



# **THE START-UP SURVIVAL KIT**



# STARTING A NEW BUSINESS: OVERARCHING CONSIDERATIONS

Starting a business requires you to be a jack of all trades. One of the keys to success is ensuring that you have identified all of the relevant issues and that you bring in experts where you need them. Here is a list of important considerations as you build your new business.

## 1. GOAL SETTING

- ☐ What is your objective for the business—what does success look like?
- ☐ What is your timeline for success and how long do you want or expect to work in the business?

## 2. BUSINESS STRUCTURE AND REGULATORY ENVIRONMENT

- ☐ Consider what are the liability issues with your kind of business and what type of legal entity do you want your business to be, for example, a sole proprietorship, partnership, or corporation?
- ☐ Consider what rules govern your kind of business and what permits, licenses, and insurance will be necessary?
- ☐ Choose a business name for your business. In some jurisdictions it may be possible or required to register this as a business name. In others, it may be possible to protect the business name as a trademark (see below).
- ☐ Clear and protect your trademark (see Sections 7 and 8).
- ☐ Clear and register your domain names.

## 3. BUSINESS PLAN

A business plan will help keep you on track, but you may also need it when seeking funding. Key elements of a business plan include:

- ☐ Executive summary
- ☐ Company description
- ☐ Market and competitive analysis
- ☐ Description of management and organization
- ☐ Description of your products and services
- ☐ Marketing plan and sales strategy
- ☐ Revenue model and expenses

## 4. OPERATIONS AND FINANCING

- ☐ Develop a Financing Plan and Request (if needed)
- ☐ Determine what software, supplies, and infrastructure you need to operate

## 5. BRING IN THE EXPERTS

- ☐ Consider whether your business' needs will include professional services such as those from lawyers, insurers, accountants, bankers, and marketing experts. A trademark practitioner is always a good idea to give you advice straightaway on how to protect your trademarks and other intellectual property.:

# WHAT IS “INTELLECTUAL PROPERTY” OR “IP”?



This is a term that you will hear a lot: “Intellectual Property” or “IP” covers a number of rights, including trade secrets and database rights, but there are a 4 major rights° “trademarks,” “copyrights,” “patents” and “designs,” all of which you may own or use under license in your business. It, therefore, is important to know at least the basics so that (1) you can identify what rights you have, and (2) you do not unwittingly fall foul of the rights of others.

A key point to realize is that rights are territorial in basis. Therefore, although, for instance, you may own a trademark registration in your home jurisdiction, this will not protect you in another jurisdiction.

## TRADEMARKS

Trademarks are often a word or words, such as AMAZON or COCA-COLA, but can also be a slogan (such as COKE ADDS LIFE), logo or device, aspects of your packaging, the shape of your product, or even sounds or smells.

A trademark identifies your goods or services as coming from your business. Unlike the name of the type or category of product, e.g., vacuum cleaner, they tell a customer that your product or service comes from you, e.g., HOOVER. You may also use more than one trademark in relation to the same product or service, for instance, CADBURY BOURNVILLE, where both CADBURY and BOURNVILLE are trademarks.

In many jurisdictions, although not all, once you have traded for some time and have a reputation in your trademark, you may acquire what are called “rights on an unregistered basis.”

However, as explained in Section 3, it is much better to register your trademark.

When you file your trademark application, you need to specify the goods or services for which you want protection. In many jurisdictions, once you have a trademark registration, you may be able to prevent

someone else using or registering a trademark that is identical or similar to your own for the identical or similar goods/services. You should also be aware that, in some jurisdictions, an owner of a trademark, that is famous may be able to prevent someone else using the identical or similar mark, irrespective of the goods or services.

Remember, also, that although there are a few regions worldwide, such as the European Union, where it is possible to obtain a trademark registration covering the entire region, in most cases, rights afforded by a trademark registration are territorial to the jurisdiction in which they are registered. Thus, if you register in your home jurisdiction only, this will not protect you in any other jurisdictions.

If your business trades in several jurisdictions, a trademark practitioner will be able to help you protect your trademark in those jurisdictions.

Finally, in many jurisdictions you will need to renew your registration after a certain number of years (ten years in many jurisdictions). However, provided that you do renew, you can maintain your trademark registration indefinitely.

## COPYRIGHT

Copyright laws vary from jurisdiction to jurisdiction, but the basic idea is that copyrights protect the exclusive right to reproduce or the right to “copy” original creative works. Copyright is created automatically upon the creation of the original work and applies to works such as literary, artistic, dramatic, and musical works. Examples include computer software, books, music tracks, paintings, and screenplays. In some jurisdictions, copyright may include performances, sound recordings, and communication signals.

Copyright gives its owner the exclusive right to produce or reproduce the work or a substantial part of it in any form. The length of copyright protection is usually tied back to the lifespan of the author plus an additional period of time. For example, in Canada copyright lasts the life of the author and for an additional 70 years.

Copyright does not protect ideas or concepts. A person must express (i.e., write, paint, etc.) the idea and it is only the particular expression that is protected.

In the business context, there may be copyright in your logo and the text or photographs that you use in promotional material or on your website.

## PATENTS

Patents protect inventions such as products, compositions of matter, machines, processes or improvements to these. Generally speaking, to qualify for patent protection an invention must be new, useful, and inventive. In other words, the invention must not be obvious to someone skilled in the field.

Patent rights are territorial—you must apply for a patent in those jurisdictions in which you wish to protect the invention. A patent right allows you to prevent someone from making, selling, or using your invention without your permission. Patents provide protection for a limited period—20 years in many jurisdictions—after which any other party is entitled to make or use the invention.

Patent laws in many jurisdictions require that the invention be novel which means that if there has been public disclosure of the invention before filing the patent application or within a specified period, then the invention may no longer qualify for protection.

You should seek patent protection before you use the invention or disclose it to anyone else other than a patent agent or practitioner. If you do not, you may lose the ability to seek patent protection.

## DESIGNS

The appearance or ornamental characteristics of a product or part of it resulting from the features of the lines, contours, colors, shape, texture, and such can be protected as a design under EU law and in many jurisdictions. The equivalent protection in the United States is obtained through a design patent. Design protection gives the owner the exclusive right to use the design and the power to prevent others from using it.

