



# Branding Checklist: Boom or Bust 2016

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Now is a good time to thoroughly review your business' branding, advertising and trademark portfolio. Your trademark represents the goodwill of your business, and therefore proper procurement, use, maintenance and enforcement of your organization's marks are vital. How you use, develop and protect your trademarks are not merely the cost of doing business, but rather an investment in consumer goodwill, which eventually leads to greater customer satisfaction and higher sales.

## Take some time to review:

- What terms, logos, colors, shapes, etc. do you use to identify your products or services?
- Have you launched new products or services in 2015?
- What products or services are in development for 2016?
- Are you developing a family of marks that inter-relate? Or, are you considering shifting all your marks to a core family or style?
- What branding do your top competitors use and is it similar to yours?
- Are you thinking about abandoning an historic trademark? Don't! Read on.

Trademarks are one of the few corporate assets that can last forever and continue to build in value. Consumers use trademarks to identify the source of particular products and/or services, and distinguish them from others.

## Registration of Your Mark

- **Trademark registration provides many benefits:**

Section 33 of the Lanham Act provides the trademark owner with the exclusive right to use the mark in U.S. commerce. The Lanham Act also bestows certain statutory benefits upon the owners of registered

trademarks, including:

- A presumption of validity and ownership over the mark
- Protection across the entire country, not just the geographic area of actual use
- Nationwide constructive notice of ownership of the mark
- The ability to use the registered ® symbol, giving you products/services more marketing prestige and putting competitors on notice that you are serious about protecting your rights
- The ability to sue in federal court
- Enhanced remedies for infringement, including the possibility of treble damages for willful infringers and criminal penalties for counterfeiting
- **Trademark law is domestic law:**

There is no such thing as a worldwide protection of a trademark. All countries recognize domestic trademark registrations, but not all countries recognize common law rights. Therefore, it is important to formally register your marks in each country in which you plan on selling goods / providing services. The first to register enjoys superior rights over all others in many countries. If a third party registers a similar mark prior to your attempt at registration, you may be precluded from using your mark in certain countries/regions.

- **Practically anything perceivable by the human senses can operate as a trademark:**

Words, Symbols, Slogans, Devices, Designs, Shapes, Sounds, Colors, Scents, Tastes and Touch (or any combination of these) can all be registered trademarks. The overarching concern is that the mark is used as a source-identifier in connection with the sale of specific goods and/or provision of specific services.

Corporate trade names and web domain names by themselves are NOT trademarks. Use of a mark as a trade name or domain name alone will not bestow upon the owner any common law trademark rights to the name or domain and entities may not sue others for trademark infringement of such trade names or domain names. But, a trade name or domain name may be protectable as a trademark when it is used in connection with the sale of specific goods and/or the provision of specific services.

### **Proper Use and Maintenance of Your Mark:**

Now that you have gone through the process of properly registering your marks in each jurisdiction where your business operates, don't risk losing your hard-earned rights by improper use and maintenance!

- **Do not deviate from the established spelling or design of a registered mark.**

Trademark rights can be unintentionally lost through the owner's use of different forms of a trademark at different times. A mark may be abandoned if use of the actual, identical mark has not occurred, and thereby may unintentionally cause the owner to lose the trademark.

- **Trademarks designate source, and should not be used to indicate a type of product or action (i.e. RollerBlade® in-line skates – NOT Rollerblades or Rollerblading).**

Trademark rights can be lost if third parties use the mark so frequently, that it becomes generic. Examples of trademarks which were initially registered, but are now considered generic in the United States include ZIPPER, ESCALATOR and ASPIRIN. As such, proper enforcement of one's trademark is vitally important to assure that the mark refers unequivocally and unmistakably to a single source, your company/organization.

An English inventor, Frederick Walton, would warn you to register your trademark and protect it! Linoleum — Latin for flaxoil — was never trademarked by Frederick Walton. He established the Linoleum Manufacturing Company Ltd as a producer of flooring in 1864, but never trademarked the term, linoleum, in the first place. As is too-often the case, the lack of a trademark registration came to light when Walton was facing competitors in court in the late 1870s. By then, it was too late; linoleum was already generic.

- **Marks must be continually renewed to remain in force.**

It is important to comply with the statutory renewal deadlines for each jurisdiction in which you have secured trademark protection. If renewal deadlines are missed, your rights in your registered marks may go abandoned.

In the United States, trademarks may first be renewed between the 5th and 6th anniversary years following registration, and must again be renewed between the 9th and 10th anniversary years. Following the 10th anniversary year, trademarks must continue to be renewed every 10 years.

