the trademark's validity, subject to certain limitations mandated by federal law. That means that the validity of the trademark cannot be challenged except on very narrow grounds (for example, the trademark was fraudulently procured).

Moreover, the registration statute provides that any owner of a registered mark is entitled to recover from an infringer of the mark either the infringer's profits or the damages caused by the infringement as well as other damages and fees. Such remedies may not be available to owners of unregistered trademarks absent willful infringement.

## 10. If a nonprofit has not registered its trademark, can it protect its trademark from use by another?

Yes, registration is not required to prevent use of a mark by another. However, use of a trademark by one party without registration establishes only common law rights, i.e., law created by the courts and judges through their decisions in past cases in the state in which the mark is used. The plaintiff will need to establish its common-law rights in the jurisdiction in which the infringement is taking place. Another party may subsequently establish its own rights in the same or similar mark in another state(s). For additional rights and protection, registration of the trademark should be timely pursued.

### PROPER USE OF A TRADEMARK

## 11. What are the proper ways to use a trademark?

Proper trademark usage is important. Using your mark improperly may undercut the mark's value and jeopardize its registration. The following are some basic trademark usage guidelines to follow:

- **Use trademarks in the approved registration form:** It is helpful to present trademarks in a manner that clearly reflects their significance (such as capitalization, bold face, or stylization). Further, trademarks should not be joined with other terms that are not part of the mark or used with unapproved logos, graphics, photos, slogans, numbers, design features or symbols. Trademarks should never be “made plural,” and the spelling of a mark should never be altered. Moreover, trademarks should not be used in a possessive form (“Kodak’s product line is shrinking”) and never be treated as verbs (“Please xerox a copy for me”).
- **Indicate ownership:** Trademarks should be properly marked to give notice that they are, in fact, trademarks (either common law or registered marks). However, note that you do not need to provide notice in order to have trademark rights – notice marks merely make people aware that you are using the mark as a trademark. Registered trademarks may be used with the federal registration symbol ®, while marks that have not been registered (including marks that are the subject of “pending” applications) should be used with the symbol <sup>TM</sup> where the mark initially appears (service marks are designated by the symbol <sup>SM</sup>).
- **Use trademarks as adjectives:** Trademarks are meant to signify the brand or source of the product and should not be used in a manner that suggests that the trademark is the name of the product. Companies that allow trademarks to be used as nouns risk losing rights in those trademarks. Classic examples of words that began as trademarks but were lost due to misuse include “aspirin,” “escalator” and “cellophane.” Because the public came to see these terms as product names instead of brand names, trademark rights were forfeited.

## 12. What kind of on-going diligence must a nonprofit perform in order to protect its trademark?

The on-going diligence required for a nonprofit to preserve its trademark rights are (i) adherence to the specific maintenance requirements established in connection with federally and state registered trademarks and (ii) monitoring the use of its trademark. Vigilant monitoring is necessary in order to



prevent others from using the trademark or a similar name, thus diminishing its protectability, and to prevent the trademark from becoming a generic term for the services and/or goods for which it is used because a generic term is not enforceable.

The USPTO requires a trademark owner at some time between the fifth and sixth anniversary dates of the registration to file a “Declaration of Use” stating that it is still using the registered mark. This Declaration must be filed together with samples of labels, tags, or other material showing the manner in which the mark is used. If the nonprofit fails to file such a Declaration, the registration is cancelled. If there has been use of the mark for five consecutive years and no litigation challenging the registrant’s exclusive rights during such period, the registrant will typically file, concurrently with the Declaration of Use, a Declaration of Incontestability. The legal effect of a Declaration of Incontestability is to render the registration incontestable, which limits the grounds on which the registration may be attacked.

Every ten years the registration of a trademark will expire and must be renewed. Provided the registrant is still using the mark for the goods or service recited in the Certificate of Registration, the registration is renewable.

In addition to any registration requirements, a nonprofit will want to police against potential infringement of its trademark. When a nonprofit discovers that others are infringing or misusing its mark it will want to take steps to halt such use or it may jeopardize its rights to its trademark. One typical activity is to send a cease and desist letter wherein the nonprofit outlines its infringement position. However, before considering this letter or any other activity it would be wise to consult with experienced intellectual property counsel. More on this topic is explained below.

### **13. Can a nonprofit lose its exclusive rights in a trademark?**

Rights in a trademark can be lost when the trademark is no longer associated with the original trademark owner. For example, a nonprofit can lose its rights to exclude others from use of a trademark by the following actions: (i) ceasing use of a trademark with intent not to resume use; (ii) licensing of a trademark without quality control, causing the term or symbol to lose significance as a trademark; (iii) assigning a trademark without also transferring associated goodwill (i.e., assignment in gross); or (iv) the trademark falling into majority usage as a generic name of a type of goods or services.

