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**Nonprofit Organizations and Branding:
Tips for the Selection, Use, and Protection of Names, Logos, and Distinctive
Visual Materials**

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According to the World Intellectual Property Organization 2001 Annual Survey of the world's most valuable global brands, the three most valuable brands in the United States are Coca-Cola (\$68.9 billion), Microsoft (\$65.1 billion), and IBM (\$52.7 billion). These figures are not product sales or market capitalization or some other revenue stream, but the estimated market value of the brands themselves.

The United States Supreme Court has noted that trademark laws reflect a “recognition of the psychological function of symbols.” Trademarks are valuable because of the positive association created in the minds of the public between a particular symbol and particular goods or services. Your organization's trademark might never make the top ten list of valuable brands, and you might think that, as a nonprofit, there is no benefit to protection of your corporate identity. However, trademarks and brands function within your organization in the same way as they function in Coca-Cola – they create a distinctive identity, and they come to symbolize the goodwill of your organization. Examples of nonprofit organizations that have taken steps to federally register and protect their name or logo include:

- AMERICAN RED CROSS: Reg. No. 2,740,130 for “Blood banks, collection and preservation of human blood,” owned by The American National Red Cross.



- : Reg. No. 2,771,239, for “Blood banks, collection and preservation of human blood,” owned by The American National Red Cross.
- ACORN: Reg. No. 2,356,992, for “non-profit association of community organizations the membership of which is comprised of persons in the community who are in the low to moderate income range,” owned by the Association of Community Organizations for Reform.
- PROJECT HOPE: Reg. No. 757,511, for “Health and medical services provided without charge to people of other countries on and from a floating hospital, and

through a clinic and medical teaching center,” owned by Project Hope-The-People-To-People Health Foundation, Inc.

This article discusses simple steps an organization can take to select, protect, and enhance the value of its brand identity.

KNOW A TRADEMARK WHEN YOU SEE IT

The first step in any trademark program is to understand what is encompassed by the concept of a trademark. The U.S. Trademark Act (the “Lanham Act”) defines four types of marks:

1. **TRADEMARK.** 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. (A well-known trademark is “Special K” for “cereal.”)
2. **SERVICE MARK.** 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. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor. (A well-known service mark is “Comerica” for “banking services.”)
3. **CERTIFICATION MARK.** The term “certification mark” means any word, name, symbol, or device, or any combination thereof (1) used by a person other than its owner, or (2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this chapter, to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization. (A well-known certification mark is “UL,” which, when applied to a broad array of mechanical and electrical goods, certifies that “representative samplings of the goods conform to the requirements of the Underwriters Laboratories.”)
4. **COLLECTIVE MARK.** The term “collective mark” means a trademark or service mark (1) used by the members of a cooperative, an association, or other collective group or organization, or (2) which such cooperative,

association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, and includes marks indicating membership in a union, an association, or other organization. (A well-known collective mark is “UAW” for “indicating membership in a labor union.” The mark “A CORN,” above, is a collective mark.)

“Mark.” The term “mark” includes any trademark, service mark, collective mark, or certification mark.

SYMBOLS THAT CAN FUNCTION AS TRADEMARKS

A trademark is something that acts to identify the goods or services of one entity, and further acts to distinguish those goods and services from the goods and services of others. This function can be performed through many different symbols:

- **WORD MARK.**

A word mark is, literally, a mark comprised of words only, such as “HERSHEY’S” or “KLEENEX.” The category “word mark” also includes slogans, such as “When it rains, it pours,” or “Melts in your mouth, not in your hands.” PROJECT HOPE is a word mark, as are AMERICAN RED CROSS and ACORN.

- **STYLIZED LETTERS.**

A stylized letter mark is essentially a word mark in lettering which is so distinctive as to create a commercial impression separate from the word itself. An example of a trademark in stylized letters would be the distinctive script in which “Coke” or “Coca-Cola” is written on the soda container:

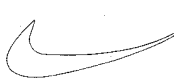


For a nonprofit, an example of the use of stylized letters as a trademark is:



- **DESIGN MARK.**

A design mark is often referred to as a “logo.” Examples of design marks are the McDonald's golden arches, the Nike “swoosh,” the Coca-Cola curling ribbon, and the NBC peacock:

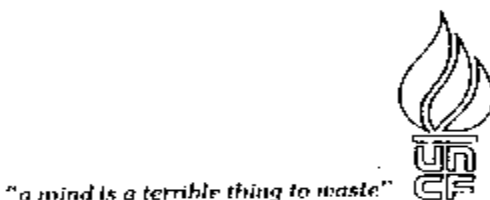


- **COMPOSITE MARK.**

A composite mark consists of a word (or slogan) in conjunction with a design, such as DOMINO'S PIZZA in conjunction with the domino image, or the Morton Salt girl with the “When It Rains It Pours” slogan:



An example of a nonprofit organization with a composite mark is the United Negro College Fund, which owns Reg. No. 1,696,481 for “charitable fundraising services:”



- **SOUND MARK.**

A trademark can consist of a distinctive sound, or sequence of tones. An example is the NBC series of three tones, or Gateway's sequence of four tones.