Any appearance or ornamental characteristics of a product, its components, packaging, graphics and/or fonts can constitute a design as long as it meets certain requirements, which vary by jurisdiction. Generally, a design (1) must be “new,” which means that it is not substantially similar to anything already in the public domain and (2) must have an “individual character,” which means that it creates for the user a unique impression different from any other design. In the United States, there is an additional requirement that the design is not obvious based upon information in the public domain.

A design is new if there has not been any prior publication of a similar design, even of the same object. For this reason, creators must be extremely careful when sharing images or samples of the product because such actions may be considered “publication” and, therefore, exclude design protection. Nonetheless, protection may still be available if the publication was covered by confidentiality. In addition, in some jurisdictions such as the EU, protection may be available if the creator files an application for registration within a “grace period” of 12 months from publication. A design has an “individual character” if a careful user will think that the product is different from any other previous product.

In many jurisdictions where design registration is possible, protection is granted from when the design is registered.

In addition, a few jurisdictions, such as the EU, may allow a limited protection for a “Design Right” which is automatically created without the need for registration. In the EU, a “Community Design Right” provides protection for three years following the first publication, regardless of any formal registration. However, the creator also has the option to register the product as a European Design.

The period of protection for design registrations varies by jurisdiction.





# WHY ARE TRADEMARKS IMPORTANT?

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Many businesses have at least one trademark used in relation to its products or services. In addition, many businesses use more than one trademark not only in relation to their business but also in relation to their products and/or services.

A trademark is part of the “whole package” of what constitutes a business—it is a key component of your brand—and can have significant economic value. It is, if you like, the flagship for that business. If your business does well, there may be others who will seek to trade off the reputation of your trademark by using a trademark similar to yours. If you do not protect your trademark:

- ☐ You may lose sales because potential customers are confused into believing that the other party’s products or services are your own;
- ☐ Your rights in your trademark may be diminished or indeed lost outright;
- ☐ Your business’ reputation may be damaged if the other party’s products or services are of a lower standard. Such damage may prove irreversible.

If you do protect your trademark, however, that trademark becomes an asset of your business that can either be assigned or licensed (see Section 12).

# WHY SHOULD YOU REGISTER YOUR TRADEMARK?

In many, although not all, jurisdictions, you may acquire what are called “rights on an unregistered basis” once you have used your trademark on a significant scale and the mark has developed a reputation. You may be able to rely upon these rights to prevent someone else using a trademark similar to your own, where that use would lead to consumer confusion.

These rights and their extent, however, vary considerably depending upon the jurisdiction. Indeed, some jurisdictions do not recognize them at all.

In the United States, for example, these rights are territorial and extend only as far as your actual trading area.

In addition, actions based upon unregistered rights are often very expensive because you have the added burden of providing evidence that you have used and have a reputation in your trademark.

For this reason, it is far better to register your trademark in the jurisdictions of interest to you.

There are also the following benefits to registration:

- ❑ In many jurisdictions, rights on an unregistered basis will only protect you in those areas where you have used and have a reputation in your trademark, which may not necessarily be the whole jurisdiction. A trademark registration, on the other hand, normally protects you across the whole of the jurisdiction.
- ❑ You will have exclusive rights in that mark, so you can benefit from licensing or assigning it.
- ❑ You can enforce your exclusive rights in the mark to prevent others from using identical or similar trademarks.

- ❑ Should a third party attempt to register a similar mark for similar goods/services, in some jurisdictions the Trademark Office typically will refuse to register the third party’s mark.

A registration gives you what is called a “priority date.” This means that under the Paris Convention, if you file a trademark application in another country within six months, you can file a later application for the same mark and that application will have the same effective filing date as the earlier application.

- ❑ In many jurisdictions, there is a grace period of normally 3 to 5 years before you need to bring your mark into use. As such, by registering your trademark, in those jurisdictions you will have protection in that trademark across the whole jurisdiction, even before you have commenced use.
- ❑ In many jurisdictions in which trademark records are publicly accessible, third parties conducting trademark clearance searches for their own product launches can easily find your mark and be deterred from using or applying to register the same or a similar mark for related goods and/or services. In the United States, generally, the existence of a U.S. trademark registration provides what is called “constructive notice,” depriving an infringer of the defense of lack of knowledge of your rights or a claim that they were acting in good faith.



- ❑ The ownership of an earlier trademark registration makes it easier to commence what are called “Dispute Resolution Proceedings” to have a domain name similar to your trademark surrendered or cancelled.
- ❑ A trademark registration also allows you to register your trademark rights with customs officials, who will then have the ability to seize counterfeit imports.

Though not a benefit directly conveyed by government trademark offices, certain e-commerce platforms give deference to registered trademarks. For example, Amazon allows sellers with registered trademarks to include these marks in the Amazon Brand Registry, thus providing the seller power to prevent infringers and counterfeiters using these sites to sell counterfeit versions of your goods.

- ❑ Finally, a trademark registration is an asset of your business. It can be sold with or, in some jurisdictions, separately from your business. Indeed, if you plan to sell your business, whether you have registered your trademark(s) will be a factor that a potential purchaser may take into account in deciding whether to purchase it and, if so, for what value.





# WHO MAY FILE A TRADEMARK APPLICATION?

## WHO FILES THE TRADEMARK APPLICATION?

The first question is who is entitled to file a trademark application for a particular trademark. Many jurisdictions operate what is called a “first to file” system which means that the first person who files a trademark application will gain rights to that application. In other words, if you have not yet used your mark it is important to file a trademark application quickly to ensure that someone else does not file an application for your mark or a mark close to your trademark which could then block your own application.

If you have used your trademark, in many jurisdictions the application should be filed in the name of the individual or company who has been using that trademark.

The law upon who is entitled to file a trademark application can vary considerably depending upon the jurisdiction. If there is any uncertainty upon what entity should file, a trademark practitioner will be able to advise upon this.

In addition, if you have used your trademark and someone else files a trademark close to your own for the identical or similar goods, you may be able to oppose that application based upon your rights acquired under local law in the relevant jurisdiction or on the basis that the application had been filed in bad faith. Again, a trademark practitioner in the relevant jurisdiction will be able to advise on this.

## INDIVIDUALS, COMPANIES, AND JOINT OWNERS MAY FILE TRADEMARK APPLICATIONS

In many jurisdictions, including the United States and the European Union, applicants for trademark protection may be individuals or business entities, which can include corporations, partnerships, joint ventures, unions, associations, and other organizations capable of suing and being sued in a court of law. or authorities established under public law.