- **Maintain quality control over all licensing agreements.**

Whenever licensing a mark to be used by others, maintain control over its use. Naked licensing occurs when third parties are allowed to use a mark without the goodwill of the business symbolized by the mark or when third parties are allowed to use a mark without any quality control restrictions. Naked licensing severs a mark from its source-identifying function and thus results in the loss of trademark rights through abandonment.

All licensing agreements should have control provisions and should be carefully written, reviewed, signed and enforced. The agreement should explicitly state in what manner the third party will be using the mark and for what purpose. Ensure that any commercial agreements with others, such as distributors, state that any trademark rights reside with the owner and not with the distributor.

### **Proper Enforcement of Your Mark:**

In addition to improper use, trademark rights may also be lost if a trademark owner fails to effectively police its mark against similar third-party marks in the market. The presence of confusingly similar third-party marks can significantly erode the distinctiveness of a registered trademark, and in some cases, may cause the registered mark to lose its distinctiveness entirely.

- **Police your trademarks vigilantly.**

Policing trademarks involves monitoring marks published via the USPTO's Official Gazette or like publications from around the world, and also by reviewing common law sources (such as company names, domain name registrations, industry publications, usage on the Internet, etc.) to determine if infringing use is occurring. Many businesses choose to subscribe to a trademark watch service, which can provide monthly reports on third-party attempted registrations of similar marks. If you find that someone has applied to register your trademark or one that is similar, immediate enforcement efforts are advisable and highly recommended.

- **Enforce your trademark rights with efficiency and expediency.**

Full-blown infringement proceedings are costly, burdensome and time consuming. Effective enforcement at the early stages of any perceived infringement can help significantly mitigate legal costs and resolve problems before significant harm occurs. This can be accomplished through the sending of cease and desist demand letters and/or initiating opposition or cancellation proceedings with administrative entities.

- **Cease & Desist Letters**

Cease & Desist letters are an effective and low-cost method of enforcing rights in registered marks. Prior to sending out any such demand letter in the U.S., however, be cautious:

1. be certain that your business is indeed the senior user of the mark at issue, or that your mark has been registered on the U.S. Principal Register for at least five years, and
2. consider the public backlash that might be caused by a published cease/desist letter which may do more harm to your customer goodwill (particularly in David v. Goliath circumstances).

If the infringer ignores your demands, you may sue for willful infringement in federal court, possibly securing an award of treble damages and attorney's fees.

- **Administrative Opposition or Cancellation Proceedings**

Initiating opposition or cancellation proceedings with administrative entities is another very effective tool for enforcing rights in your mark and preventing others from securing rights to confusingly similar or otherwise damaging marks, which you believe could be harmful to the goodwill of your business. In the United States, the Trademark Trial and Appeal Board (TTAB) governs such inter-partes administrative proceedings. TTAB proceedings largely mimic the litigation rules of federal court, but are conducted in a much more streamlined process, the outcome of which is eventually decided upon by a panel of trademark attorney administrative officials, acting in a judiciary capacity.

Enforcement of rights through TTAB proceedings allow trademark owners the ability to oppose marks which have passed USPTO examination, but have yet to receive the benefits of registration, and to cancel the registrations of junior users of registered marks, or of marks which are no longer (or have never been) distinctive.

- Administrative proceedings before the Trademark Trial and Appeal Board (TTAB) in the United States now have precedential value.

The U.S. Supreme Court's recent ruling in *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 S. Ct. 1293 (2015), confirms that inter-parties Opposition and Cancellation proceedings, brought before TTAB, have precedential value in all U.S. federal district courts.

Although a judgment in TTAB does not consider or provide for a calculation of and/or award for damages, the ruling in *B&B Hardware* makes clear that fully litigated issues, decided upon during the course of the TTAB proceeding (such as priority, likelihood of confusion, fame, etc.), all hold precedential value before federal district courts, as the legal doctrine of issue preclusion will apply. Therefore, successful judgments in TTAB can subsequently be brought into federal court to secure an award of damages from an infringer, without having to completely re-litigate the salient issues.

Consequently, active enforcement through TTAB, to resolve potential trademark infringement matters, can be a quite effective alternative to costly federal court proceedings, where unpredictable juries often are left

to decide the outcome of a case. In addition, should one of your own marks be opposed by a third party through TTAB, immediate and thorough representation is essential to mount a successful defense.

**Conclusion:**

Don't put your business in a position where your entire marketing and branding efforts are at risk of evisceration, due to a loss of your trademark, either from third party uses of confusingly similar terms, improper maintenance, improper use or lack of timely registration in all relevant jurisdictions. Secure your rights today so that your business is allowed continued growth and consumer market recognition each and every year. Nossaman LLP is able to assist with any and all branding, advertising and trademark issues as you move into 2016.