- **TRADE DRESS.**

“Trade dress” is a special type of trademark protection for certain nonfunctional, decorative aspects of product design, product packaging, and marketing materials. It does not include aspects of a product (or its container) that improve handling, storage, transportation, shelf-life, stability, effectiveness, or other aspects of functionality. An example of distinctive trade dress includes the shape of the Coca-Cola bottle.

- **COLOR.**

Color, alone, can function as a trademark if it has acquired “secondary meaning” (that is, it has become associated by the relevant purchasing public with one source and is not commonly used in an industry) and the color serves no utilitarian function. Examples of color marks are pink for insulation, green-gold for dry cleaning press pads, and red for the head of a large industrial bolt.

ACTIVITIES AFFECTED BY TRADEMARK LAW

Once we understand how a trademark functions (to identify a single source) and the types of visual and auditory symbols that can function as trademarks, we see that trademark issues are pervasive within a nonprofit organization, including

- Organizational name
- Logo
- Slogan
- Service name (i.e., “a mind is a terrible thing to waste”)
- Marketing materials
- Domain name ownership and registration
- Co-branding and strategic alliances

Thus, given the economic significance, pervasiveness, and public interface associated with trademarks, we can understand why knowledgeable organizations take care to select powerful marks and to protect them against misuse.

UNDERSTANDING TRADEMARK “POWER”

Not all trademarks are created equal. Since the function of a trademark is to distinguish goods and services, it makes sense that a trademark must be distinctive. A mark cannot be distinctive if it is in common use within an industry, because then it does not function to identify one source. You should keep in mind the following “trademark power hierarchy” when selecting a new name, slogan, or logo. The power hierarchy goes from most distinctive to least distinctive:

- **COINED MARK.** A “coined” mark is a word that did not exist until it was created as that trademark. Words such as “XEROX” and “COMERICA” are coined marks.
- **ARBITRARY OR FANCIFUL MARK.** An “arbitrary” mark has no logical relationship to the goods or services it identifies. “APPLE” is an arbitrary trademark for “computers.” A “fanciful” mark may have certain characteristics of a coined, arbitrary, or suggestive trademark, in that the trademark may not have existed as a word in our lexicon in the precise form as is used in the trademark, but certain elements of the word may have existed. “MICROSOFT” is a fanciful trademark.

- **SUGGESTIVE MARK.** A “suggestive” trademark is a word that requires a certain amount of imagination to link it to the goods or services, but is not wholly arbitrary. “DOWNY” for “fabric softener” is a suggestive trademark.
- **DESCRIPTIVE MARK.** A “descriptive” trademark is a word, typically a noun or adjective, that directly describes the goods or services or their qualities, characteristics, functions, features, purpose, or use.

There are important business and legal implications relating to trademark power. Marks that are coined, arbitrary, or suggestive may be registered with the U.S. Patent and Trademark Office. Descriptive marks cannot be registered, except under special circumstances where the descriptive mark has become so widely used and connected to the product that it has acquired what is called “secondary meaning” in the marketplace. An example of a mark that has acquired secondary meaning is “NO MORE TEARS” for Johnson & Johnson baby shampoo. Acquisition of secondary meaning typically requires expenditure of significant sums of advertising dollars, and typically (but not always) requires years of exposure.

IN THE TRADEMARK SELECTION PROCESS, BE CAUTIOUS ABOUT CUTENESS AND CLEVERNESS

Sometimes an organization selects a mark that it finds particularly funny, sophisticated, clever, or cute. They might enhance these attributes through quirky spelling or presentation of the mark, or juxtaposition with a particular icon or image, or a satiric reference to a competitor, or a play off a pop culture image. These approaches are potentially risky. The risks include:

- A mark that is difficult for your target audience to pronounce, spell, remember, look up in a Web-based search engine, or refer to another potential customer.
- Unintended cultural insensitivity with respect to certain segments of society (whether or not your targeted audience).
- A mark that is difficult to register with the U.S. Patent & Trademark Office.
- A mark or marketing campaign that triggers litigation with another organization or individual.

We are not suggesting that all risks be avoided, only that the risks be understood and weighed against the marketing and branding benefits of a particular mark or campaign.