In some jurisdictions, an application may be filed in the names of more than one entity as “joint applicants. A trademark practitioner will be able to advise whether this is possible in your jurisdiction of interest.





### ADVANTAGES TO FILING IN A COMPANY'S NAME (INSTEAD OF AN INDIVIDUAL'S NAME)

There are many advantages to obtaining a trademark registration in a company's name rather than your name as an individual:

- ❑ By placing ownership of the mark in the company's name, you can limit your liability as an individual, if a third party sues for trademark infringement.
- ❑ Again, if you need to bring an action for infringement, the lawsuit can be brought in the company's name, which will help limit your liability as an individual if the other side makes a counterclaim.
- ❑ The trademark registration is an asset of the company, which may increase the value of the company for financing and/or sale.
- ❑ Trademarks can be used as security interests in financial transactions.
- ❑ Any license of the mark will be in the company's name, limiting you as an individual from exposure to a possible contractual dispute.
- ❑ If you Keep the trademark in the name of the company, you can maintain continuity in the event of a sale of the company.





# SELECTING A TRADEMARK

## 1. INTRODUCTION

Key steps in selecting a trademark include (1) developing a list of possible marks; (2) conducting searches to determine if the marks are available; (3) selecting the proposed mark; and (4) considering how the mark will be perceived by the relevant consumers in the jurisdiction(s) in which you plan to use it.

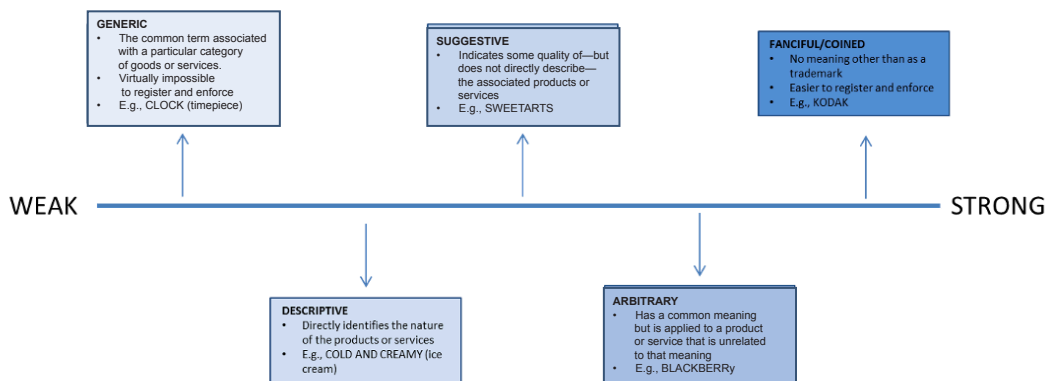
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### Develop a list of strong candidate marks

When developing a list of candidate trademarks, consider each mark's relative strength or distinctiveness. Legally speaking, the "strength" of a mark is related to how readily it is understood by consumers to be a trademark. A strong or distinctive mark (that is, one that is more readily identified by consumers as being a trademark) is easier to register and to protect from use by others than a mark that is more descriptive, which is considered to be weaker and more difficult to protect.

## 2. TYPES OF TRADEMARKS

Trademarks can be categorized on the following spectrum of strength or distinctiveness:



**Fanciful (or Coined) Marks:** The strongest kind of mark is a coined or made-up word, generally called a "fanciful mark" that has no meaning other than as a trademark. EXXON, VERIZON, and KODAK are well-known examples of fanciful marks. While such marks may initially be more difficult for consumers to remember, since they do not carry any inherent meaning, they present a great opportunity for a trademark owner to create a positive brand association between the mark and the owner's goods or services. These marks are given the most legal protection against third-party use of the same or a similar mark.

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**Arbitrary Marks:** Arbitrary marks comprise words that have a common meaning but are applied to goods or services unrelated to that meaning. Well-known examples of arbitrary marks are APPLE for computers, SHELL for gasoline, and BLACKBERRY for cell phones, i.e., not APPLE or BLACKBERRY for fruit or SHELL for articles made from seashells. Like fanciful or coined marks, arbitrary marks are afforded a broad scope of protection against third-party use of the same or similar mark.

**Suggestive Marks:** Suggestive marks, which are not as strong as fanciful or arbitrary marks, suggest some quality or characteristic of the goods or services with which they are used, but do not directly describe the goods or services. Rather, suggestive marks require some imagination or thought on the part of consumers for them to reach a conclusion as to the exact nature of the products or services. Examples of well-known suggestive marks are AIRBUS for airplanes, KITCHENAID for kitchen appliances, and SWEETARTS for candy.

**Descriptive Marks:** Descriptive marks, which reside on the lower end of the protection spectrum, are marks that directly identify an aspect of the nature of the goods or services with which they are used. Laudatory words, such as “best” or “quality” fall under this category of marks. It is difficult to register and to prevent others from using merely descriptive marks because of the competitive need to describe goods and services accurately with those same or similar words. If consumers over time learn to identify the mark as being associated with a single source for that product or service—as a result of years of exclusive use—that mark is considered to have “acquired distinctiveness” or “secondary meaning,” and may be registered and protected. For example, COLD AND CREAMY as a trademark for ice cream merely describes attributes of the product and is likely to be ineligible for protection, at least at first use. If, however, over time only one party uses COLD AND CREAMY to promote its ice cream, it is possible that consumers may come to associate that mark with a single producer, so that COLD AND CREAMY is serving the purpose of a trademark, and it could be eligible for registration and protection.

**Generic Terms:** A generic term is a word or phrase that is the common term associated with a particular category of goods or services. Because generic terms cannot function as trademarks, they are on the weakest end of the protection spectrum; they are not registrable or protectable at all. Trademarks that are not used properly and become identified as the product category rather than as the specific brand can become generic and lose their protection as trademarks. Escalator and cellophane are classic examples of terms that once were trademarks but that, through improper use, became generic and now function as the common names for the product category, regardless of their source.

### 3. FURTHER CONSIDERATIONS:

#### Surnames:

In many jurisdictions you cannot protect a surname as a trademark unless it has acquired distinctiveness in relation to the goods and/or services.



### Geographic locations:

In many jurisdictions, marks that identify geographic locations can be difficult to register or protect as trademarks.

