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An Introduction to Trademark Law in the United States

Trademarks are a form of intellectual property that serve to identify the sources of goods. Trademarks have attracted renewed attention since the U.S. Supreme Court decided two cases regarding the main federal trademark law, the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*, in June 2023 and agreed to hear a third such case in its 2023–2024 term. This In Focus provides an overview of U.S. trademark law.

What Are Trademarks?

The Lanham Act defines *trademarks* as words, names, symbols, or devices used to distinguish one person’s goods from those manufactured or sold by others. Trademarks are thus said to identify a good’s “source of origin.” Trademarks help consumers distinguish between different sellers’ goods, and they help sellers protect their reputation or “goodwill” with buyers. In addition to things like phrases and graphic designs, trademarks may include the overall appearance, or “trade dress,” of a product and its packaging.

The Lanham Act also recognizes several other kinds of protected marks. Service marks (e.g., the McDonald’s arches) identify sources of services, collective marks (e.g., the American Automobile Association’s AAA logo) may identify associations, certification marks indicate characteristics like regional origin or materials, and trade names identify businesses. This In Focus uses the term *trademark* to refer collectively to all protected marks, which are treated similarly under the law.

The Lanham Act does not generally protect so-called rights of publicity, such as the right to prevent others from using one’s voice or likeness for commercial gain, except in cases of “false endorsement,” as noted below. The laws of many states, however, recognize such rights to varying degrees.

Trademark Requirements

A mark may qualify as a valid trademark only if it meets three separate requirements: it must be *distinctive*, *nonfunctional*, and *used in commerce*.

Distinctiveness

Trademarks must be distinctive enough to serve their basic function of distinguishing one seller’s goods from another’s. A trademark is considered inherently distinctive, and therefore protectable, if it is “fanciful” (coined for use as a trademark, e.g., “Xerox”), “arbitrary” (e.g., calling a computer “Apple”), or no more than “suggestive” of the product or its qualities (e.g., “Coppertone” for sunscreen). By contrast, generic terms—which merely name the type of product at issue—are never distinctive and cannot be trademarked. One cannot use the word “apple,” for instance, as a trademark for actual apples.

In between generic and inherently distinctive trademarks are “descriptive” marks, which describe an aspect of the product (e.g., “tasty” chicken). A descriptive mark is protectable if and only if consumers come to associate it with a specific seller over time (e.g., “Holiday Inn”), thus giving the mark a distinctive “secondary meaning” so that it is no longer merely descriptive. Surnames and geographic terms also must acquire secondary meaning to be protected.

Nonfunctionality

Trademarks cannot include “functional” (useful or necessary) characteristics of a product. This requirement separates trademarks from patents, which give their owners a time-limited monopoly on practicing useful inventions.

Use in Commerce

Trademarks are not protectable unless they are actually used in commerce to identify the owner’s products. Typically, the first person to use a mark receives priority over later users. Trademark protection can also be lost if the owner “abandons” (i.e., stops using or enforcing) a mark.

Trademark Registration

Registering one’s trademark with the U.S. Patent and Trademark Office (PTO) is not legally required for a mark to be protected, but doing so gives the owner certain benefits. For instance, registration creates a legal presumption of validity and ownership in the mark, gives the owner nationwide priority over others who wish to use the mark, and allows the owner to use the ® symbol.

Registration Requirements and Duration

To register a trademark with the PTO, the applicant must either be using the mark in commerce or rely on “constructive use”—that is, a good-faith intent to use the mark followed by actual use within a certain time after registration. Alternatively, trademarks registered in certain foreign countries may be registered in the United States if the applicant intends to use the mark in U.S. commerce.

Trademark registration can last indefinitely, provided the owner renews the registration after the first 5 years and every 10 years thereafter. After the first 5 years, the owner may file a “declaration of incontestability,” which prevents others from contesting validity, ownership, and exclusive use rights for the mark, with some exceptions.

Although the Lanham Act prohibits owners from registering marks that “disparage” or are “scandalous,” the Supreme Court invalidated those prohibitions as violating the First Amendment in 2017 and 2019, respectively. In June 2023, the Supreme Court agreed to hear a First Amendment challenge to the Lanham Act’s prohibition on trademarks that use another living person’s name. The

seller in that case, *Vidal v. Elster*, argues that, by preventing him from registering the mark “Trump Too Small” for T-shirts, the act violates his right to criticize public officials.