CONDUCTING TRADEMARK SEARCHES

It often comes as a surprise to organizations that the selection of an organization name is not just a matter for the secretary of state of their state of incorporation. Even if an organization’s name is “cleared” by the secretary of state, the fact is that the name cannot, in fact, be used if it is likely to cause confusion with a name that is registered with the U.S. Patent and Trademark Office (“PTO”). That is because, under federal law:

“A certificate of registration of a mark upon the principal register provided by this chapter shall be *prima facie* evidence of the validity of

the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate. “ 15 U.S.C. § 1057(b) (emphasis supplied).

It is relatively easy to run what is called a “knockout” search of the records of the PTO and to search for marks that are identical with the name your organization is using (and would like to register) or is considering adopting as its new name. It is also relatively easy to run a search for marks that are similar, but not identical, to the mark your organization is considering. The PTO provides a search mechanism on its web site at www.uspto.gov.

Of course, there are certain limitations in this system. For example, the PTO database is not current (new applications might not yet have been input into the system), some records might have been inadvertently left out, records may be incorrectly classified as “cancelled” or “abandoned” when, in fact, they are very much alive, the foreign filings that will be given priority (due to trademark treaties) may not yet appear in the database, there may be spelling errors (or spelling quirks) that prevent the retrieval of relevant records. However, there is no business benefit in commencing the use of a name where a simple search would have revealed that another party has the exclusive right to use that name for the same or similar goods or services. The costs of new signage, new name selection, new marketing materials, and having to explain all this to your partners and associates, should encourage organizations to work with trademark counsel prior to organization name or product name selection.

We also recommend that organizations run searches of the proposed names on the World Wide Web to see who else is using the name (for similar or for unrelated goods and services) to check if the name appears available for a domain name, to check the state trademark registration database, and the county clerk’s database of d/b/a (“doing business as”) registrations.

THE STANDARD IS “LIKELIHOOD OF CONFUSION.”

One of the trickiest aspects of name selection is the legal standard used by trademark lawyers, federal courts, state courts, and the PTO. The proper legal inquiry is not whether the mark your organization wishes to use (or to register) is already used by (or registered to) another party. No, that inquiry would be too easy. The proper inquiry is whether the mark your organization is using (or wishes to commence use) is “likely to cause confusion” with the mark of a senior user or registrant. This “likelihood of confusion” analysis looks at a number of factors:

- How similar is the mark sought to be registered with previously registered marks and/or marks for which applications are pending in appearance, sound, connotation and commercial impression?
- How similar are the goods or services with which the marks are associated?
- How well-known is the prior mark, as determined by recognition within the relevant consumer group, sales, advertising and length of use?
- What is the number and nature of similar marks in use on similar goods?

- What is the nature and extent of any actual confusion (*i.e.*, has either organization received calls intended for the other)?
- What is the length of time during, and conditions under which, there has been concurrent use without evidence of actual confusion?
- What are the variety of goods on which the mark is used (*i.e.*, is it a commonly-used trademark)?
- Does the prior user have a superior right to use the mark (*i.e.*, a federal trademark registration)?

BENEFITS OF FEDERAL TRADEMARK REGISTRATION.

There are many benefits to federal trademark registration. The cost is relatively inexpensive in light of these benefits (filing fees with the PTO are currently \$335 per mark per classification of goods/services, plus legal fees). The benefits of trademark registration include:

- *Prima facie* evidence of exclusive ownership of the mark, and of the organization's exclusive right to use it in connection with the goods or services identified in the registration.
- Greater ability to exclude others from using confusingly similar marks.
- Constructive notice to the rest of the organizations and individuals in the United States of the claim of ownership.
- Stronger legal position in the event of a trademark dispute.
- Increased value of the asset in the event the organization wishes to license others to use the mark, or if the organization wishes to sell the trademark registration.
- Use of the registration as collateral for a loan.
- Better protection of a domain name.
- Ability to renew the federal registration of the mark in perpetuity, so long as the mark continues to be used.
- Increased ability to expand the mark to related goods and services, and to register the mark for those new goods and services.

Even without federal registration, an organization that is the "first to use" a mark in a geographic area may likely have "common law" trademark rights. The scope of those rights may be limited by geography, trade channels, and product lines, but may still constitute a valuable right that cannot be defeated by another party whose use and registration of a similar mark is subsequent to the use of that first party.

In conclusion, there are tremendous benefits to be derived from taking action to protect your “commercial magnets” – your psychological symbols – from the point of initial creation, to proper trademark use in marketing materials, federal registration, extension to new products, co-branding with strategic partners, and licensing on merchandise. If done properly, you can create assets, enhance the value of your organization, strengthen marketing opportunities, increase recognition and goodwill within your target audience, and minimize the risk associated with the improper selection and use of trademarks.

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