Marks that comprise the geographic location from where the goods or services emanate (whether a street, city, or country) are treated much like descriptive marks and are generally not registrable without a showing of acquired distinctiveness. For example, MILAN for clothing that is produced in Milan, a city well known for its fashion houses, would likely not be registrable at first as other clothing producers from Milan also need to identify Milan as their location.

In some jurisdictions, legal designations that identify particular regions known for specific goods or services have been afforded unique protections that limit the ability to use those designations for such goods or services unless they are produced in those regions. This is particularly true of wine, other alcoholic beverages, and food products that are known to be produced in certain regions. These protections are distinct from trademark rights and are referred to under the umbrella term of geographical indications. For example, in some countries, CHAMPAGNE may only be used on sparkling wine that is produced in the Champagne region of France.

## **4. SEARCHES**

Once you have developed a list of potential trademarks, it is recommended to conduct clearance searches to determine whether other parties have already registered and/or used the same or a similar mark. These searches should be conducted early in the process of choosing a new mark to avoid unnecessary time and money invested in a mark that cannot be registered. You should focus your searches on jurisdictions where you have a real intention to sell your goods or services. While you may be able to search databases that many jurisdictions make available online for public use, it is strongly recommended that you seek guidance from a local trademark practitioner to determine whether your mark is truly available in your locations of interest. For more details, please see Section 7.

## **5. SELECTING THE PROPOSED TRADEMARK**

You will now need to select a mark taking into account the results of the searches conducted. Some from your list of marks may be eliminated immediately because a third party has already registered them or something very similar to them. In some cases, the search results for a number of marks may reveal potential problems and it may be a question of evaluating the respective risks of proceeding with each one. Again, a trademark practitioner will be able to advise on this.

## **6. CONSIDER THE REAL WORLD**

You may also consult a trademark practitioner to advise you regarding how the mark may be perceived in the real world, particularly in other jurisdictions where you are not an expert in the language or local culture. Does your mark have an undesirable meaning in another language? Would the mark create confusion as to the nature of the product or service? Would it be difficult to read, spell, or pronounce in that jurisdiction? For example, the Chevrolet NOVA car did not sell well in many Spanish-speaking countries because “no va” means “does not go” in Spanish. Local guidance can be invaluable and will help you to avoid such potentially costly mistakes. It is also important to make sure that the Internet domain name for your trademark is available in your locations of choice, if a web presence is going to be an important aspect of your business.

Finally, once you are confident in your trademark selection, file an application as soon as possible in the location(s) where you plan to use the mark. Many jurisdictions follow the first-to-file rule, meaning that priority and rights in a mark go to the party who first files for the mark, rather than to the party who first uses it. In first-to-file jurisdictions, in a later dispute over the mark, an earlier filing date may establish your rights to the mark.

# IS YOUR TRADEMARK AVAILABLE? SEARCH AND CLEARANCE OF TRADEMARKS

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## 1. INTRODUCTION

When two or more entities wish to adopt the same mark, or a similar mark, priority is often the controlling factor. Depending upon the jurisdiction, the party that either uses or files first has the right to exclude those that follow. This is what is meant by “priority.” Accordingly, before adopting a mark, it is important to determine whether a mark is available. The way to determine this is to conduct a trademark clearance search. This search (often performed by a trademark practitioner) is an important first step in determining whether a mark is available, or whether the same or a similar mark has already been adopted by someone else.

## 2. REASONS TO SEARCH AND CLEAR A MARK

### DETERMINE IF A MARK CAN BE REGISTERED!

You will want to be able to register your trademark as an important asset of your business, which can be enforced against third parties that try to adopt a similar mark. A search will help you determine the likelihood of success of securing a registration. A properly conducted search should reveal, in a matter of days, your chances of successfully securing a registration for your mark, saving you the cost and time of pursuing a mark that cannot be registered. A trademark practitioner will be able to help with this.

### AVOID WASTEFUL INVESTMENT

Conducting a search before you adopt a mark can help you avoid the wasted expense of marketing and developing a brand that may later have to be abandoned because you do not have the rights to the mark. Usually, you can secure the results of a search in a matter of days, and ideally before you ever launch your new business or brand. On the other hand, if you proceed with a mark that you have not cleared, it could be several years (and a lot of investment) into your business before you learn that you must completely (and sometimes immediately) re-brand.

### AVOID A LAWSUIT

A trademark search can help you avoid a lawsuit. If you adopt a mark that is already used or registered by another, you may be subject to the expense and inconvenience of an infringement lawsuit, as well as an injunction (a court order that requires you immediately to cease all use of the mark) and you may be required to pay monetary damages.

### THE SEARCH PROCESS AND RESULTS

As noted above, depending upon the jurisdiction, rights in a trademark may be held by the first user of a mark or the first to file an application for and register a mark. You will want to engage a trademark practitioner to search the relevant databases such as the trademark register, business name directories, phone books, and the Internet to determine the availability of your proposed trademark. There are also various commercial search databases, which the trademark practitioner will be able to review for these purposes.

A trademark practitioner will be able to review the results of the search and be able to help you to determine whether the mark is available or make an estimate of the level of risk associated with adopting a particular trademark. No search is perfect, but it is the best way to help determine whether there may be risks involved in using or registering your trademark.



# FILING YOUR TRADEMARK APPLICATION

## 1. BEFORE YOU FILE:

You should consider:

1.1 The type of trademark you want to register. What is registrable can vary depending on the jurisdiction but the main types to consider in many jurisdictions are:

Word trademark: This can consist exclusively of words or letters, numerals, other standard typographic characters, or a combination of these together.

Figurative/device/logo trademark: This can consist of non-standard characters, some form of stylization or layout, a graphic feature, or a color, and can consist of these elements alone or combined with words.

Shape trademark: This consists of some three-dimensional element, including containers, packaging, the product itself, or its appearance.

Position trademark: This consists of the specific way in which the trademark is placed or affixed to a product.

Pattern trademark: This consists exclusively of a set of elements that are repeated regularly.

Color (single) trademark: This consists exclusively of a single color.

Color (combination) trademark: This consists exclusively of a combination of colors.

Sound trademark: This consists exclusively of a sound or a combination of sounds.

Motion trademark: This consists of or extends to a movement or a change in the position of the elements of a trademark.

Multimedia trademark: This consists of a combination of images and sound.

Hologram trademark: This consists of elements with holographic characteristics.



