



# Guideposts for Determining Whether a Mark is Functioning as a Trademark



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Under the Lanham Act, a trademark is any combination of words, names, symbols, or devices that are used to identify and distinguish goods or services and to indicate their source. *Am. Express Co. v. Goetz*, 515 F.3d 156, 159 (2<sup>nd</sup> Cir. 2008). Therefore, a trademark, in order to be deserving of protection as such, must be used in such a manner that it designates the source of the goods or services (even if that source is unknown). 15 U.S.C. § 1127. (Unless otherwise indicated, references to “trademarks” are intended to encompass “service marks” as well.)



## A Key Distinction

Whether or not a designation functions as a trademark depends on the commercial impression that it makes on the relevant public and whether purchasers would be likely to regard it as a source-indicator for the goods or services. ACT, Inc. v. Worldwide Interactive Network, Case No. 3:18-cv-186, 2019 WL 3842862, at \*3 (E.D. Tenn. Aug. 14, 2019). This determination turns on whether the designation is used “in a way that makes a commercial impression separate from that of the other elements of the advertising matter or other material upon which the alleged mark is used.” *In re Post Props.*, 22 U.S.P.Q. 334, 1985 WL 71924, at \*1 (TTAB 1985).

To be clear, this discussion does not concern whether a mark is capable of serving as a protectable trademark when used in connection with a particular category of goods or services. Rather, this discussion concerns whether, from the perspective of the consumer, a mark is being used to designate the source of the goods/services or is instead being used for some other purpose (such as, for example, to convey information about a product). Where a mark is not being used to designate source, this is referred to as a “failure to function” as a trademark.

## **Slogan and Marketing Material Considerations**

With regard to service marks specifically, a service mark that designates only the subject of the services and not the source of the services will not be protectable as a service mark. As an illustration, an advertising agency that, as part of its business operations, creates slogans for its clients, are not entitled to trademark protection for those slogans because they are not being used to identify the advertising agency’s services of creating slogans. *Am. Express Co.*, 515 F.3d at 160. Accordingly, in *American Express*, the Second Circuit Court of Appeals held that a marketing firm that had created the slogan “My Life, My Card” and pitched it to its clients who were credit card companies was not entitled to trademark rights in the slogan because the slogan did not identify the services being offered by the marketing firm itself. *Id.*

Whether or not a service mark is being used exclusively in relation to the subject of the services or whether it is also being used to identify the source of those services may be determined based on consideration of multiple factors. One factor relevant to this determination is whether the mark is used in close proximity to the name of the entity providing the services. *Id.*; see also *Rockland Exposition Inc. v. Alliance of Auto. Serv. Providers of New Jersey*, 894 F.Supp.2d 288, 306-07 (S.D.N.Y. 2012). In *Rockland Exposition*, the Court held that a genuine issue of material fact existed so as to preclude summary judgment with respect to whether or not the service mark at issue, NORTHEAST AUTOMATIVE TRADE SHOW, when used in connection with the advertising of the trade show, was being used as a source

identifier. *Rockland Exposition*, 894 F.Supp.2d at 306. In making this determination, the Court highlighted the significance of whether the service provider (who, in that case, was in the business of organizing and promoting trade shows) was identified in advertising materials where the mark was used and how the mark appears in the promotional materials. With respect to the latter, the Court observed that the mark under consideration was set off to the side of the other text, in conspicuous font, in the advertising material and that this supported that the mark (specifically, the NORTHEAST component of the mark) was serving a source-identifying function and was not only being used to describe the trade shows. *Id.* at 307.

