

Common law + state trademarks (S3E72)

Common law + state trademarks (S3E72)

scribie

Audio Transcription, Perfected

<https://scribie.com/files/5ef5b28c999a450392e0ff981033b6c3c51dda3c>

[music]

00:06 Autumn Witt Boyd: Welcome to the Legal Road Map® podcast, for online and e-commerce entrepreneurs. I'm your host, lawyer Autumn Witt Boyd. I am an experienced copyright and trademark lawyer, with my team at the AWB firm, I leverage, grow and protect multimillion dollar online businesses. My goal in every episode is to teach you about the sophisticated legal and business strategies to build your own seven or eight-figure business. If you're a new business owner, go back and listen to episodes one through 12, you'll learn the basics to set up a strong legal foundation. The legal road map podcast is sponsored by the AWB firm. You can find show notes for every episode, and learn more about how we help our clients achieve their next level goals at awbfirm.com.

[music]

00:52 AB: Hi everybody, lawyer Autumn Witt Boyd here, with our weekly installment of the Legal Road Map® podcast and our Facebook Live video. This week I am continuing in our series about trademarks, and today we're going to talk all about common law trademarks and state trademark registration. So, you may have heard, mostly of the time when we talk about trademarks, we're talking about the federal level, we actually have two tiers of trademark protection in the United States. Most of the time we're talking about those federal trademarks that we register with the United States Patent and Trademark Office. Today we're going to talk about that second tier, which is our common law or state unregistered trademarks and what happens if you actually register with your state.

01:32 AB: So I'm gonna give my standard disclaimer. I am a lawyer, I'm not your lawyer, unless we decide to work together one-on-one, and that's by actually you signing an engagement letter to work with our firm. Everything that I'm talking about today is just information, please do not rely on it as legal advice, it is not intended to be one-on-one advice for your specific situation. So if you have those questions, please contact a lawyer, whether it's me or someone else.

01:54 AB: Before we dig in to state trademarks, I wanted to just give you a heads up about a really exciting resource that I have created, and I'm participating in this online course Success Summit, which is going to take place starting on February 10. You can go ahead and buy tickets, that link will already be live when this episode goes live and they're live as you're watching this Facebook video. I'm going to include a link on my website that'll take you right to where you can sign up. So if you go to awbfirm.com/ocss that's S as in Sam, that's for online course success Summit. I am talking about legal for course creators, but there are over 50 other speakers talking about all kinds of things, that if you are either starting a course business, if you already have created an online course and you need help taking your business to the next level. My friend Reina Pomeroy, who you may be familiar with, she used to host the Creative Empire podcast, she is the one who connected me with Thinkific, who is sponsoring this summit. Thinkific is an online course platform where you can actually host all the content for your online course.

02:56 AB: And I'm just absolutely thrilled to be involved. It's a really, really top notch group of speakers. This is not one of those online summits, where it's kind of a bent of second and third tier people that you've never heard of with businesses that are kind of questionable. These are really, really legit speakers. So there's gonna be a lot for you to learn about, and if you sign up at my link, you'll be able to catch all of the content for free, and then there's additional levels that you can purchase, but all the content is going to be made available for free for a limited time starting February 10. So again, that link is live, you can go ahead and sign up, awbfirm.com/ocss.

03:33 AB: Alright. Now I'm going to dig in to trademarks. Oh, and I should mention, so I'm going to be speaking about the three steps that every online course creator needs to take to get legal. So if you are trying to build a course business, you need that presentation. So definitely tune in to mine even if you are not interested in anyone else's. And that's brand new content so that content does not live anywhere else. I created it just for this summit.

03:55 AB: Alright. Digging into a state law and state registered trademarks. The first thing I'm gonna talk about is just what is the difference between a state and a federal trademark? The most basic level of trademark protection that we have in the United States is going to be what we call a common law trademark. So these are unregistered, you just get these rights automatically by using a trademark in your business. So we don't have what you sometimes hear about at the federal level, which is, you can file an application for a trademark even if you haven't started using it. You can kind of mark your place in line. We can't do that with a common law Trademark, it is only for trademarks that are actually being used to sell products or services in your business. But once you start doing that, once you actually do start selling a product or a service under a trademark, and go back and listen to the last couple episodes, if you don't know what I mean, because it's not enough to just use a trademark in your business, you have to use it in a particular way in connection with your products or services for it to actually be a trademark.