1.2 Whether your trademark application could be blocked by an existing trademark registration for a similar mark. You should consider conducting a search for prior trademark registrations, which could block the registration of your mark. A trademark practitioner in your jurisdiction will be able to advise on this.

### 1.3 You will also need to consider:

- ☐ There may be specific requirements in each jurisdiction for the particular type of mark that is being considered for registration and a local trademark practitioner should be consulted.
- ☐ The form of the trademark: In many countries, a trademark registration can be attacked if the registered mark has not been used in the form or close to the form as registered after a set period. If you plan to vary the form of the mark, you should consider carefully what form to select for registration to ensure that you register the form that is most likely to be used in practice.
- ☐ What goods/services should be covered? A trademark application must contain (1) a representation of the trademark to be registered and (2) a list of the goods or services for which protection is sought. There is a uniform list of goods and services called the Nice Classification system which many countries use for this purpose. This divides all goods into 34 classes and all services into 10 classes.
- ☐ Jurisdictions: you will need to consider for which jurisdictions you need protection. The more jurisdictions, the more expensive the process.

## 2. FILING YOUR APPLICATION

You will need to provide details of:

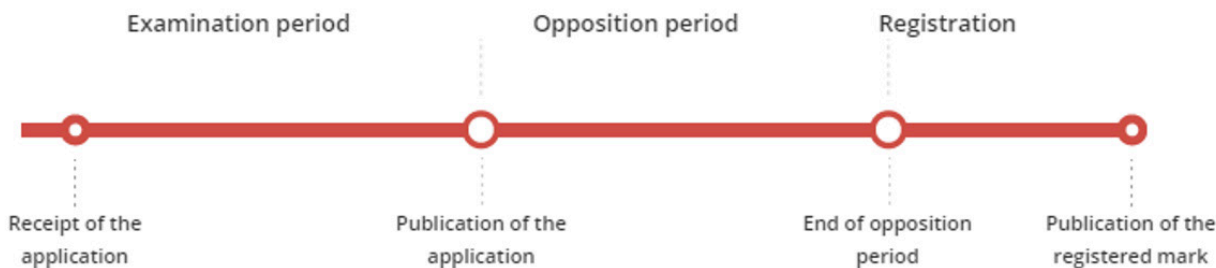
- ☐ The trademark—depending upon the type of mark there may be specific requirements for registration in the local jurisdiction—for instance, in the case of a Figurative/Device/Logo mark, a representation of the mark will be needed.
- ☐ The applicant's full name and address and possibly country/state of incorporation, if a company; and
- ☐ Payment of trademark office fees.

In some jurisdictions you may also need to provide a power of attorney.

### 3. NEXT STEPS:

The trademark registration procedure varies around the world, but in many jurisdictions, the next steps will be:

- ☐ Once the office receives the application, it is examined by it to determine whether it is registrable.
- ☐ Not everything is registrable, and a trademark office can object upon a number of grounds including, for instance, that the trademark is descriptive of the goods and services.
- ☐ If the examination has been successful, the trademark application will be published by the trademark office so that any person or entity may file an opposition to the trademark application upon the grounds that it infringes any right of a similar previously registered trademark for a set period (normally two to three months).
- ☐ If no opposition is filed during the allotted opposition period, the trademark will be granted.
- ☐ If the trademark office objects to an application, you can argue against that objection. Again, if an opposition is filed, it is possible to defend that opposition. However, the length of the opposition procedure and what opposition grounds are available will vary depending upon the jurisdiction.
- ☐ In most jurisdictions, there is a right of appeal if the trademark office rejects your application because of an official objection or an opposition.



### 4. AFTER REGISTRATION:

In many jurisdictions in which trademark records are publicly accessible, third parties conducting trademark clearance searches for their own product launches can easily find your mark and be deterred from using or applying to register the same or a similar mark for related goods and/or services. In the United States, generally, the existence of a U.S. trademark registration provides what is called “constructive notice,” depriving an infringer of the defense of lack of knowledge of your rights or a claim that they were acting in good faith.



# MONITORING AND ENFORCING YOUR TRADEMARK RIGHTS

## 1. INTRODUCTION:

A complete trademark strategy should include protecting trademark rights through monitoring and enforcement because a failure to properly police your mark may weaken or completely destroy your trademark rights.

In many jurisdictions, failure to enforce your trademark against others using trademarks close to your own, may mean that your rights are “diluted” in the sense that it becomes much harder to prevent others in the future, who introduce new trademarks also close to your own.

In addition, if you introduce an innovative new product to the market, there is a danger that your trademark may be viewed by the public as the generic name for that product. This is particularly the case, if your competitors also use your trademark as the generic name for that product.

If this is allowed to happen over time, you may lose all rights to your trademark. Escalator and cellophane are classic examples of terms that once were trademarks but that, through improper use, became generic and now function as the common names for the product category, regardless of their source.

It is therefore important to police how third parties use your trademark to ensure that they do not use it simply as the generic name for the product.

Thus, trademark owners should implement a program to monitor third-party uses of their trademark and potentially conflicting trademarks so that appropriate steps may be taken to enforce and maintain their trademark rights.

Below are several methods that a trademark owner can use for this purpose.

## 2. MONITORING PROGRAMS:

Best practices for protecting your trademark assets include implementing a monitoring program to identify potentially conflicting or otherwise harmful third-party use. There are various monitoring programs that fit with different levels of cost and company size ranging from no-cost to significantly higher cost. These include performing self-searches, using free notification services, and paying for third-party commercial watch services.

Watch activities can take many different forms, such as the following few examples:

Conducting periodic searches on search engines, jurisdictional trademark databases, competitors’ sites, and other websites to identify potentially harmful uses of certain trademarks.



Employing tools that inform trademark owners of domain names that are identical matches or confusingly similar matches to their trademarks, as well as information regarding ownership of potentially infringing domain registrations.

- ❑ Employing tools that show metrics for the frequency with which third parties offer goods bearing certain trademarks on eBay, Alibaba, Yahoo!, Amazon, and other large, popular websites that sell a variety of products.
- ❑ Employing tools that target some activities, including blogs and auction sites, and that might include auto-generated communications, such as cease and desist notices.
- ❑ Using watch services that focus on monitoring newly filed and/or published trademark applications around the world in jurisdictions of interest to detect conflicting trademark applications, thus allowing enough time to file oppositions or infringement suits as may be warranted.
- ❑ Using other watch services that cover unregistered, or common-law uses, which might include the review of business directories, newspapers, company name registries, and the like, to uncover current or proposed adoption and use of potentially conflicting trademarks.

