INTERNATIONAL MUNICIPAL LAWYERS ASSOCIATION



Work Session VII: Intellectual Property

Title: **TRADEMARK ISSUES FOR MUNICIPAL SEALS, LOGOS AND FLAGS**

by

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TRADEMARK ISSUES FOR MUNICIPAL SEALS, LOGOS AND FLAGS

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Annual Conference
International Municipal Lawyers Association
Nashville, Tennessee
October 30, 2007

I. Introduction

With two narrow exceptions, municipalities have rights equal to for-profit entities in protecting trademark interests. As discussed more fully below, federal law prohibits registering a trademark if it consists of a city seal or flag. However, cities frequently spend significant resources to develop material otherwise susceptible to federal trademark protection. Many cities develop logos or slogans to promote a city's unique identity. Examples include the registered marks "San Antonio, the story never ends," and "Brigantine Beach. . . an island you'll love for life!" Use of the marks can contribute to a city's unique character and the outside world's perception of that city. Additionally, a city often has trademark rights in the badges, shields and insignias of its police and fire departments. The famous mark "NYPD" is but one example.

A city's use of such marks increases its profile within and outside the community. And for certain marks, the city may be offered, or develop on its own, licensing opportunities that could lead to revenue from the mark's use. For these reasons, a city should consider seeking federal trademark protections for its marks.

This article serves as a basic primer on federal trademark law and the issues unique to municipalities. It covers the purpose of trademark law, limitations on federal registration of certain municipal insignias, the benefits of registration and the federal trademark registration process generally.

II. Purposes of Trademark Protection

A trademark or service mark identifies and distinguishes the goods or services of one person from those of another. The mark may be a word, symbol, design or combination of words and a design or a design and a slogan. A trademark typically appears on goods. A service mark is used on advertising or promotional material for services. Throughout this paper, "trademark" includes both trademarks and service marks.

Trademark law is designed to protect two distinct interests. First, the law protects the public from deception. Second, the law protects the reputation and good will of those entities and persons who created the trademarks. The U.S. Senate Report on the Federal Trademark Law, the Lanham act, described the goals:

> The purpose underlying any trademark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asked for, and wants to get. Secondly, where the owner of a trademark has spent energy, time, and money in presenting to the public the product, the owner is protected in his investment from its misappropriation by pirates and cheats.

S.Rep. No. 1333, 79th Cong., 2d Sess., 3 (1946).

The same protection applies to municipalities that invest time, energy and resources to develop marks to promote a city and/or its services. For that reason, such cities should consider the relative benefits of applying to register the mark.

III. Governing Laws

Three general categories of law govern trademarks: Federal statutes, state statutes, and common law.

A. Federal statues

The governing federal law of trademarks is the Trademark Act of 1946, commonly known as the Lanham Act. 15 U.S.C. §§ 1051 *et seq.* The Lanham Act defines "trademark" as follows:

> The term "trademark" includes any word, name, symbol, or device, or any combination thereof—
>
> (1) used by a person, or
>
> (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,

> to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

15 U.S.C. § 1127.

The Lanham Act defines "service mark" as follows:

> The term "service mark" means any word, name, symbol, or device, or any combination thereof--
>
> (1) used by a person, or
>
> (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,
>
> to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. . . ..

Id.

To be eligible for protection under the Lanham Act, there must be actual use of the mark in the ordinary course of trade in interstate commerce. See 15 U.S.C. § 1127 (defining "commerce" to include all commerce which Congress may lawfully regulate). This use cannot be merely a token use designed solely reserve a claim to the mark.

Trademarks are "used in commerce" when placed on goods or the goods' packaging and sold or transported for sale. 15 U.S.C. § 1127. Service marks are "used in commerce" when displayed on promotional materials or advertising for the services and the services are actually rendered in commerce. *Id.*

B. State law

Most states have trademark statutes that permit state registration of marks. See, e.g. N.Y. Gen. Bus. Law §§ 360 *et. seq.*; Cal. Bus. & Prof. Code §§ 14320 *et. seq.* Such laws are useful, particularly when a mark has not been used in interstate commerce and therefore, not eligible for federal registration, but the owner still seeks the benefits of statutory protection.