04:51 AB: And if you are using a slogan, or a logo or a company name or a product name as a trademark. As soon as you do that, you're gonna get these automatic state common law protections. Now, it is a lower level of protection, you're not gonna get all of the benefits that I talked about a couple episodes ago, that you get with a federal trademark registration. But it's not nothing. So you do get some protection, you are going to have what we call priority. So you may recall that I have said, trademark rights in the United States are a race, the first person to start actually using a trademark in their business, they win the race, they get all the rights. But with a common law right, that priority is going to be limited to where you're actually using the trademark. So let's say I open a flower shop in Tennessee, and I come up with a really great name for it, of course, I am spit balling this. So let me think of a good name. Code d'Azur flowers, I'm looking a poster on my wall, it says code d'Azur. Some French words, has nothing to do with flowers, that's a great trademark.

05:48 AB: So I open up my code d'Azur flower shop and no one else is using those words in connection with flowers in the State of Tennessee, so I get all of the rights. Now, I've got common law rights. They're not registered anywhere. If someone goes to the state of Tennessee website, and does a trademark search, they're not gonna find me. It's not registered, it's not recorded anywhere, it's certainly not in the US Patent and Trademark office database. 'cause I haven't registered it federally either. So I'm going to have limited rights within the state of Tennessee, so where I'm actually using my trademark. If someone opens a code d'Azur flower shop in Ohio, I have no right

to go try and make them change their name or shut down their shop. So I only have rights where I'm actually using a common law trademark. Now, if someone opens, let's say I'm in Chattanooga, Tennessee, which is where I live. Someone opens a code d'Azur flower shop in Nashville, I would have some rights to try and ask them to change their name or file a lawsuit against them, for trademark infringement.

06:46 AB: So the key with common law trademarks, is that if someone in my state has already registered that name with the same or similar services, I can't get those automatic common-law protections unless they've stopped using it. So the rules of priorities still apply. I have to be the first one. And if there is a pre-existing state registration, I can't get those common law rights. The other trick is, even if someone in Ohio has registered that same trademark with the USPTO, so they've gotten a federal registration, that federal registration is a higher level and it is going to trump now, my state common law trademark rights. So even though they're in Ohio, that federal registration is going to give them nationwide protection, that's why it's so valuable, that's why so many companies want a federal trademark registration. Because even if you're only selling in a couple of states, or in a limited territory, you now get nationwide protection, and you can stop other people from using your trademark, even if they're across the country from you.

07:49 AB: So if we're thinking of a ladder, those common law rights are gonna be at the bottom, a state registration is gonna be the next step. And then those federal rights are always... A federal registration is always going to trump. Now the trick is, if I opened my flower shop, let's say I open my flower shop in 2016. So a couple of years ago I started my code d'Azur flower shop in Chattanooga, I'm only selling in Chattanooga. And let's say, in 2018, so two years later, somebody opens the same one in Ohio, and we're both co-existing for a bit because there's no territorial conflict, we're not competing with each other. Then the Ohio flower shop with the same name decides to file for that federal trademark registration. If I'm still only in Tennessee, I can't really do anything. I don't have any beef with the Ohio company. But let's say in that time I bought a vacation home in Ohio, and so now I do have two locations, I'm in Ohio, as well.

08:47 AB: I now may be able to challenge that federal registration. It's gonna depend on a lot of different factors, but these state law rights can sometimes come into conflict with the federal registration system, because again, we have that race system. So they're gonna look at who was using it first and where. So let's say maybe I had an online flower shop, so I'm selling in all 50 states, now, my use, my common law rights are in all 50 states. So I now might have some rights against that later business that opens and tries to register with the USPTO. You can see it gets kind of tricky, really quickly with these state rights. Another thing I wanna point out with the state common law and state registrations, we'll talk more about state registrations in just a minute. You are allowed to use the TM symbol, you may have seen that in little tiny letters beside a logo or beside a company name. With your common law rights and with your state registration, you can use that TM symbol, and it's a good idea, it lets people know that you consider your company name or your product name, or your logo or your slogan, you consider that to be a trademark.

09:54 AB: Puts people on notice, they can't say, "Oh, I had no idea that she thought that was a trademark". You can only use that R in a circle for federally registered trademark, so you have to actually receive that trademark certificate from the USPTO before you can use that R in a circle, a state registration will not do it.

10:12 AB: Okay. So the second thing I wanna talk about are some limitations or some downsides to relying on these common law trademark rights. You may remember in the last couple of episodes, I've been talking about when is the right time to register your trademark and I don't recommend generally that a business hops to it, and that files a trademark registration before they open. Especially if it's a new business and you don't have a lot of capital to invest, I don't necessarily think that's the most important thing to be spending your money on. We all have limited money and time, and a trademark registration is expensive in time and money, so I don't always say that that is the best investment but there are some downsides if you do decide to rely on those common law trademark rights.

