

What Entrepreneurs Need to Know About Trademarks

Remember to renew and "police" your trademark registration, because if you don't use it, you lose it.



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Small business owners have a lot of decisions to make. From deciding what is the best business entity type for their venture to figuring out where to purchase office supplies, decision-making can be overwhelming. As a result, owners may neglect, or postpone thinking, about how to protect their intellectual property.

Of course it's difficult to place a value on an intangible asset like Intellectual property, particularly when it's a business's trademark. Yet that asset may actually be the [most important one](#) the business has.

ADVERTISING

Registered trademarks can be particularly beneficial to the overall branding and success of any seller of goods or services.

Overview of trademark law: searching and registering

According to the [United States Patent and Trademark Office](#)(PTO), “a trademark is a word, phrase, symbol or design, or a combination thereof, that identifies and distinguishes the source of the goods of one party from those of others.”

The trademark (or service mark) can also be a picture -- even a sound. A trademark's purpose is that of a symbol the consumer can associate with the business entity that owns it and the goods and services that entity provides.

The process. The trademark-registration process begins with a trademark search which ensures that no other company is already using the trademark you have chosen. Next, you file an application for registration with the PTO. You should also register it in any other country where you plan to use it. This registration process is referred to as “prosecuting your trademark.”

Once your application is approved and your trademark registered, you have exclusive use of it. You need to keep the registration renewed, because if you stop using your trademark, or abandon or not renew it, you may lose it.

The infringement risk. Although it is true you can use a trademark without registering it (under common law usage), you run some risks. If you use a trademark without performing a due diligence search, another business may already be using it and charge you with trademark infringement.

If you discover someone using your trademark after you have already put it to use, and you haven't registered it, and have only common law usage, you are protected against infringement only in the jurisdiction where you actively use the trademark.

Even if you prevail in an infringement lawsuit, fewer remedies are available to you than would have been had your trademark been registered.

Trademark infringement: cease and desist letters

[According to the PTO](#), trademark infringement is “the unauthorized use of a trademark or service mark on or in connection with goods and/or services in a manner that is likely to cause confusion, deception or mistake about the source of the goods and/or services.”

You have a [duty to “police” your trademark](#) and be sure that others are not infringing upon it. If you fail to enforce your exclusive rights, you may lose them.

Stopping the infringement. Usually, the first step in stopping the infringement is to send a cease and desist letter to the person or organization using your trademark. This is really a warning to stop using the trademark. The elements the letter usually has include:

- A description of the rights you have to the trademark
- An explanation of how the person or organization is violating your rights
- A request that the party stop the infringement within a certain period of time
- A demand that he or she provide you proof of having ceased use of your trademark, and a deadline
- A statement that a failure to respond will result in legal action

Although you can write your own letter, it is more powerful if a trademark attorney does this. The [PTO discusses](#) ways in which private counsel can help holders of trademarks.

When I spoke with trademark attorney Joseph Mandour, managing partner of [Mandour & Associates, APC](#), he shared his advice that, "The cease and desist letter should come not just from a trademark attorney, but it should come from a trademark law firm that litigates."

The implied threat of litigation can be powerful, Mandour said.

Trademark litigation

If the infringing party fails to respond to your letter, or overtly refuses to stop, your next move is a trademark infringement lawsuit. In your legal complaint, [you must prove](#):

- You have a valid trademark and prior use.
- The defendant's trademark is likely to confuse consumers about the source of the goods or services.

Both sides will then present evidence and the court will make a decision. If you win, the infringing party will be ordered to stop using the trademark and destroy any infringing items, like business cards and letterheads. You may be awarded damages to compensate you for damage caused by the infringement. In exceptional cases attorney's fees may also be awarded.

Fun fact

Under U.S. trademark law, trademark rights are lost when any trademark becomes the generic name for the goods or services for which it is used.

Can you think of an example? Products that have lost trademark rights include the terms "aspirin," "trampoline," "flip phone" and -- something we use every day: "kleenex."