Challenging Trademark Registration Decisions

The Lanham Act provides certain opportunities to challenge a trademark’s registration. Within a certain time prior to registration, a person may file an opposition petition with the PTO’s Trademark Trial and Appeal Board (TTAB). After registration, a person may petition TTAB for “cancellation” of a trademark on various grounds, including genericness, functionality, and abandonment. During the first five years of registration, a person may also petition for cancellation on grounds that the mark is merely descriptive or conflicts with prior use of a confusingly similar mark. The Trademark Modernization Act of 2020, P.L. 116-260, established two new kinds of proceedings—expungement and reexamination, 15 U.S.C. §§ 1066a and 1066b—to invalidate trademarks that are not (or were not at relevant times) actually used in commerce.

In addition to such administrative proceedings, a defendant sued in court for violating the Lanham Act may argue that the plaintiff’s trademark is invalid, subject to the above-noted restrictions on challenging incontestable trademarks.

Lanham Act Violations and Remedies

The Lanham Act provides civil liability for trademark infringement, trademark dilution, cybersquatting, and false advertising. The act gives U.S. district courts nonexclusive jurisdiction over these lawsuits, meaning that plaintiffs may choose to file such lawsuits either in federal or state court.

Trademark Infringement

Trademark infringement consists of unauthorized use of a registered (or similar) mark that creates a likelihood of confusion for consumers as to source of origin of goods. Owners of unregistered trademarks may sue under a similar claim called “false designation of origin.”

Courts look at many factors to determine if unauthorized use of a mark is likely to confuse consumers. Some of these factors include the degree of similarity between the marks used by the parties, the degree of similarity between the parties’ products, whether the defendant intended to deceive the public, whether survey data reveals actual confusion, and the sophistication of the relevant consumers. Confusion may be less likely, for example, if the defendant uses a recognizably different mark or if the relevant buyers are sophisticated companies. Courts also consider the “strength” of the plaintiff’s trademark, both in terms of its marketplace recognition and on a strongest-to-weakest scale of fanciful, arbitrary, suggestive, and descriptive marks. Stronger trademarks receive a higher level of protection, with courts regarding unauthorized use of stronger marks as being more likely to confuse consumers.

Another confusion-based claim under the Lanham Act is “false endorsement,” where a person’s name or identity is used to imply falsely that the person endorses a product.

Trademark Dilution

Dilution consists of conduct that damages “famous” trademarks—i.e., those that are widely recognized by the general public. Dilution occurs when unauthorized use of a famous trademark either “blurs” the mark (weakening the association between the mark and the goods it represents) or “tarnishes” the mark (harming its reputation). For example, unauthorized sale of Starbucks-branded auto parts might blur the association between Starbucks and coffee.

Cybersquatting

In 1999, Congress amended the Lanham Act by passing the Anticybersquatting Consumer Protection Act (ACPA). 15 U.S.C. § 1125(d). The ACPA allows a trademark owner to sue someone who uses an internet domain that is identical or confusingly similar to a trademark—or that dilutes a famous mark—in bad faith.

False Advertising

The Lanham Act provides protection against some kinds of false advertising even if they do not involve trademark infringement. To prove false advertising under the act, plaintiffs must show they were injured by a false statement that the defendant made about their own or others’ products or services in interstate commerce and that the statement could deceive a substantial portion of the target audience.

Remedies and Enhanced Counterfeit Penalties

The Lanham Act generally authorizes courts to remedy violations via compensatory damages, which aim to redress economic harm sustained by the plaintiff, and injunctions, which aim to prevent further violations and harm.

The Lanham Act provides heightened penalties for counterfeiting, which occurs when a person uses an exact copy of a trademark on similar goods, such as fake watches or handbags. The Lanham Act gives trademark owners their choice of treble or statutory damages for counterfeiting and provides for seizure of counterfeit goods, while other federal laws provide criminal penalties for counterfeiting.

Limitations on Lanham Act Liability

Certain uses of others’ trademarks are “fair uses” for which the user is not liable. Fair uses include, for instance, some advertisements that compare one’s own products with those of a competitor.

Some courts have held that the Lanham Act does not prohibit the use of others’ trademarks in artistic works that are protected by the First Amendment. The Supreme Court rejected one application of this doctrine in its June 2023 decision *Jack Daniel’s v. VIP Products*. VIP sold a dog toy that resembled a Jack Daniel’s whiskey bottle. At trial, Jack Daniel’s won its claims for trademark infringement and dilution against VIP. A federal appeals court overturned the win, holding that VIP was not liable because the toy was a “parody” protected by the First Amendment. The Supreme Court reversed, holding that defendants who use others’ trademarks to identify their own products (e.g., dog toys) are not shielded from liability for trademark infringement.

In another June 2023 decision, *Abitron v. Hetricnic*, the Supreme Court held that the Lanham Act’s prohibition on

trademark infringement does not apply “extraterritorially,” i.e., outside the borders of the United States. Rather, the act applies only to infringing uses within the United States.

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