### 3. ENFORCEMENT ACTIONS

Once a third-party use of concern is identified, you and your company must decide what steps you should take to protect your rights. The most common enforcement actions include contacting the potential infringer directly (which can be done by the trademark owner or a trademark practitioner), filing an action with the relevant trademark office, or initiating litigation, which should generally be handled through a trademark practitioner. The cost of enforcement actions can quickly escalate and generally require a local lawyer/attorney, whereas direct contact with the other party could lead to an amicable and less costly solution.

Whether it is better for an initial approach to be made by the trademark owner or a trademark practitioner will depend upon the circumstances. A key point is whether it is likely that the approach will result in an amicable settlement. If the matter is likely to go further, it is probably better to involve a trademark practitioner to handle the initial approach.

If the trademark practitioner makes the approach this is often done by sending a “cease and desist” letter demanding that the potential infringer cease and desist from their use or attempted registration of the infringing mark.

Many jurisdictions allow for protection of unregistered trademark rights, particularly where trademark rights are acquired through use in commerce (see Section 4 above). Importantly, once an enforcement action is taken it should be seen through to the end. In many jurisdictions, failure to fully enforce rights may lead to the loss of the ability to stop an infringer if there has been significant delay in enforcing those rights under various legal doctrines such as “Laches”.

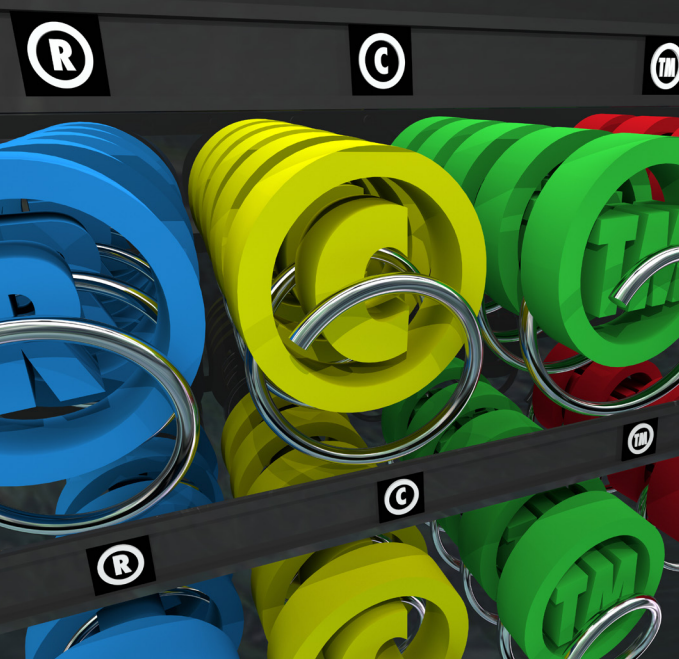
Most jurisdictions provide certain time frames within which trademark owners may challenge or oppose the registration of an application based upon prior conflicting rights. In addition, if the conflicting mark is already registered, most jurisdictions provide procedures by which you can cancel a registration based upon an earlier right (or other reasons, such as non-use of the mark, invalidity of the mark, and/or fraudulent initial acquisition of the registration). While the types of procedures vary by jurisdiction, these procedures typically take the form of actions before the trademark office and can be costly.

A trademark owner may also decide its interests will be better served by trying to stop the use of the infringing mark through a lawsuit in which the owner may seek an injunction, corrective advertising, an account of profits, actual damages, statutory damages, lawyer/attorney fees, and/or court costs. Litigation is particularly useful to stop infringement through injunctions that may be issued immediately. In addition, most jurisdictions offer criminal provisions that penalize intentional trademark infringers/ counterfeiters with fines and/or imprisonment.

It is also worth considering recording your registered marks with the appropriate Customs authority. In the United States, for example, the U.S. owner of a U.S. trademark registration may be able to record its trademark, and all authorized uses of the trademark, with the U.S. Customs Service. This information assists the Custom Service inspectors who police all imports at the ports of entry and will seize counterfeit merchandise discovered in that process, preventing its entry and distribution into U.S. commerce. Using a customs recordation procedure allows a trademark owner to avoid the costly process of locating and suing every distributor or reseller of imported counterfeit goods in a given jurisdiction.

The above examples are non-exhaustive and trademark owners may take additional steps to protect their marks and their brands. For example, you may also consider adding authentication devices to genuine products to help identify genuine products more easily in the marketplace, establishing corporate brand protection programs, and training of employees as well as local law enforcement personnel how to identify counterfeit goods.





# PROPER TRADEMARK MARKING

## 1. WHAT IS TRADEMARK MARKING?

Trademark marking is the use of specific symbols to signify that a word, logo, slogan, design, or other sign functions as a trademark or service mark. Marking is also used to provide information about the registration status of a trademark, its ownership, and how the trademark is protected.



The ® symbol is a recognized abbreviation for “registered trademark” and indicates that a mark is registered in the trademark office of the jurisdiction in which the goods are sold or the services are provided.

While there is no specific requirement regarding the placement of the ® symbol, it is typically placed in the upper right-hand corner or lower right-hand corner of the registered trademark.

“Registered Trademark” or its translation into the official language of the jurisdiction may also be used. For example, “Marca Registrada” or the abbreviation “MR” is appropriate in countries where Spanish is the dominant language. The French equivalent that should be used in French speaking jurisdictions is “Marque Déposée” or the abbreviation “MD.”

The ™ symbol is a recognized abbreviation for “trademark” and simply indicates that the user is treating the marked sign as a trademark. It has no legal significance other than to warn third parties that the user is claiming rights in that trademark. The ™ symbol does not necessarily signify that a trademark application is pending.

The French equivalent is “Marque de Commerce” or the abbreviation “MC.”



The SM symbol is a recognized abbreviation for “service mark.” This symbol and the term “service mark” are most commonly used in the United States. Although there are separate symbols for marks relating to goods and services, namely TM and SM there is no legal requirement for use of either one.



## 2. IS TRADEMARK MARKING REQUIRED?

Use of the trademark registration symbol or other notice, which is called marking, is not mandatory in every jurisdiction. However, it is important, not only because it provides notice of the owner's trademark rights, but also because it may allow the owner to claim certain types of damages in lawsuits against infringers.

