

The Top Ten Mistakes Made by Trademark Owners

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One of the biggest challenges facing in-house counsel when their company wishes to develop a new brand is anticipating the many issues that can arise, before the mark is adopted and use begins. We discuss below the ten most common mistakes we see trademark owners make.

1. Failure to Clear a Proposed Trademark

Probably the most frequent mistake is the failure to clear a proposed trademark before committing to its use. A company is well-advised to check in advance whether the mark is available from a legal perspective. A trademark clearance search locates earlier identical and similar marks which can then be analyzed for whether they present obstacles to use and, if desired, registration. Care should be taken that the search covers all of the contemplated goods and services that may be offered under the new mark. All too often companies deliberately or inadvertently skip the clearance search. While avoiding the trademark search costs or adopting an “ignorance is bliss” approach may be tempting, these considerations are minor when compared to the costs that may be incurred later to settle or litigate trademark infringement claims from owners of similar marks.

2. Failure to Consider Potential Territory and Expansion

Another common mistake is the failure to consider the territories in which that mark will be used and the potential for expansion. At inception a company may intend to offer goods/services only to a narrow geographic area, but subsequent success creates a desire to expand more widely inside and outside the USA. Failing to plan for such expansion could mean that similar marks used or registered in remote locations become obstacles to the expansion. Similarly, if the same brand may be expanded to other countries, it is important to consider whether the mark can and should be translated or transliterated into different languages and non-Roman alphabets.

3. Failure to Consider Potential Scope of Use

A company often fails to consider the scope of use of the mark. The initial plan may be to use a proposed mark in connection with only one or a few products. But as the brand develops there may be a desire to expand the use to related or even unrelated products and services. While the original narrow product offering might not be problematic, the desired expansion could produce objections from other mark owners. Thus a company should think broadly and look into the future to anticipate what initial commercial success may bring in the way of expansion.

4. Failure to Register

Often a company assumes that being able to use its new trademark without challenge means it doesn't need to "bother" with registration. But there are many advantages to obtaining formal registration of a trademark, such as solidifying protection for continued uninterrupted use, and an improved ability to prevent others from using similar marks. While every state has its own trademark registration process that expands the rights of the first user of a mark to the borders of that state, to achieve the strongest protection nationally, obtaining a federal registration is much more desirable. Despite the additional costs involved, companies should view trademark registration as an investment in asset creation that increases the overall valuation of the company.

5. Dropping Components of the Mark as Registered

During the lifetime of a brand, certain changes to the brand may be desired to enhance marketing appeal. However, these changes can have the unintended consequence of compromising the ability to maintain existing trademark registrations, because the laws of the United States and most other countries prohibit material changes to the mark as registered.

6. Failure to Properly Maintain Registrations

Where a mark is federally registered covering a wide range of goods and/or services, it is especially important to carefully review the identification periodically to ensure that the mark is still used in connection with each and every item listed in the registration. The failure to do so can expose the registration to cancellation.

7. Failure to Recognize Other Identifiers of the Company's Goods and Services

Another common mistake by companies is failing to recognize that brands can be many things beyond just words. A design logo, color scheme, sound, or unique way of packaging goods can all operate as trademarks and be protected and enforced just like brand names.

8. Failure to Use a Trademark Properly (Internally)

A company should take care to use its own trademarks properly, to serve as a role model for use of the mark generally and to avoid weakening or even destroying the company's rights to the mark. Employees in all departments of a company should understand the few basic rules for proper trademark use. Having an internal policy requiring proper trademark use is good idea. In addition, periodic training should be offered so that employees will understand the value and importance of a company's marks and so that proper usage can be reinforced.

9. Failure to Provide Guidelines for Third-Party Use

Just as improper internal trademark use is a common mistake, so is improper external use by third parties such as advertising agencies, public relations agencies, distributors/retailers, and the media. Providing such parties with clear guidelines can help avoid loss of trademark rights due to widespread misuse.

10. Failure to Police

Trademark owners have a responsibility to be vigilant about improper and infringing uses of their marks. The failure to stop such uses can result in loss of trademark rights. A cohesive policing and enforcement strategy should be developed.

Conclusion

We hope this article will assist in-house counsel to be proactive in helping their companies avoid the Top 10 of common trademark mistakes.

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