C. Common law

Before federal and state trademark statutes were adopted, common law recognized trademark rights as property rights worthy of protection. This common law protection remains, and though formal statutory registration constitutes presumptive evidence of trademark ownership, such ownership and use may nevertheless be established under state and/or federal common law. Common law varies among jurisdictions, but typically requires the individual alleging ownership to prove he or she was the first to actually use the mark in commerce. See *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 117 n. 3, 59 S.Ct. 109, 83 L.Ed. 73 (1938); *Cal. Cooler v. Loretto Winery, Ltd.*, 774 F.2d 1451, 1454 (9th Cir.1985); *Sengoku Works Ltd. v. RMC Int'l, Ltd*., 96 F.3d 1217, 1219, as modified, 97 F.3d 1460 (9th Cir.1996).

Common law, however, does not enlarge a trademark owner's rights beyond what it would have under state or federal law. Rather, it provides an avenue of protection for trademark rights in a mark with no state or federal registration. Trademark claimants under common law are not afforded the same presumptions of ownership and validity that owners of registered marks enjoy.

IV. Municipalities' Rights Under Federal Trademark Law

Federal trademark law prohibits registering the insignia of a governmental entity. 15 U.S.C. § 1502. "No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it ... (b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof." *Id.*

The Trademark Trial and Appeal Board has construed this limitation narrowly.

> [T]he wording "or other insignia of the United States" must be restricted in its application to insignia of the same general class as "the flag or coats of arms" of the United States. Since both the flag and coat of arms are emblems of national authority it seems evident that other insignia of national authority such as the Great Seal of the United States, the Presidential Seal, and seals of government departments would be equally prohibited registration under Section 2(b). On the other hand, it appears equally evident that department insignia which are merely used to identify a service or facility of the Government are not insignia of national authority and that they therefore do not fall within the general prohibitions of this section of the Statute.

In re U.S. Department of the Interior, 142 USPQ 506, 507 (TTAB 1964) (logo comprising the words "NATIONAL PARK SERVICE" and "Department of the Interior," depicting trees, mountains and a buffalo, surrounded by an arrowhead design, held not to be an insignia of the United States).

Therefore, as applied to municipalities, Section 1502(b) excludes only the official seals and flags that serve as emblems of municipal authority. This narrow construction benefits cities. A municipality is free to seek registration of any mark that does not include its official seal or flag.

Although not an exhaustive list, examples of marks a municipality may apply to register under federal law, assuming statutory criteria are otherwise satisfied, include:

- Police and fire department badges (e.g., "NYPD," registered by New York, New York);
- Logos of municipal departments, such as planning departments or building and safety departments (e.g., "Youngstown 2010, Sharing a vision for a better tomorrow," registered by the Youngstown, Ohio Planning Department);
- Slogans or logos developed to promote city services (e.g., "A City With a Great Library Is A Great City," registered by Nashville, Tennessee);
- Slogans or logos developed to promote tourism to the city (e.g. "Surf City USA," registered by Huntington Beach, California);
- Slogans or logos developed as part of public education campaigns (e.g. "Swimming-It's A Life Preserver," registered by El Paso, Texas)

Given the broad subject matter spectrum for potential trademarks, cities should not be discouraged from evaluating the merits of federal trademark protection for their various marks.

V. Benefits of Registration

Federal trademark registration with the U.S. Patent and Trademark Office ("PTO") on the Principal Register carries with it several benefits, including, but not limited, to the following:

- Registration is prima facie evidence of the validity of the mark and of the owner's exclusive right to use it. 15 U.S.C. 1115(a).

- Five years after registration, if other conditions are met, the registration may become incontestable as evidence of the owner's exclusive rights in the mark. 15 U.S.C. 1065.

- The owner may use the mark with the symbol ® or other registration notice. 15 U.S.C. § 1111.

- Infringement suits automatically qualify for federal court jurisdiction. 28 U.S.C. § 1338.

