



## **EVEN IF YOU DON'T USE IT, YOU STILL WON'T LOSE IT**

By: Jim Astrachan

"Jim, give me one good reason to spend money to register my trademarks with the United States Patent and Trademark Office. Why can't I rely on the common law to protect my marks? You know, use it and don't lose it." "One major reason to register," I replied, "is because, unlike an unregistered mark, even if you don't use it, you won't lose it. And there are more good reasons to register."

A decades-old decision of the United States Court of Appeals for the Second Circuit that illustrates the benefits of registration is still good law. In 1927, the Plaintiff, a wholesale distributor of doughnuts and bakery products, owned the federally registered trademarks DAWN and DAWN DONUT. For years it continuously used these trademarks on bulk bags of doughnut mix sold to bakeries around the country. Most of those bakeries agreed to become exclusive DAWN DONUT shops, and their advertising and packaging employed Plaintiff's trademarks.

Plaintiff had only one DAWN DONUT shop in Rochester, New York and it closed that shop in 1927, following one year of operations, after which Plaintiff never opened another retail doughnut shop closer than sixty miles to Rochester.

There were two defendants in this case, one of whom owned a small chain of retail groceries in the six counties surrounding Rochester. The other Defendant supplied bakery products to the groceries. Each grocery was located within a forty-five mile radius of Rochester. Defendants limited their advertising to the geographical area in which they did business and never advertised in any of Plaintiff's markets. Until suit, Plaintiff never reentered Defendants' markets.

Then, in 1951, twenty-four years after Plaintiff federally registered its marks, the bakery Defendant began using the DAWN trademark in its advertising, and the grocery Defendant began to sell products bearing the DAWN trademark. Both Defendants were without any knowledge of the Plaintiff's prior trademark registrations. In fact, Defendant's DAWN mark was a derivative of its slogan BAKED AT MIDNIGHT, DELIVERED AT DAWN.

In the late 60's, they were sued and contented that they had adopted and used these trademarks without knowing of the Plaintiff's prior use. Besides, argued the Defendants, Plaintiff had failed to exploit its DAWN mark in the Rochester area for over thirty years, and as a result it was not entitled to the exclusive right to use its mark in the Rochester territory. In other words, Defendants claimed that Plaintiff, by failing to use the mark in a territory, had lost its rights to Defendants who had adapted and used the mark without knowledge of Plaintiff's prior use in other markets.

Unfortunately for Defendants, their defense was inconsistent with the scope of protection granted by the Lanham Act to persons who have federally registered their

marks. And while this defense might apply to a non-registered mark, it did not apply to a mark registered under the Lanham Act. 15 U.S.C.A. § 1072 clearly and concisely provides that registration of a mark on the principal register serves as constructive notice to all persons of the registrant's use of the mark.

Simply put, Section 1072 serves to eliminate the pre-Lanham Act defense that prevented a registered owner of a mark from sustaining an infringement action against a would-be infringer who adopted his mark in good faith and used the mark outside the territory in which the registered owner of the mark conducted business using the mark. Once Section 1072 was enacted, and the pre-Lanham Act good faith defense was eliminated, owners of registered marks were granted nationwide protection of their marks regardless of where they actually used the marks.

That this was the intent of Congress is made clear by reading Section 1115(a) and (b) which provides that the certificate of trademark registration evidences the registrant's "exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration...."

So, even though the baker Defendant used the DAWN mark for almost twenty years without competition or complaint from Plaintiff, once Plaintiff decided to enter the market it was able to stop Defendant's use of its mark, and in essence, garner for itself all the good will developed by Defendant in that market.

Without federal registration, this result could not have occurred. Even if Plaintiff had been the senior user of an unregistered mark by more than fifty years in another

territory, without registration it would have been precluded from employing its mark in the Rochester area. So in essence, federal registration throws a mantle of protection around a mark and allows its registered owner to expand the business territory-by-territory at its own pace without fear that another will usurp its mark in another territory. Put another way, failure to register prevents a senior user from expanding into a territory where a similar mark is in use by a junior user.

And the benefits of registration do not stop there. 15 U.S.C.A. § 1065 provides that if the mark has been in continuous use for the five years following the date of registration, and it is still in use, the right of the registrant to use the registered mark in commerce is incontestable as long as certificate of use is filed with the Patent and Trademark Office between the fifth and sixth years following registration. A registrant no longer needs to prove the existence of secondary meaning in order to successfully prosecute an infringement action. And once the mark becomes incontestable, the registered owner is free from challenge of its right to continue to use the mark.

While these benefits of registration are basic, they are very.

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