

Advising Micro Businesses on Trademark Registrations

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This article discusses key factors that micro businesses should consider when making decisions about registering trademarks.

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In today's competitive business landscape, even micro businesses—those with five or fewer employees—find themselves navigating significant legal questions about protecting their brand. Trademark registration can significantly impact a micro business's success and longevity, but it is a topic that is often delayed or set aside due to the company's size, budget, or timeline. Whether for solo entrepreneurs, family businesses, or tiny startups, understanding the importance of trademark registration is vital for helping a micro business protect its brand and carve out a lasting presence in its industry. This article discusses various topics attorneys should discuss with micro businesses when helping them determine whether and when to register a trademark, including the realistic market for the business, expectations for registration timeline, value of the brand, scope of trademark protection, and ability to maintain the trademark.¹ Attorneys will walk away with important discussion points for client conversations, but the specific details of the trademark registration process are beyond the scope of this article.

Factors to Consider for Trademark Registration

A registered trademark² gives a business the exclusive right³ to use a particular mark to distinguish its goods or services in the marketplace. Many micro businesses are focused on other critical tasks during formation and early operation and may fail to consider the value of a registered trademark.

Investing in a trademark can require a significant investment of time and money, both of which may be scarce in the beginning stages of a micro business. Helping companies understand whether and when to pursue trademark registration will help them make strategic decisions about how to best use their limited resources. Below are six important topics that practitioners should address when advising a micro business about applying for federal trademark registration.⁴

How Broad Is the Market?

Federally registered trademarks provide protection in all 50 states, so the first consideration

is whether the micro business needs such broad protection. The decision to obtain a registered trademark will largely depend on the type of business and its long-term goals. For example, a local bakery may not need a registered trademark because of its geographically limited customer base. If the owners are not planning to franchise but are instead focusing on one store, a trademark registration may be more of a headache than the owner wants or needs to deal with. Contrast this with a pet food manufacturing company that wants to distribute to every retail store it can logistically service. That may require investors and rapid growth outside of a particular location, leading to sales in multiple states. When sales beyond any one state's borders are reliable, the protection and enforcement tools available from a nationally registered trademark are more relevant and useful to the company.

Trademark Application Timeline

Discussing the trademark application timeline with the micro business can help it determine when to pursue trademark registration or whether to do so at all. Unlike larger businesses with bigger budgets, larger staff, and long-term growth strategies, many micro businesses are balancing their resources with their goals. They may not have time to wait for a trademark registration before they launch their brand.⁵ Additionally, some small startups haven't settled on their brand. Sometimes it takes a couple of years to finalize logos, colors, and messaging, perhaps due to changing preferences or needing to pivot the business model. Waiting to file to ensure that the client is happy with its trademark may be a better option than rushing into the registration process.

When companies are ready to start the process, they need to understand what to expect. The general steps for registering a trademark can be lengthy and include:

1. completing and filing an application with the US Patent and Trademark Office (USPTO);
2. initial review by a trademark examiner;
3. responding to issues raised by the examining attorney (90 days to respond, with an additional 90 days granted upon request and motion);⁶

4. approval and assignment of a registration number; and
5. 30-day publication in the *Trademark Gazette* (could start several weeks after approval).

Current statistics show that it can take an application eight months or more to reach an examining attorney—and that's just step 2 in the process.⁷

Letting the client know up front that the process can take upwards of 12 to 15 months for a trademark to register—and keeping in touch along the way to reassure them that no news is standard procedure—can go a long way toward building the attorney-client relationship and easing the client's anxiety about the process. This wait time may decrease as the backlog of applications submitted during the height of the COVID-19 pandemic is processed,⁸ but it is important for a client to appreciate the current timeline.

A trademark is a long-term investment. Once registered, a trademark can protect a client for years or decades (with proper maintenance). The registration timeline is long, but the duration of protection can be worth the wait.

Brand Value

The real value of a registered trademark is that it represents the actual or potential reputation of a business. The certificate of registration, or more accurately, the registration number in the trademark registry, has financial value attached to it. Even local businesses could benefit from trademark registration if they have or expect to have a particularly strong brand. Depending on the circumstances, a micro business usually pursues a trademark in one of two ways—with an “in use” application, or with an “intent to use” application.

Established micro businesses have an actual reputation at stake, and protecting that reputation through a registered trademark is reasonable and may be a worthwhile investment for the client. These businesses are operating and actively marketing under the trademark and thus typically pursue an “in use” application. When this application is finalized and approved, a registration number is issued.