- Registration entitles the owner to seek remedies for infringement generally not otherwise available, including attorneys' fees, treble damages for use of counterfeit marks and statutory damages. 15 U.S.C. § 1117.

For some actual use applications, the PTO might determine that marks "capable of distinguishing" an applicant's goods or services, but not otherwise registerable on the Principal Register (because they are not adequately distinctive, for example), may nevertheless be registered on the Supplemental Register. 15 U.S.C. § 1091. Typical of marks on the Supplemental Register, for example, are those that are descriptive or include a person's name.

For marks registered on the Supplemental Register, the rights are less robust than marks listed on the Principal Register. A registration on the Supplemental Register entitles the owner, among other things, to:

- Use the mark with the symbol ® or other registration notice, 15 U.S.C. § 1093; and,

- File infringement suits in federal court, 28 U.S.C. § 1338.

Registration on the Supplemental Register, however, does not constitute *prima facie* evidence of the validity of the mark or of the owner's exclusive right to use the mark. 15 U.S.C. § 1094. Nor does it act as constructive notice of the owner's claim to the mark. Nothing prevents the owner of a mark initially placed on the Supplemental Register from applying to transfer the mark to the Principal Register if, after the passage of time, the mark has become inherently distinctive by, usually, developing secondary meaning. See, 15 U.S.C. § 1095. An example of an initially non-distinctive mark developing secondary meaning through consistent use and brand development is "McDonalds."

VI. What Qualifies for Protection Under Federal Trademark Law

A. Marks Used in Interstate Commerce

As noted above, to obtain federal trademark protection, a mark must be used in interstate commerce, which may be accomplished in a variety of ways. Most obvious is the actual shipment of goods bearing the mark for sale outside the owner's home state. In today's Internet age, it has become increasingly easy to offer for sale and ship goods bearing the mark to buyers located out-of-state. Similarly, for service marks, mailing material that bears the mark and offering the services to the out-of-state addressee is often sufficient.

A common municipal example of such interstate use is a city's use of marks and materials designed to enhance tourism to the area or to attract visitors to particular cultural festivals or sporting events. Use of those marks through the mail and on the Internet to increase participation in such events or increase travel to the area will inevitably attract out-of-state attendees, which will evidence its interstate use.

B. Marks That Do Not Otherwise Violate the Lanham Act

The law regarding which marks may, or may not, be registered, is wide-ranging and not susceptible to a short summary. However, in general often what qualifies a particular mark for federal trademark protection is based on what the mark is not, rather than what it is. For example, to register a mark under federal law the mark cannot be confusingly similar to a previously registered mark. 15 U.S.C. § 1052(d). It may not contain immoral, deceptive or scandalous matter. 15 U.S.C. § 1052(a). Nor can it be merely descriptive of the goods or services. 15 U.S.C. § 1052(e).

Certain types of marks, by contrast, obtain approval with relative ease. For example, arbitrary and fanciful marks of a highly distinctive nature receive broader protections than marks that have a relatively low degree of distinctiveness. A classic example of an arbitrary mark is "Kodak". The mark is not descriptive and, indeed, is not even a word in the dictionary.

The more arbitrary or fanciful a mark, the more likely the PTO will grant the application. By contrast, the more descriptive or generic a mark is, the less likely is will survive the PTO's scrutiny and make it to the Principal Register.

VII. The Federal Trademark Application Process

The federal trademark application process typically involves up to six steps. From start to finish, the process may take from eight months up to two years (or sometimes longer) to complete.

A. Pre-filing research

Though not required, a trademark applicant is advised to conduct a preliminary search of existing trademarks to determine whether similar trademarks exist to the mark the applicant seeks to register. This step helps the applicant to evaluate the relative strength and/or weakness of the mark and to assess generally the likelihood of obtaining registration. Several companies specialize in conducting such searches, the cost of which typically runs $300-$1,000 depending on the number of markets searched.

B. File trademark application

1. Actual use application

A city that already owns a mark used in interstate commerce may apply to register by filing an application with the PTO. The application must set forth, among other things:

a) Dates of first use in commerce and use in interstate commerce;

b) the goods or services the mark is used to identify;

c) the manner in which the mark is used;

d) drawings of the mark;

e) specimens (photographs) of use of the mark.

