



Trademarks and IP Basics

iFA INTERNATIONAL
FRANCHISE
ASSOCIATION

**2025 LEGAL
SYMPOSIUM**
MAY 4-6 | WASHINGTON, DC

DEFINITIONAL ELEMENTS

Franchisor grants franchisee right to operate business using franchisor's trademarks

Franchisor provides significant assistance or imposes significant controls on operations

Franchisee pays a "franchise fee" to franchisor



TRADEMARKS



- Trademark license - foundation of most franchises
- Trademark law - foundation of robust power for franchisors
 - Duty to assure “nature and quality”
- Trademark - brand identification of product/service
 - Trademark vs. Service Mark
- Trademark (goods/services) vs. Trade Name (name of entity)
 - Trademark vs. Domain Name

TRADEMARK FUNCTIONS:

- Designates a unique source
- Represents uniform level of quality
- Embodies “goodwill” of a business
- Can be licensed to others



TRADEMARK SELECTION FACTORS:

Can it be a trademark?

How distinctive is the trademark?

Can I use it?

Can I register it?

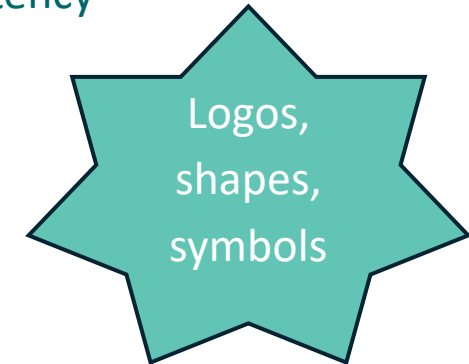
Can I exclude others from using it and similar marks?



CAN IT BE A TRADEMARK?

CAN IT BE A TRADEMARK?

- Must be distinctive
- Trade Dress: trademark-like protection for “signature” appearance of product, packaging or premises
 - ✓ Challenge for franchisors – specificity and consistency



HOW DISTINCTIVE IS THE TRADEMARK?



COINED – VALVOLINE INSTANT OIL CHANGE®, ANAGO CLEANING SYSTEMS®



ARBITRARY – DOUBLETREE BY HILTON®, STRATUS BUILDING SOLUTIONS®

SUGGESTIVE – TWO MEN AND A TRUCK®, 7-ELEVEN®




DESCRIPTIVE – ATLANTA BREAD COMPANY®, PREMIER POOLS & SPAS®, MCALISTERS DELI®, 1-800-PLUMBER

GENERIC – Hamburger, Smoothie

SUGGESTIVE VS. DESCRIPTIVE MARKS?

Can you tell the difference?

- Misspellings, foreign equivalents
- Disclaimers

- 
- BUDGET BLINDS®
 - WE SELL RESTAURANTS®
 - HOME HELPERS HOME CARE®
 - PET SUPPLIES PLUS®

CAN I USE THE TRADEMARK?

- ✓ First to adopt
(and intent to use)
- ✓ Trade areas
- ✓ Trade categories
- ✓ Clearance searching
- ✓ Anticipated growth



CAN I REGISTER IT? CAN I EXCLUDE OTHERS FROM USING IT?



- First to use, and filed intent to use
- USPTO classification system

BENEFITS OF FEDERAL REGISTRATION ON PRINCIPAL REGISTER

- ✓ constructive use nationwide
- ✓ presumption of validity
- ✓ incontestability
- ✓ notice, by use of ®
- ✓ federal court jurisdiction
- ✓ block future applications

BENEFITS OF FEDERAL REGISTRATION ON SUPPLEMENTAL REGISTER

- ✓ notice, by use of ®
- ✓ federal court jurisdiction
- ✓ block future applications

FEDERAL REGISTRATION PROCESS

- Apply
- Examination
- Substantive refusals
 - Likelihood of confusion
 - Qualify as a trademark
 - ✓ Genericness
 - ✓ Descriptiveness
 - ✓ Failure to function
- Responding to substantive refusals
- Section 2(f) of the Lanham Act
 - Strategic slow down of prosecution?
- Publication for opposition



POST-REGISTRATION

Periodic Maintenance:

- ✓ filings
- ✓ current and continuous use

PROTECTING TRADEMARKS

- Use as an adjective – not as a noun/verb
- Use is Consistent/Uniform/Distinctive
- “Affixation” – goods (product/packaging), services (use in proximity to services)
- Notices: “®”, “trademark,” “TM”/“SM”
- Control use by licensees
- Careful licensing/transfer



Question: Transfer of
in-use and intent-to-
use applications?

