



# Why You Should Consider Trademark Protection

**Not only will it keep your identity safe, it can help you raise funds.**



By Michelle Visser

**W**ith competition for funding and resources growing, nonprofit organizations are working harder to establish their identities. Building name recognition among prospective supporters has never been more essential. At the same time, many organizations are expanding their presence through outreach programs and on the Internet.

While increasing visibility gives nonprofits greater exposure, it also places them at greater risk. When it comes to protecting their identities, nonprofits face the same legal issues as for-profit businesses. However, many organizations lack a legal strategy for protecting their trademarks and avoiding infringement on the rights of others.

## Building a unique identity means risks as well as opportunities.

Securing a trademark registration can keep you from getting involved in a costly legal dispute down the road. It can also open up opportunities for licensing as a fundraising tool.

### What Is a Trademark?

A trademark is typically a word or logo that an organization uses to distinguish itself. However, a trademark can consist of almost anything — a design, acronym, symbol, phrase, color, or even a sound — that identifies an organization

as the source of particular products or services (see “What Items Can You Trademark?” on page 12). The most obvious trademark for which you should seek protection is your organization’s name.

### Why Worry about Trademarks?

The driving force behind trademark law is to prevent confusion to the public between one entity and another as to the source of its products or services. Trademarks are a quick and simple way of distinguishing between entities.

“Clients such as the American Humane Association (AHA), like most nonprofits, have a limited advertising budget,” says AHA outside

legal counsel James Stark, an expert in nonprofit corporate law in Louisville, Colorado. "By ensuring that AHA's trademarks are protected in the United States and abroad, the organization knows that its name and symbols are distinctive and will be recognized by the public. The public knows it can rely on the quality of AHA products and services when our trademarks are used with them."

Many nonprofits have gained national exposure through the Internet. While this expansion holds benefits, it also increases risks. Because of the geographic overlap inherent in Internet commerce, there's a greater chance that the nonprofit's trademark will conflict with another trademark.

Failing to address trademark issues can result in costly legal disputes. Especially at risk are organizations adopting a new name or introducing products and services under new trademarks. Going forward without confirming that a new name won't infringe someone

else's trademark could result in a forced name change. This could be disastrous, especially for a small nonprofit. Such a change could mean scrapping everything, including signs, brochures, letterhead, and Internet domain names, often after much time and money has been spent building name recognition.

A highly visible case is the legal dispute between MADD (Mothers against Drunk Drivers) and DAMMADD (Dads and Mad Moms against Drug Dealers). MADD has filed multiple lawsuits for trademark infringement in an attempt to avoid confusion over its highly recognized trademark.

### How to Get Trademark Protection

Some organizations may confuse trademark registration with incorporation. While incorporating the name of an organization with the state or the IRS to achieve tax-exempt status may be required to operate in the state, it provides

no trademark rights and doesn't grant the organization the right to use the name.

Here are the steps to follow to be sure your trademark is protected:

#### 1. Choose a distinctive name.

If you're creating or changing the name of your organization, program, product, service, publication, or other identity element, choose carefully. The strongest trademarks consist of words that are distinctive and that *don't* directly describe the organization's purpose, products, or services. One example of a strong trademark is the national feral cat organization, Alley Cat Allies. This name is unique and doesn't describe the organization's function or the services it provides. Rather, the trademark incorporates the phrase "alley cat" in a different context, with the term "allies," giving the mark a cadence that is easily remembered by the public. The more *descriptive* the

*continued on page 12*

## Feeling protective of those hard-earned nonprofit dollars?

*You have a choice of insurers, so why not choose the only ones that are themselves 501(c)(3) nonprofit organizations?*

Nonprofits' Insurance Alliance of California (NIAC), and

Alliance of Nonprofits for Insurance, Risk Retention Group (ANI-RRG)

***We understand nonprofits ...because we are nonprofits!***

**CALL Susan Bradshaw at (800) 359-6422, ext. 41**

*It costs nothing to get a quote and chances are we can save you money!*



**Nonprofits' Insurance Alliance of California**

A HEAD FOR INSURANCE . . . A HEART FOR NONPROFITS

[www.InsuranceforNonprofits.org](http://www.InsuranceforNonprofits.org)



**Alliance of Nonprofits for Insurance**  
Risk Retention Group

name — using commonly-used terms that relate to a feature or characteristic of the services — the weaker and less distinctive the trademark, and the harder it is to protect the trademark.

## 2. Search for conflicting trademarks.

Searching for conflicting trademarks that are already in use is the most important step in avoiding future legal disputes. At a minimum, a search of the U.S. Patent and Trademark Office will determine if the trademark has been federally registered, which grants the owner the nationwide right to use the trademark, regardless of whether the owner is conducting business in a particular geographic area.

Ideally, the search should be conducted by an experienced trademark attorney. An untrained searcher may conduct a search that's too limited and that fails to disclose relevant applications and registrations. The cost of a basic trademark search of the federal trademark database by a legal professional is typically about \$300. For a more thorough search, attorneys work in conjunction with professional search companies that review all federal and state trademark databases, corporate and financial databases, news articles, and the Internet. These searches cost from \$1,000 to \$1,500, including legal review fees. While this is a significant investment, it will provide the best information available regarding other entities whose trademark rights might pose risks to your use of a trademark.

## 3. Use the trademark.

Before obtaining a trademark registration, you must actually use the trademark. Using a trademark is a prerequisite for obtaining a trademark registration. And if you use your trademark but choose not to register it, you will secure trademark rights in the geographic areas in which you provide your services.