## ‘Attention-Getting Symbols’

Similarly, with respect to goods, how prominently a mark is displayed in product packaging impacts whether or not it will be deemed to be serving a source-identifying function. *Sands, Taylor, & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 953 (7<sup>th</sup> Cir. 1992). In *Quaker Oats*, the Seventh Circuit Court of Appeals held that THIRST AID when used as part of the slogan GATORADE IS THIRST AID was used as a source-identifier. *Id.* at 954. The Court based this holding on its finding that THIRST AID was being used as an “attention-getting symbol.” *Id.* The Court observed that GATORADE IS THIRST AID employed a rhyming play-on-words and that Gatorade featured the slogan in larger, more noticeable, font than the GATORADE house mark. *Id.* Subsequently, in *SportFuel, Inc. v. PepsiCo, Inc.*, 932 F.3d 589, 596 (7<sup>th</sup> Cir. Aug. 2, 2019), the same Court held that SPORTS FUEL, which was being used in tandem with GATORADE, was not serving a source-identifying function. The Court distinguished its prior holding in *Quaker Oats* by noting that SPORTS FUEL was not displayed prominently in promotional displays and other marketing material but instead was presented “almost as a subtitle to the [GATORADE] house mark.” *Id.* The Court further noted that SPORTS FUEL “lacks the catchy, rhyming play-on-words at issue in *Quaker Oats*.” *Id.*

This attention-getting consideration highlighted by the Seventh Circuit Court of Appeals in the *Quaker Oats* and *SportFuel* cases was likewise a major factor relied on by the Ninth Circuit Court of Appeals in *Dept. of Parks and Recreation for State of Calif. v. Bazaar del Mundo, Inc.*, 448 F.3d 1118, 1127 (9<sup>th</sup> Cir. 2006). The Court there, in finding that the marks CASA DE BANDINI and CASA DE PICO were not functioning as service marks when used in connection with tourist and recreational services, reasoned that the marketing materials being considered were not “designed to attract the attention of the viewer to the marks themselves” and that, therefore, no association was created between these marks and the services in relation to which they were being used.

## Failure to Function

Other factors that are considered when assessing whether a mark is functioning as a source identifier include the distinctiveness of the typeface (e.g., larger typeface, distinctive color and/or style, and use of capital letters, all being indicative of use as a trademark) and whether the mark is used together with references to the services being provided by the service provider. In *In re Post Props.*, the Trademark Trial and Appeal Board found that the mark at issue was being used as a source identifier based both on the prominent placement of the mark set off from the text of the related advertisement as well as the fact that the services being rendered under the mark were identified in the advertisement. *In re Post Props.*, 1985 WL 71924, at \*2. The frequency with which a mark is used in advertising materials also informs the analysis of whether a mark is functioning as a source identifier. *MicroStrategy, Inc. v. Motorola, Inc.*, 245 F.3d 335, 343 (4<sup>th</sup> Cir. 2001).

Finally, where a mark merely conveys information about a product or service it will be deemed not to be functioning as a trademark. Trademark Examining Attorneys are required to reject for not functioning as a trademark marks consisting of text that merely provides information about the product or service with which it is being used. T.M.E.P. § 1202.04 (Oct. 2018 ed.) (“Although the failure-to-function refusal is normally a specimen-based refusal, a refusal must be issued, regardless of the filing basis, if the evidence supports a determination that a proposed mark is merely informational and thus would not be perceived as an indicator of source.”).

## Factors for Determining Trademark Function

Even where a mark may be capable of functioning as a trademark (for example, in the sense that it is not a generic reference to the goods or services with which it is used), it will not be protectable as a trademark unless it is being used as a source identifier. Factors that inform an analysis of whether or not text is functioning as a trademark include, among others, the following:

- whether, in the case of a service mark, the mark is being used in relation to the services being provided by the source or in relation to the subject of the services (e.g., advertising services versus the credit cards themselves);
- whether the source is identified in the promotional materials or on the product packaging together with the mark and, if so, how close in proximity they are;
- how prominently the mark is displayed; whether the mark is set off from the remainder of the promotional material;

- the distinctiveness of the type-face;
- whether the mark exhibits an attention-getting quality;
- the frequency with which the mark is used in promotional materials;
- whether or not the goods or services offered by the entity using the mark are identified; and
- whether the mark merely conveys information about a product or service.

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