10:53 AB: So here are a couple to consider. One of the biggest one, and this is when I talk about with my clients a fair bit. So remember we talked about, let's use the example where I'm an online flower store so I ship arrangements to all 50 states. If I am in Tennessee, and I find someone in Ohio who starts a similar business competing with me, I know probably have to go to Ohio to file a lawsuit. So I've gotta find a lawyer in Ohio. If there's court proceedings, I have to go to Ohio, I may have to sit for a deposition in Ohio. It's much more expensive than if I could just file in the Chattanooga courthouse, which is right where I am, and I could probably know somebody who can connect me with a trademark attorney who can help me file the lawsuit. It's just always much easier to file a lawsuit where you actually live.

11:36 AB: If you have just a common law right, you are likely not going to be able to sue that infringer where you live. It just is much more complicated, and especially if there are several infringers in different states, it now becomes lots more complicated. So the ability to file a lawsuit in federal court where you actually live may be one benefit to a federal trademark registration. Again, this is not 100% the same in every case, but generally speaking, that is typically a benefit. Another thing to consider, and again, this varies by state, some states have really great state trademark laws, but not all do. Those laws are gonna be a little different in every state for those common law and state registration. So typically the damages that you're able to get if you have a federal trademark registration are going to be better than if you're relying on these common law rights or a state registration, you can also typically get your attorneys' fees and costs, so makes the economics of bringing a lawsuit a little bit easier to swallow.

12:32 AB: Typically, if you are filing a lawsuit in federal court, you're easily gonna spend 100 to over a million if you actually go to trial, which hardly anyone does, [chuckle] 'cause it's incredibly expensive. But it is not cheap, and so there has to be a lot of money at issue to make that make sense, but if you can get your attorney's fees back as part of your damages, that makes that whole equation look a little different. So again, federal versus state court, are you using the Federal Trademark act or you using your state remedies that can all make a difference.

13:02 AB: If you are wanting to expand internationally, another benefit to your federal trademark registration that you will not get with your state rights is that you can piggyback an international trademark registration on your US trademark registration in some instances. So that's another benefit. One of the... Really the most primary reasons that I think a lot of people want to register with USPTO is that you are much more easily found in the USPTO database if someone else is thinking of naming their business something similar, or their products, they can do a search and you

will pop right up. So they will know that you have these trademark rights, and that ability to be found shuts down potential infringers before they ever start. Because if someone sees that you've already registered that name, they might think twice, they might choose a different name. And then you never have a problem because they avoided infringing on your trademark rights.

13:51 AB: So not being a searchable is definitely a downside to relying on those common law and state registrations. And then really the main one is what I talked about before which is, do you lose your place in line filing for a federal trademark registration if someone else does it first? Because as I said, I could be selling in Tennessee, Georgia, and Alabama, and someone in Ohio can go file that trademark registration and now they have the exclusive benefits for the whole United States. And depending on when everybody was selling where, it can get really, really tricky. So there are some benefits if you are in the type of business that where you have the capital, and you're certain that you're gonna stick with the name, it's worth the investment, you're gonna get a return on that investment.

14:36 AB: I was actually talking with another attorney recently, and just the type of business that she... We were talking about one of her clients, and we often will kind of co-counsel together and work on things together. And the industry that her clients were in is one that's really exploding. And I personally have a couple of clients in that same industry and we've had trouble with a couple of the names that he's come up with. We've done trademark searches. And not only did we find one or two conflicts but just all of the words that are common in that industry now are being snapped up. The trademark filings are ridiculous. And so I did say to her, "Look, if your client has any interest in filing a trademark in the future, let's go ahead and do it now." And it's a well-capitalized company, this is not their first rodeo, they're set on the name. So even though they haven't launched yet, in that scenario, with those particular circumstances, I did recommend, we really need to fill his fast because these names are going quickly.

15:32 AB: So again, your mileage may vary, this is always gonna be an individual analysis that you've gotta figure out based on your own business, your type of product and services when it makes the most sense to register your trademark. Go back and listen to that episode if you wanna hear more about all the different things you might wanna consider. But just kind of reiterating that what works for one business and what might be a smart move might not be the smart move for another company. There's not one answer to that question.

16:00 AB: Alright. So the third thing I wanna talk about a little bit is what does it mean to get a state trademark registration? So we've been talking about these common law rights. So they are automatic, they come just from you using your trademark, with your services or products, but you're not actually registering with the state, you're not paying any money and you don't have anything official to show for it. I do sometimes have clients come to me and they say, "I don't really wanna register with USPTO. I'm only selling in Tennessee. So let's look at just registering in Tennessee."