In contrast, some startups that are not yet operational hope to become leaders in their industry or region—they have no established reputation but are already planning to invest heavily in future brand recognition. These companies could benefit from protecting their potential reputation and might consider filing an “intent to use” application, which can act as a block because it appears in the trademark registry. Upon approval of an “intent to use” application, the USPTO issues a Notice of Allowance, which alerts potential competitors that the applicant plans to use a particular trademark. This can protect a company’s name or logo upon startup while it focuses on taking the business from an idea to an operating company. The company can later determine whether to establish use to receive registration for that trademark or whether the company has changed so much that a different trademark is better. Keep in mind that an “intent to use” mark is an idea, and filings are required every six months for up to three years from receipt of a Notice of Allowance to either prove use or request additional time.

Scope of Trademark Protection

Explaining the factors that affect the scope of trademark protection can help the client understand potential enforcement issues and make decisions about registration. Entrepreneurs often have multiple ideas—if a business has not yet determined what direction it wants to take, it might be best to postpone trademark registration rather than attempt to trademark names or products that are likely to change. Business owners should also be advised about the strength of coined and arbitrary trademarks. Coined trademarks consist of made-up words (e.g., Nabisco® or Coca-Cola®), while arbitrary trademarks consist of common words not connected to the product (e.g., Fender® or Brother®). These types of trademarks offer broader protection and are easier to enforce than generic or descriptive trademarks.⁹

Although trademark rights are defined by statute, the full scope of protection depends on relevant facts in a dispute between trademark holders. A registered trademark provides the “exclusive right to use the registered mark in

commerce on or in connection with the goods or services specified in the registration.”¹⁰ The strongest protection for a trademark is the trademark as described in the four corners of the trademark application and subsequent registration, including the goods and services specified in the application. This is the core of the protection, but the infringement test also prohibits others from using in commerce “any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection

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 Although
 trademark rights
 are defined by
 statute, the full
 scope of protection
 depends on relevant
 facts in a dispute
 between trademark
 holders.”

with the sale, offering for sale, distribution, or advertising of any goods or services . . . which such use is likely to cause confusion.”¹¹

The “likelihood of confusion” test recognizes that businesses are not strictly limited to the four corners of the application, and the ability to enforce the trademark extends past the description in the trademark registration to related goods

and services as well as similar words, phrases, or images.¹² While those goods or services are not explicitly covered, the business has some level of protection for natural expansion under existing trademarks. This range of protection has a natural end point, determined by the industry. For example, natural product additions for a baked goods store may be coffee and other beverages. Therefore, a bakery’s trademark is likely to offer the bakery some protection against a coffee shop taking its name. But there may be a big enough difference between baked goods and headphones to allow a headphone company to use a similar or the same name as a bakery. Somewhere between coffee and electronics, or some other equally dissimilar business, is the limit of trademark protection.¹³ Discussing the scope of protection helps clients understand how their long-term goals could affect trademark decisions and sets realistic expectations for enforcement.

Multiple Trademarks

A discussion about the scope of trademark protection often includes considering how many trademarks a micro business needs. Most clients have at least two trademarks—the business name and the logo. Each application can only have one trademark,¹⁴ and an application cannot be expanded or extended once filed.¹⁵ There are three main reasons businesses file additional trademark applications:

- to expand the goods and services under a primary trademark (e.g., the micro business’s name);
- to protect a different trademark (e.g., a logo or slogan in use at the time of the initial application); and
- to protect trademarks developed after the initial application is filed.

Consider a microbrewery as an example. Each new beer that is labeled and offered could theoretically have multiple trademarks, including the name and logo of the beer. While the good or service isn’t changing, the company is continuing to expand its offerings in a way that could warrant additional trademark protection. Likewise, a baked goods store could expand its food offerings and become a restaurant. Or it could add coffee, tea, and other drinks.

Additional or modified goods and service offerings from a micro business could mean evaluating whether additional trademarks are appropriate or necessary to protect such changes in the business.

If a business determines it needs multiple trademarks, it may then need to prioritize the order of registration due to budget or time restraints. For example, a business may want to trademark a slogan or other identifier that is different from its business name. But the most important trademark to register is usually the business's name, because that is what customers search for and see the most. Factors that determine whether to register trademarks for other aspects of the business likely overlap with other points discussed above, including evaluating a logo's stability, assessing a new product's actual or potential reputation, and considering the company's long-term investment plans for promoting its brand.