## 4. Choose federal, state, or international registration.

You must decide what type of trademark protection is necessary. There are three types: federal, state, and international. Federal protection, the broadest, is available to organizations that provide services or sell products in more than one state or in a foreign country. Many organizations that may not think of themselves as national, are, in fact, conducting business in interstate commerce. Examples include animal rescue groups that conduct multi-state pet adoptions, nonprofits that raise funds in more than one state, and organizations that sell products or provide services (including information that raises awareness or educates the

public) over the Internet. Any organization that conducts e-commerce should obtain federal trademark registration for its trademarks, which may include its domain name.

On the other hand, organizations that operate locally, that don't operate on the Internet, and that don't solicit donations outside a limited geographic area may not qualify for federal trademark protection. In such cases, state trademark registration is an option. The protection afforded by state trademark registration varies from state to state.

International registration is necessary for organizations like the American Red Cross, American Humane Association, and others that have adopted a global mission. Outside the United States, in nearly every other country, trademark rights depend exclusively upon registration. In other words, the first person to file and secure the registration wins. And the right to use a particular trademark

often depends solely on the registration secured in the particular country.

If an organization has trademark protection, but changes or expands its original mission and purpose, it should conduct a search to ensure that the new, broader services won't conflict with others' trademark rights. The organization should then seek additional

**The strongest trademarks consist of words that *don't* directly describe the organization's purpose, products, or services.**

## What Items Can You Trademark?

You rely on many items to create an identity and set your organization apart. Here are some of the items you can protect through trademark registration:

- your organization's name
- names of your organization's programs
- a logo or symbol (such as the red cross of the American Red Cross and the torch logo of the American Heart Association)
- slogans or taglines
- an acronym (such as AARP)
- a color (Owens Corning has a trademark registration for the color pink for fiberglass insulation)
- a sound (NBC has trademarked the network's well-known chimes)
- a unique phrase, seal of approval, or certification (the American Humane Society protects the phrase "no animals were harmed" as an end credit disclaimer for approved movies)
- name of a publication
- Internet domain names used as trademarks.

## The Risks of Inadequate Trademark Protection

There are many reasons to go through the trademark protection process. Even if your organization is operating “quietly” and not seeking a great deal of visibility, there are still potential risks. Without trademark protection, for example, you could:

- become involved in an expensive lawsuit.
- lose the right to use a logo or other identifier.
- unintentionally infringe on another organization's or company's trademark.
- be forced to change your organization's name.

registration for its trademarks, as the protection afforded by trademark registrations is limited to the products or services covered by the original registration. An example is an organization that started out as a foundation and then becomes a direct services provider.

### 5. Monitor your trademark.

It's up to you as a trademark owner to enforce your rights against entities using trademarks that are likely to cause confusion to the public. Failing to take action against the use of a confusingly similar trademark could result in the inability to take action down the road, as well as in a limitation of legal protection. One simple way to monitor trademark uses by other entities is to conduct a key-word search on the Internet.

**Conduct a trademark “audit” to be sure your identity is protected.**

### The Risk of Infringement

How real is the risk to nonprofits of infringing on someone else's trademark? Greater than it used to be. In 2003, 143,424 trademark registrations were granted by the U.S. Patent and Trademark Office, and this number has been growing exponentially.

It's true that legal damages are typically lower in the nonprofit sector than in the business world. However, there are still legal fees to consider, not to mention the risk of being forced to make a name change.

Additionally, there's nothing to keep a nonprofit from getting involved in a trademark dispute with a for-profit entity. In a legal dispute, for-profit and nonprofit designations lack distinction to the courts. In fact, courts often view organizations by rather broad genres. For example, animal adoption services could be considered in the same genre as the sale of animals

by pet breeders. Likewise, charitable fundraisers could be put in the same category as banks by virtue of the fact that the services are “financial” in nature.

As another consideration, many charities rely on corporate support and partnerships. The last thing you want to do is risk such relationships over a trademark dispute.

### Opportunities for Raising Funds

Another benefit of registering a trademark is the ability to earn money by licensing that trademark to outside parties. As more organizations explore creative ways of raising funds, licensing can provide a substantial revenue stream. Having federal trademark rights opens the door to licensing your organization's name, slogans, sayings, and symbols to parties that may want to use them on related merchandise such as T-shirts, bumper stickers, caps, and posters.

A small industry exists whereby a marketing company will supply everything necessary to market charities' branded products. The marketing company will set up an on-line marketplace accessible through a link on the charity's Web site and produce the T-shirts, caps, and other merchandise bearing the charities' trademarks, in exchange for a portion of the proceeds. The fundraising potential is enormous. At the same time, licensing requires strict quality control by the nonprofit organization. A trademark that is licensed, but whose quality isn't properly controlled, can result in loss of trademark rights.

### Getting Started

Don't wait to seek legal counsel till a problem has occurred — for example, after you receive a letter demanding that you change your organization's name. You'll reduce your risks by taking a pro-active approach. Conduct a trademark “audit” to be sure your identity elements are protected. And consult with a trademark attorney before introducing a new product or service.

Building an identity in today's message-saturated environment is a challenge. While raising visibility is vital to drawing support, it also places your organization on the proverbial radar. For this reason, trademark protection is a vital tool to minimize risk and maximize opportunity. ■



*Michelle Visser (mlv@raderfishman.com) is a trademark attorney with the intellectual property law firm of Rader, Fishman & Grawer. Offices are in Bloomfield Hills, Michigan, Washington, D.C., Salt Lake City, and Tokyo. Visser focuses on domestic and international trademark protection and litigation of trademarks, trade secrets, unfair competition, right of publicity, and copyrights. She represents multinational companies, small businesses, and nonprofit organizations.*