### **14. Can a nonprofit use its trademark on goods or services that generate revenue?**

In so far as trademark law is concerned, a nonprofit can use its trademark on any type of goods or services. Trademark laws do not distinguish between the goods or services that are provided for revenue generation or not. However, a nonprofit should check its organizational documents and the requirements of its tax-exempt status to determine whether such revenue generation purpose is permitted.

## **15. Can a nonprofit use its trademark to engage in a revenue generation purpose through others?**

Even if a nonprofit itself does not use a trademark for particular services or goods (whether or not the particular goods or services generate revenue), the nonprofit can license a third party to use the trademark for those particular services or goods, even for revenue generation, and the licensee's use is attributed to the nonprofit licensor. The licensor can file for and obtain registration of the trademark in its own name based upon the use by the licensee. This way a nonprofit can expand its trademark rights to cover services or goods with which the nonprofit itself does not use the trademark. The use by the licensee can be based upon compensation to the licensor to the extent permitted by law. The trademark owner must maintain quality control over the goods and services of the licensee or risks losing its trademark rights in the mark (this is called "naked licensing"). The licensing agreement should specify the types of quality control the trademark owner will engage in. In any event, consult an attorney to discuss trademark licensing procedures and ramifications.

## **PROTECTING A TRADEMARK FROM INFRINGEMENT**

## **16. How can a nonprofit protect its trademark when others use its trademark for solicitation of funds or to sell goods or services?**

A nonprofit owner of a registered trademark can prevent another person or business from infringing the nonprofit's trademark by using the same or a similar trademark in a way which would cause consumers to mistakenly believe that there is some association, sponsorship or connection between the two entities. To decide whether there is infringement, courts generally look at factors including the similarity between trademarks in the way they look, sound or in their meaning. They may also look at the amount of competition between the services and/or goods, how sophisticated the intended consumers are and whether there is any actual confusion in the marketplace.

With respect to soliciting funds, the general rule is that the use of a trademark by others can be enjoined if that use causes confusion or is likely to cause confusion with the use of the trademark by the trademark owner. In the case of fundraising, apart from the similarity of the marks being used (the alleged infringing mark v. the mark of the nonprofit), one looks to the purpose of the solicitation, the targeted audience, the sophistication of the audience, the manner in which the solicitation occurs, etc. Unfortunately, there is no single bright line test. However, in general, where the purpose of the fund solicitation by the user of the allegedly infringing mark is the same as the purpose of the nonprofit (e.g., both solicit funds for charitable purpose), then it often comes down to the question of the similarity of the marks and whether in the minds of the targeted individuals, it could be believed that there is an association of the allegedly infringing organization with the nonprofit organization.

The same test of confusion or likelihood of confusion applies to the sale of goods and services. Even if the nonprofit provides only charitable services, it still may be able to enjoin a third party's use of a similar mark on goods or services provided by a for profit entity. Trademark laws make no distinction between nonprofit purpose and for-profit purpose in distinguishing goods or services bearing marks in the stream of commerce.

## **17. What steps should a nonprofit take when it believes someone is infringing its trademark?**

Occasionally, a nonprofit may discover that another party is using its exact or a very similar trademark for the same or similar goods or services so that there would be a likelihood of confusion as to the source or origin of the goods or services in the mind of the consumer. In such a case, the nonprofit should immediately conduct a thorough investigation to establish when the other party first began using its trademark for its goods or services. If the suspected infringer has priority of use, a charge of trademark infringement could backfire, and establish that the investigating nonprofit is actually the infringer. If it is clear that the investigating nonprofit was first to use its trademark for its goods or services, the advisable next step would be to seek the advice of an experienced trademark attorney about sending a cease and desist letter. If the letter is successful, the accused infringer either would phase out the infringing activities or become a licensee under the investigating nonprofit's trademark. If the letter is not successful, enforcement by way of a trademark infringement action in state or federal court may become necessary.

## **18. How does a nonprofit respond to an accusation of trademark infringement?**

If a nonprofit receives an accusation of trademark infringement, such as a cease and desist letter, the nonprofit should immediately contact an attorney. The attorney can assist you in determining whether you must cease use or whether you have other options. One possible step is to try to convince the other party that the differences between the respective trademarks and associated services and/or goods do not give rise to a likelihood of confusion among consumers. Evaluation of possible trademark infringement compares the sight, sound and meaning of the respective trademarks, along with the differences in the goods or services, and the channels of trade or distribution, as well as the sophistication of the consumer. If the party charging trademark infringement will not yield in its position, it might be possible that the parties can agree upon the right to use a modified trademark or can enter into a licensing agreement; otherwise litigation may result.