16:27 AB: So your state law registration, and again, the laws are a little different in all 50 states. I'm a Tennessee lawyer, I have not filed a state registration in other states, but I can speak to the Tennessee process. So it's gonna be one step above your common law rights, you do get some benefits, you are listed in the state trademark database, so if someone in your state is searching, then they will find you. Sometimes if a large company is registering with the USPTO they might also

search those state trademark databases, but not in every instance. So it doesn't necessarily mean that you're always going to be found. It depends on who the person... What they decide to search. So there's not one database unless you pay for it. We are subscribed to some paid databases, where you can search all 50 states, all of those separate databases, but generally someone have to go one by one by one if they're just a normal new business owner to find you. But someone in your state, if they go to the trouble of searching the trademark database, they would find you.

17:27 AB: Now that's different than just setting up an LLC, with the same name, your state might allow for someone to set up an LLC or a corporation with the same name as a registered trademark. [chuckle] Those are not always mutually exclusive. So just be aware that the state office, typically, at least in my experience, are not doing a lot of due diligence or any kind of checking or monitoring of those related filings. So you you're not getting a ton of protection. The USPTO on the other hand, if you file a trademark application with the federal government and someone else tries to file a similar name, they will bounce that. With the states, what I have found is, it could just be a little bit different and they will let it go through, and that would not happen with the USPTO. They look for similar trademarks, not just the exact same ones. So you're getting a little more findability, but it's gotta be usually that exact match.

18:19 AB: The good thing about a state trademark registration, it is typically very quick and inexpensive. In Tennessee, it's less than \$100. The form is really simple, it's hard to mess up, so it's something easy to do on your own. Again, you're only getting those rights in the state, so there's a reason why it is much quicker and less expensive. And in Tennessee, at least, I think it was the same day turnaround, the last one I filed, so very, very quick as opposed to nine months, a year or two years even longer with the USPTO. So you can get... If you do have an issue in your state, you can get that really quickly. Now, another downside to a state trademark is if you are having, especially with my online business owners, which is most of my clients, if we're filing takedown notices with Amazon or with EXIE, or Facebook or Twitter, that state registration is not seen as strong as a federal registration, that is not taken as seriously and especially with things like the Amazon brand registry which gives you a lot of remedies, if you have a federal registered trademark, a State Registered trademark is not gonna cut it.

19:25 AB: You can't get in that program with a state registered trademark, it has to be a Federal. So that state trademark is definitely a lower level. And then, just as I mentioned, all the other downsides that we talked about with a common law trademark a moment ago, are gonna apply to that state registration, so you're not gonna necessarily be able to file a lawsuit in federal court in another place, you're gonna have different damages and remedies, you can't use it as the basis of an international registration. So those are gonna be our high points with a state registration with that common law trademark unregistered. And the same rule goes for using that TM symbol. If you have a state registration even if you get that certificate, you still are not allowed to use that R in the circle. The R in the circle is only for federally registered trademarks, so that higher level of protection.

20:13 AB: Alright. I hope this answered your questions about what the heck is a common law trademark, and how does it relate to a USPTO a federal registered trademark. They are similar but a little different. I hope you will join me next week, this whole month of February, we're gonna be continuing our series on trademarks, and I'm gonna talk about a question I get a lot, which is: Can

you register a hashtag as a trademark? We all see hashtags on social media and sometimes on merchandise and other things people sometimes use them as a slogan or as a catchphrase. So there are some instances when you can and some instances when you can't. So we'll talk about some of the rules and regulations on that, and some of the upsides and downsides, if you have a business name or a product name that you also use as a hashtag, does it make more sense to register it with that hashtag?

21:02 AB: And the hashtag is if you don't know is what we sometimes see as the... Used to be the pound symbol. Looks like this. And whether that is included in your trademark registration application or not, there's lots of different things to think about there. So please come back and join me next week, when I will dig into that. And one last plug for this online course Success Summit, tons and tons of free information. If you are looking for resources to build your course business, you really can't go wrong. Sponsored by Thinkific, it's gonna be fabulous. Go to awbfirm.com/ocss. Alright, I'll see you next time, thank you.

[music]

21:45 AB: Did you know that you could be making more money from your copyrights and trademarks? Intellectual property is probably the most valuable asset in your creative business, but most entrepreneurs don't know how to identify it and you can't monetize what you can't find. Download my free, five-minute IP Audit Worksheet at awbfirm.com/podcast. You'll find out what parts of your brand, logo, images, website, courses, digital downloads or other content could be protected by intellectual property laws. And you'll create an inventory of your most valuable trademarks, copyrights, patents or trade secrets so you'll know what's worth protecting as you build a more profitable and sustainable business. Get your five-minute IP audit worksheet now at awbfirm.com/podcast.

[music]

Thank You for choosing Scribie.com

Cross-check this transcript against the audio quickly and efficiently using our online Integrated Editor. Please visit the following link and click the Check & Download button to start.

<https://scribie.com/files/5ef5b28c999a450392e0ff981033b6c3c51dda3c>