In jurisdictions where marking is compulsory, failure to mark with the symbol, e.g., "®," means that a trademark registration cannot be asserted against third parties.

It is worth noting that many jurisdictions do not formally recognize the ®, but do recognise its use in practice.

However, whether or not it is mandatory in a specific jurisdiction to use trademark marking, there are important benefits to this. In particular, by using a ® together with your trademark, you are effectively notifying a third party that (1) you have a registered trademark and (2) that you are claiming rights in that trademark. This may be sufficient to warn off that party from adopting a trademark close to your own.

## 3. WHAT IS THE PURPOSE OF TRADEMARK MARKING?

More specifically, use of proper symbols serves several purposes including:

- ☐ Identifying a trademark and its registration status;
- ☐ Providing notice of the owner's claim to the mark;
- ☐ Distinguishing the mark from surrounding text or graphics;
- ☐ Distinguishing the mark from another owner's trademark when the two marks appear together on products, packaging, or promotional materials, or in advertising;
- ☐ Directing the consumer to a notice that identifies the trademark owner, thereby reinforcing the public's association of the mark with the owner; and
- ☐ In certain jurisdictions, allowing for potential monetary damages in the event of litigation against a party that is infringing the owner's mark.

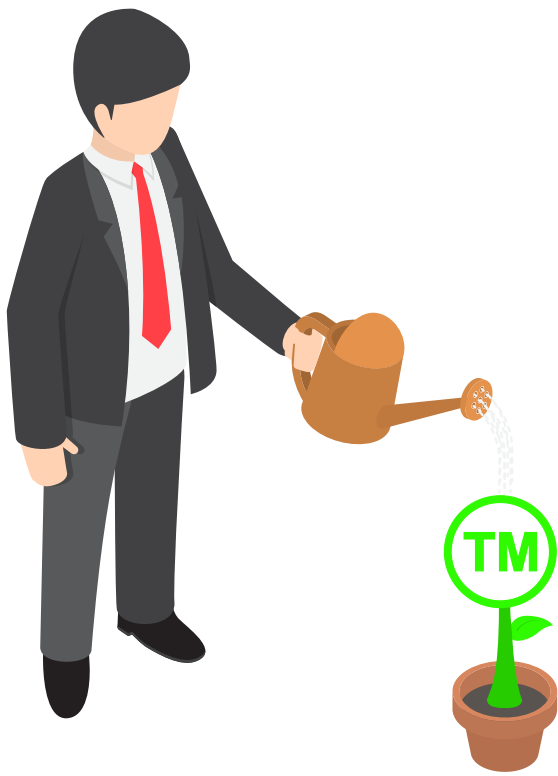
## 4. DO I NEED TO INCLUDE A TRADEMARK NOTICE REPEATEDLY IN AN ADVERTISEMENT EACH TIME THE TRADEMARK IS USED?

Generally, it is not necessary to mark every occurrence of a trademark in an advertisement or other promotional material. However, at a minimum, this identification should occur at least once in each advertisement, either the first time the mark is used or with the most prominent use of the mark. Remember that, apart from marking, a trademark should also be properly used as an adjective and should be distinguished from surrounding text by capitalization, distinct typeface, positioning, color, and/or size.

## 5. WHAT TRADEMARK NOTICE ISSUES SHOULD TRADEMARK OWNERS BE AWARE OF WHEN DOING BUSINESS IN VARIOUS JURISDICTIONS?

In general, marking requirements must be reviewed on a jurisdiction by jurisdiction basis. Consulting with local trademark practitioners is always advisable. Some general guidelines are set out below.

- ☐ Remember that trademark rights vary from jurisdiction to jurisdiction. Before using any marking that may assert rights in a trademark in any jurisdiction, take steps to verify those rights in that jurisdiction.
- ☐ Marking should conform to any requirements of local trademark law. Logically, marking should be in the local language(s) or otherwise meaningful to the people in the jurisdiction in which the products or services are advertised and sold. Many jurisdictions recognize (either legally or in practice) the use of the ® symbol to indicate a registered mark.
- ☐ False or misleading marking with the ® symbol can result in unfair competition claims, fines, imprisonment, or other liability. In fact, in certain jurisdictions it is a criminal offense to falsely indicate that a trademark or part of a trademark is registered, or that certain goods or services are protected by a registered trademark or service mark when they are not.
- ☐ Marking may be necessary when the mark is imprinted on products or packaging by a licensee, the products are distributed by a person other than the mark owner and the distributor's name appears on the product or packaging, or the marks of more than one owner appear together.



# TRADEMARK MAINTENANCE AND RENEWAL

## TRADEMARK MAINTENANCE AND RENEWAL

In most jurisdictions, you must use a trademark in connection with the goods/services covered by the registration in order to maintain your rights in the registration. In addition, after your trademark is registered, you must also file certain documents periodically to preserve your rights. If you do not timely file these documents, your registration will lapse, and you will lose your registration-based rights. Re-registering your trademark can be costly and challenging. In some jurisdictions, you can easily renew by paying a fee and providing simple documentation (e.g., power of attorney). Other jurisdictions, however, have more extensive requirements.

Many jurisdictions have a requirement that the registered proprietor must put a registered trademark to use in relation to the goods and services covered by that registration within a number of years after registration, normally 3-5 years. This is a policy decision intended to prevent a perpetual monopoly in a registered trademark unless that trademark is actually used.

In many jurisdictions, the trademark office will not of its own volition remove a registration, if the registered trademark has not been used but, instead, leaves it to third parties to apply to cancel the registration for non-use. If no such cancellation action is filed, the registration will remain on the register of trademarks in that jurisdiction.

In other jurisdictions, however, there may be a requirement, such as in the United States, for the registered proprietor to file a Declaration of Use after a certain number of years confirming that the trademark has been used in the jurisdiction. Failure to file the Declaration may invalidate the registration.

Again, a trademark practitioner will be able to advise upon what use requirements may apply in the jurisdiction in question.



# ASSIGNMENTS, LICENSES AND FRANCHISING

## ASSIGNMENTS

### 1. WHAT IS AN ASSIGNMENT?

In many jurisdictions, you can “assign” or transfer:

- (i) A trademark registration;
- (ii) A trademark application;
- (iii) In relation to some but not all of the goods or services covered by that registration or application;
- (iv) The goodwill in a trademark that has been used.