TRADEMARK ENFORCEMENT

- Current Franchisees
- Rest of the World
 - ✓ former (holdover) franchisees
 - ✓ unrelated third parties



ENFORCEMENT AGAINST FRANCHISEES

- Contractual Obligations/Restrictions on Use of Marks
 - Franchisee Entity Name
 - Domain Name Registrations
 - Websites
 - Social Media Accounts
 - Merchandise
 - Unapproved Vendors
- Default notice or warning letter?



TRADEMARK ENFORCEMENT



- Police trademark registries
- Police the marketplace
- Police domain name registrations
- Infringement
 - Determine trademark priority
 - Likelihood of confusion (multi-factor tests)
- Counterfeiting
 - Imitation goods
- Dilution
 - Diluting the strength of the mark

ENFORCEMENT TOOLS

- Prevent Trademark Registration
 - Opposition proceedings
 - Cancellation proceedings
 - Letters of Protest
 - Re-examination / Expungement
 - Express abandonment
- Utilize Platform Takedown Procedures
 - Shopify, Etsy, Facebook, Instagram
- Cease and Desist Letters
- Lawsuits
 - Ripeness considerations
- Domain Name Dispute Proceedings



FRANCHISE AGREEMENT PROVISIONS

FDD Disclosure Issues

- Item 13
- Other disclosure issues

Question – Disclosure obligation
apply to all trademarks?

TRADE SECRETS

WHAT IS A TRADE SECRET?

Information that:

- Is valuable because not readily known and not readily ascertainable subject to protection efforts
- Gives business owner advantage over competitors without it

EXAMPLES:

- Recipes
- Formulas
- Manuals
- Customer and supplier information
 - Financial information
 - Business methods

TRADE SECRETS

STATUTORY AUTHORITY

Federal – Defend Trade Secrets Act
State – Uniform Trade Secrets Act

PROTECTION

Effort to maintain secrecy
Physical
Contractual
Practice
Wrongful misappropriation

BENEFITS

Potentially unlimited duration
No government filing
Covers items/some materials
not otherwise protectable

Remedies

Defenses: inadequate measures, “reverse engineering”, failure to describe adequately

COPYRIGHTS

Protect original creative works fixed
in a tangible medium

Examples:
Artistic works
Written works
Music
Images/Photographs
Software

Concept of originality is different than in
patent and is a relatively low bar



SUMMARY OF “BUNDLE” OF COPYRIGHT RIGHTS

- Reproduce the work
- Prepare derivative works
- Distribute copies of work
- Publicly display and publicly perform work

KEY ISSUES

Idea vs. Expression

Notice

Remedies

FDD Disclosure Issue – Item 14
Item

Defenses (independent
creation, fair use)

Registration
✓ Danger of overclaiming



Ownership:

- ✓ Instant and automatic upon fixation
 - ✓ Works-made-for-hire”
 - Employees within the scope of her/his employment
 - Specially Commissioned Works (independent contractors) – assignment alternative

Duration

- ✓ Steamboat Willy issue – beware of overlapping rights

PATENTS

Temporary right to **exclude others** from making, using, offering for sale, selling, or importing the protected invention

Once you obtain a patent what does it allow you do with your invention (other than exclude others)?

Types:
Utility
Design
Plant

KEY ISSUES

- Novel, useful, and non-obvious to one skilled in the art
(and ornamental for design patents)
- Must be disclosed to obtain protection (opposite of a trade secret)
 - Marking
 - Duration
 - Remedies
- Contrast with trade secret and “reverse engineering”
 - Patent vs. trade secret litigation considerations
 - FDD Disclosure issue – Item 14