Maintaining Trademarks

Micro businesses should also evaluate the long-term resources available for maintaining and enforcing their trademarks, including required filings at five and ten years. Specifically, a Declaration of Use or Excusable Non-Use (Section 8 filing) must be filed during the fifth year after receiving registration. Then, during the ninth year, an Application for Renewal (Section 9) is required to be filed with a new Declaration of Use. After this, renewal filings are every ten years.¹⁶

Conclusion

Trademark registration can be a daunting prospect for any small business. But trademark considerations are often multiplied for micro businesses due to a lack of resources or a compressed startup timeline. Micro businesses may decide they want to focus on building their reputation and establishing the value behind their trademark before filing an application for federal registration. At the same time, regardless of whether the business is just starting up or is in a growth stage, the viability of the business is the priority. In some cases, it may be better to file earlier rather than later. ^{CL}



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NOTES

1. This article focuses on micro businesses, but the points may be relevant for other small businesses.
2. 15 USC § 1127 (“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.”).
3. These rights are generally asserted by filing an action in federal court to defend and enforce the trademark. 15 USC § 1121(a) (“The district and territorial courts of the United States shall have original jurisdiction . . . of all actions arising under this chapter . . .”).
4. This article focuses on preliminary decisions about registering a trademark and does not cover enforcement. While enforcement may not be strictly required to maintain a trademark, it is strongly recommended. See 15 USC § 1127 (abandonment of mark) (the acts of omission in the definition can be extrapolated from a failure to enforce); Dunlap, *Can I Lose My Trademark Rights If I Don't Sue Infringers*, Dunlap Bennett & Ludwig (Feb. 1, 2022), <https://www.dblawyers.com/can-i-lose-my-trademark-rights>.
5. Another consideration is that, although numbers can vary, roughly 18% of new businesses fail within a year, 50% close by year five, and 65% close by year ten. *Small Business Statistics*, Chamber of Commerce (updated 2023), <https://www.chamberofcommerce.org/small-business-statistics> (citing Bureau of Labor Statistics, Business Employment Dynamics, *Table 7. Survival of Private Sector Establishments by Opening Year*, https://www.bls.gov/bdm/us_age_naics_00_table7.txt).
6. 37 CFR 2.6(a)(28), Changes to Implement Provisions of the Trademark Modernization Act of 2020; Delay of Effective Date and Correction, <https://www.federalregister.gov/documents/2022/10/13/2022-22217/changes-to-implement-provisions-of-the-trademark-modernization-act-of-2020-delay-of-effective-date>.
7. Cho and Natland, “USPTO’s Trademark Public Advisory Committee: Where We’ve Been and Where We’re Headed,” Director’s Blog (May 2, 2023), <https://www.uspto.gov/blog/director/entry/uspto-s-trademark-public>.
8. *Id.*
9. Highly distinctive marks, such as those that are fanciful, arbitrary, or suggestive, will register, while descriptive marks would not be registered. USPTO, *Trademark Manual of Examining Procedure* § 1209.01 (“With regard to trademark significance, matter may be categorized along a continuum, ranging from marks that are highly distinctive to matter that is a generic name for the goods or services.”) (citing *Remington Prods., Inc. v. N. Am. Phillips Corp.*, 892 F.2d 1576, 1580 (Fed.Cir. 1990)).
10. 15 USC § 1115(a).
11. 15 USC § 1114 (1)(a) and (b).
12. *Id.* See, e.g., *Jack Daniel’s Properties, Inc. v. VIP Products LLC*, 599 U.S. 140 (2023) (considering whether dog toys that parodied a whiskey company’s products should be evaluated under the likelihood of confusion test).
13. This will be a fact analysis and dependent on both companies, as reviewed through the factors set forth in *In re E. I. Du Pont de Nemours & Co.*, 476 F.2d 1357, 1361 (CCPA 1973). The two main factors will be (1) the similarity of the marks and (2) the relatedness of the goods and services. *In re i.am.symbolic, llc*, 866 F.3d 1315, 1322 (Fed.Cir. 2017).
14. USPTO, Trademark Fee Information (May 1, 2023), <https://www.uspto.gov/trademarks/trademark-fee-information>.
15. USPTO, *Trademark Manual of Examining Procedure* § 1402.06 (July 2022) (citing 37 CFR § 2.71(a) (“The applicant may amend the application to clarify or limit, but not to broaden, the identification of goods and/or services”)), <https://tmep.uspto.gov/RDMS/TMEP/current#/current/TMEP-1400d1e2411.html>.
16. See USPTO, Keeping Your Registration Alive, <https://www.uspto.gov/trademarks/maintain/keeping-your-registration-alive> (also has directions to relevant filing fees).