An assignment is made by a written document which may need to be signed by the registered proprietor and the person acquiring the rights, the “Assignee”. A trademark practitioner in the relevant jurisdiction will be able to advise upon what can and cannot be assigned and can prepare an appropriate assignment document for this purpose.

### 2. ONCE AN ASSIGNMENT DOCUMENT HAS BEEN RECORDED, YOU CAN RECORD THE ASSIGNEE AS THE NEW REGISTERED PROPRIETOR OF THAT TRADEMARK REGISTRATION. DEPENDING UPON THE JURISDICTION IN QUESTION, FAILURE TO RECORD THE ASSIGNEE AS THE NEW REGISTERED PROPRIETOR MAY PREVENT IT FROM:

- (i) Commencing proceedings for trademark infringement or claiming damages in relation to such an infringement; and
- (ii) Opposing a later trademark application based upon the earlier assigned trademark registration;
- (iii) Filing maintenance/renewal declarations under the Assignee’s name.

### 3. RECORDAL OF ASSIGNMENT

To record the assignment of a trademark registration, the Assignee will need to make an application to the trademark office of the relevant jurisdiction. Requirements for the recordal of the assignment can vary considerably depending upon the trademark office of the relevant jurisdiction and may need to be supported by:

- (i) The original or a copy of the Assignment document;
- (ii) Powers of attorney signed by the current registered proprietor and/or the Assignee.

A trademark practitioner in the relevant jurisdiction will be able to advise upon the specific requirements for recordal.



## LICENSING AND FRANCHISING IN THE TRADEMARK WORLD

### 4. INTRODUCTION

A trademark license is an agreement in which the trademark owner (the licensor) authorizes another party (the licensee) to use its trademark under certain conditions while maintaining ownership. Licensing can benefit both parties by, for example, allowing the licensee to associate itself with the licensor's goodwill and allowing the licensor to monetize its goodwill.

Franchising is a heightened form of licensing where the licensee loses its separate identity to the outside world and assumes the same "personality" as the franchisor, down to the closest detail. In addition to more stringent licensing terms, franchisors are commonly subject to additional legal requirements, including provisions preventing their ability to compete against the licensor, strict requirements as to how the trademark is to be used, and provisions relating to compulsory training of staff.

### 5. LICENSING

A trademark license is a contract between a licensor and a licensee. It is best practice to have all licenses in writing. The parties have broad discretion to structure the license as they see fit.

Some key factors to be included in any license are:

- ☐ the trademark(s);
- ☐ the licensor and the licensee(s);
- ☐ the territory where the licensee may use the trademark;
- ☐ the goods and/or services that the licensee may offer under the trademark, with clear definitions of the goods and/or services to be offered;
- ☐ the duration of the license; and
- ☐ whether the license is exclusive. In addition, the Licensor should consider including provisions specifying the quality of the goods and/or services the licensee may offer under the trademark. There should be sufficient provisions enabling the licensor to monitor the quality of the goods or services to be provided by the licensee. This will include the ability to request samples, inspect the goods or services, etc.

As noted in the bullet points above, quality control should be exercised by the licensor. In fact, failure to maintain certain quality controls in the U.S., for instance, may lead to loss of trademark rights. Quality control is necessary because trademarks provide consumers with an understanding of the quality and reputation of the goods or services offered under the mark—whether these are offered by the trademark owner or a licensee. If the trademark owner does not exercise sufficient control over the quality of the goods and/or services offered by the licensee, the trademark may, in some countries (e.g., the United Kingdom and Canada), the licensee or a third party may be able apply to cancel the trademark registration on the basis that the mark has become deceptive. In other countries, such as the United States, the trademark may be deemed abandoned. Quality control may be included in a license through specific trademark usage and quality provisions or quality control monitoring.

Common provisions in trademark licenses include those relating to royalties, termination, exclusivity, and enforcement control.

- ☐ **Royalties**—When a licensor grants a trademark license in return for royalty payments from its licensee, a royalty amount usually is stated explicitly in the license.
- ☐ **Termination**—A trademark license agreement usually sets a fixed term for the license and the conditions under which the license may be:
  - ☐ renewed for an additional period of time; or
  - ☐ terminated for breach of the license conditions or failure to meet certain targets.
- ☐ **Exclusivity**—A trademark may be licensed exclusively to a single licensee or licensed non-exclusively to more than one licensee. In a non-exclusive licensing arrangement, the licensor retains the right to use the trademark itself, to license it to others, or both. A license may also be “sole,” meaning that only the licensee may use the trademark.
- ☐ **Enforcement Action**—Often, a trademark license will specify whether the licensee has the right to take legal action against any infringers of the trademark as well as rules for the conduct of those proceedings.

## 6. FRANCHISING

In a franchising agreement, the franchisor (i.e., the licensor) generally holds significant control over the conduct of the franchisee (i.e., the licensee) and all aspects of the franchise including not only how the trademark is to be used but business methods, trade dress, quality of services and processes, and more. Franchisors often take a percentage of franchisees’ revenue.

In return for these restrictions, the franchisee will often receive training on how to operate the franchise, technical support (if appropriate), and be able to operate a business under an established brand with a significant reputation. In addition, the franchisee will often have the benefit of advertising by the franchisor for the relevant goods and services across the jurisdiction.

In addition to maintaining proper control over their trademarks, franchisors are generally held to a higher standard and additional legal and regulatory requirements. There are, for instance, specific regulations applying to Franchisors in the United States, Canada and France. Indeed, franchisors in the United States are subject to and must comply with both state and Federal laws and regulations. such as the Federal Trade Commission requirement that a franchisor selling a franchise provide the franchisee with certain information regarding the franchise, including but not limited to information regarding the investment required to operate the franchise and the details of any trademarks, patents, or copyrights owned by the franchise.

## 7. RECORDAL OF LICENSES

Requirements as to whether you need to record a trademark license (an agreement in which a trademark owner permits another party to use the owner’s trademark under certain conditions) with the government trademark office also differ by jurisdiction. In the United States, you do not need to record a license for it to be effective against third parties. There are, however, other jurisdictions that require licensors to record licenses in order to maintain trademark rights and/or enforce trademark rights against others. For example, most Middle Eastern countries either require a license to be recorded or will only enforce a license against third parties if it is recorded.



International  
Trademark  
Association