15 U.S.C. § 1051(a)

2. Intent to use application

A city that has not yet used a mark in commerce, whether interstate or otherwise, may nevertheless file an application to register a mark so long as the application sets forth a *bona fide* intention to use the mark in interstate commerce. ("Intent to Use" application) 15 U.S.C. § 1051(b).

There are several reasons why an applicant may choose to file Intent to Use application rather than a standard application. The applicant may file one soon after designing a trademark, but before its actual use in commerce, in order to start the lengthy registration process as soon as practicable. Sometimes an applicant is not certain whether the PTO will approve the application and register the mark. In those cases, an applicant may want to obtain a decision from the PTO before spending significant resources to produce and market the trademarked goods or services.

C. Respond to "office actions"

Once the PTO receives an application, it assigns a trademark examiner to evaluate it. The examiner reviews the application to ensure its compliance with statutory requirements. Frequently, the examiner finds a number of issues that could prevent registration from issuing. The examiner will send the applicant a letter specifying each of the issues he or she finds. This letter is called an "office action."

The applicant must respond to all issues raised in the office action, typically within six months of its mailing, or the application will be deemed abandoned. The response can range from agreeing to alter the mark to making a legal argument why the examiner's conclusions are wrong and should, therefore, be withdrawn. It is not uncommon for there to be several rounds of office actions and responses before the PTO makes a final decision on the application.

D. Publication/Respond to oppositions

Assuming all issues in any office actions are resolved, the PTO will notify the applicant that the mark is approved and will be published in the PTO Official Gazette. Any person who believes they will be harmed by the registration may file an opposition within thirty days of the mark's publication. 15 U.S.C. §1063.

If an opposition is filed, the Opposer can seek to establish reasons why the applicant's mark should not be registered. Grounds to prevent registration include, among others, likelihood of confusion, priority of use or ownership of a prior registration.

It is advisable for owners of registered marks to subscribe to "watch" services that will notify them of publication of marks in the Official Gazette that are similar to the owner's mark. This enables the owner to timely oppose any marks the owner believes will harm the registered mark.

E. Registration/Notice of Allowance

If a mark has not been successfully opposed following publication, and if the application was based on actual use, the PTO will issue the Certificate of Registration.

If the application was based on a *bona fide* intent to use, then the PTO will issue a Notice of Allowance. If the applicant files a Statement of Use and provides specimens of such use within six months of issuance of the Notice of Allowance, then the PTO will issue the Certificate of Registration. 15 U.S.C. § 1501(d)(1)

F. Renewal

To prevent unused or abandoned, registered marks from remaining on the federal register, the PTO requires all registered mark owners file periodic affidavits of use. 15 U.S.C. §1058. Such affidavits must be filed at the end of the 6th year after the date of registration, and at the end of each successive 10-year period after the date of registration. If the owner fails to do so, the PTO will cancel the registration.

VIII. Conclusion

Despite the prohibition on federal trademark registration for city seals and flags, trademark opportunities for municipalities remain abundant. In fact, the vast majority of city logos, slogans, badges, etc. are eligible for trademark registration, assuming the federal statutory requirements are otherwise met. Cities are advised to consult with experienced trademark counsel to assist in evaluating non-registered marks for potential submission to the PTO and, if applicable, to assist in the application process for trademark registration. A city's intellectual property deserves protection equal to the city's real property.

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On intellectual property issues, Holly's experience is diverse. She has advised cities on both trademark and copyright issues. She represented a Fortune 500 company in federal court to enforce its trademark against distributors of counterfeit goods. Additionally, she represented an international Internet content provider in a federal copyright dispute, and continues to advise Internet companies on a variety of intellectual property issues.

Holly recently helped author the update to the Municipal Law Handbook's section on Election Law.

Holly started her career in the Litigation Department of the Los Angeles office of Sheppard, Mullin, Richter & Hampton. She later worked for the Enforcement Division of the United States Securities and Exchange Commission investigating and prosecuting violations of federal securities laws.

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