

# THE IMPORTANCE OF A TRADEMARK REGISTRATION IN A GLOBAL ECONOMY



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A trademark registration is an important asset in a global and online economy. Owning a trademark registration can increase a company's value to potential investors or purchasers, allow a company to secure rights in a mark before it begins using the mark, and allow companies to take advantage of protections offered by customs and border patrol agencies. Further, owning a trademark registration allows businesses to take advantage of online takedown procedures provided by social media companies, search engines, and electronic marketplaces. Finally, ICANN (The Internet Corporation for Assigned Names and Numbers) offers several proceedings and tools for companies to stop third parties from using their registered trademark in domain names.

## KEEP YOUR COMPANY MARKETABLE

The electronic and global economy allows for new companies to start and grow quickly. Often, the goal of new or existing companies is to be purchased by a larger company. Additionally, many companies rely on funding from third party investors. Having a trademark registration is an essential piece of being marketable to buyers and investors. The longer the registration has been in place, the stronger it becomes and the more valuable your company becomes to buyers and investors.

## HOLDING YOUR PLACE FOR FUTURE GROWTH AND PREVENTING TRADEMARK SQUATTERS

In many countries, including the U.S., use of a trademark is not always a prerequisite for registration of a trademark. Many countries

are parties to treaties or international agreements that allow foreign companies to obtain a trademark registration based solely on a registration in their home country. Further, unlike the U.S., many countries allow both foreign and local businesses to obtain trademark registrations for marks that they may not yet be using, but intend to use. When a company obtains a registration before it begins using a mark in these countries, the company holds its place and preserves its rights to the mark while giving itself time to expand its business. Some countries even have a non-use grace period. During the grace period, usually three to five years after registration, the registration is not subject to attack by third parties purely based on non-use.

As explained above, the ability to obtain trademark registrations before a business begins using a mark can be a great tool. However, this same ability can also cause headaches for trademark owners when used by infringers or trademark squatters instead of the rightful trademark owner. In most countries, including the U.S., trademark applications and registrations are publicly available. Further, some countries (e.g. China) base trademark rights on first to file. In first to file jurisdictions, it doesn't matter whom starts using the mark first in the country or abroad, but only who applies for protection first. Therefore, it is not uncommon for third parties to watch trademark registers and file trademark applications in jurisdictions where trademark rights are based on the first to file, and not first to use. When this happens, the trademark owner is then left with three unappealing options: (1) buy the existing

registration or application from the squatter, (2) risk using its mark without a registration and infringing on the squatter's rights or (3) using a different mark. Therefore, it is often better for companies who know they will expand internationally to apply for trademark registrations as soon as they identify the countries of interest.

### **USING GOVERNMENT CUSTOMS TO PROTECT YOUR MARK**

The U.S. Customs and Border Protection can be an excellent resource for companies to protect themselves from counterfeit goods that are imported into the U.S. Once a company has a federal trademark registration, the registration can be recorded with the U.S. Customs and Border Protection. Once recorded, the trademark registration is available to customs inspectors at all entry ports in the U.S., where they can search containers and potentially take action against incoming products that infringe your registered mark. Additionally, many other countries have customs reporting systems similar to that of the U.S., that aid companies in protecting themselves from counterfeit goods being imported into the country where they own a registered trademark.

### **PROTECTING YOUR MARK ON SOCIAL MEDIA**

Social media is a great tool for business owners to advertise their brand and communicate with valued consumers. However, social media also allows infringers to set up a fake account or post unauthorized content that can harm your brand or allow infringers to profit off your goodwill.

Consumers expect a company's handle, Facebook URL, or Twitter account name to match the company's trademark.

Therefore, as a trademark owner you will likely want to take action if you find out that a third party owns "www.facebook.com/yourmark" or "www.twitter.com/yourmark."

Additionally, trademark owners will also want to take action if they find that third parties are insinuating a false connection between their goods and services and the trademark owner on social media by using the mark in the content of posts. Usually the quickest and most cost-effective way to remove infringing content from social media is to follow each site's takedown procedures.

Almost all social media companies have platforms that allow companies to request the takedown of accounts or posts that infringe their trademarks. These platforms allow for cost-effective measures that can be taken by companies at the first sign of infringement. Several social media complaint platforms, including Twitter, generally require the company to provide its trademark registration number. (See <https://support.twitter.com/articles/18367#>, detailing information needed to report a trademark policy violation and request that infringing material be taken down on Twitter.) Therefore, in order to make use of the takedown platform, it is essential to have a registered trademark.

### **PROTECTING YOUR MARK IN PAID SEARCH ENGINE ADS**

When a customer searches for your company in an online search engine, the customer is generally provided with two types of results: paid advertisements and non-paid organic results. If the paid advertisement result, which is usually at the top of the search results, uses your trademark in the ad text, it can cause confusion as to the source of the goods and services offered.

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To help ease this confusion, most search engines provide a complaint platform for companies to request removal of the infringing ads. If you own a registered trademark for goods or services similar to those offered by the ad, the complaint has a good chance of resulting in the takedown of the infringing content. Although some search engines also allow for complaints to be filed based on common law trademark rights, the complaints are less likely to be successful without a trademark registration because the company has to prove that it has rights in its mark.

Unlike the use of another party's trademark in the text of an advertisement, search engines generally do not provide platforms for stopping third parties from purchasing your trademark as a keyword trigger. Most search engines offer keyword ad services, e.g. Google AdWords, BingAds, and Yahoo! Search Marketing. These keyword ad services allow companies to pay to have their advertisements appear near the top of the

- (1) Purchase your trademark and misspellings thereof as a keyword trigger for your company's website,
- (2) Include terms in any domain or trademark agreements with competitors preventing use of each other's trademarks in keyword triggers,
- (3) Create terms and conditions for affiliates and resellers that prevent them from buying keyword triggers that include your trademarks, and/or
- (4) Send cease and desist letters and/or file court actions against the purchasers of your trademark as a keyword trigger.

### **PROTECTING YOUR MARK IN E-COMMERCE MARKETPLACES**

Online marketplaces and selling platforms allow even the smallest of operations to sell goods online all over the world. E-commerce has made it easy for infringing goods to make their way to U.S. consumers. Consumers are buying more and more products online

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search results when their purchased keyword is searched in a specific geographic area, even if the keyword is another's trademark. The law around purchasing others' trademarks as keywords is still unsettled in the U.S. Further, the law around this type of marketing varies between countries.

Although filing a complaint with the search engine company will generally not prevent third parties from using your trademark as a keyword trigger, there are several other ways businesses can try and prevent use of their marks as a keyword, including:

from electronic marketplaces, such as Amazon, eBay, Alibaba, and AliExpress. Many sellers on these types of sites are falsely portraying themselves and their products to consumers as genuine. Consumers buy these goods thinking they are getting the quality they expect from your brand, and instead end up with a low-quality alternative or counterfeit product. This can result in a weakening of your brand reputation.

Many of the infringing sellers on these platforms are not located in the U.S. and are unidentifiable. Further, once a seller is removed from a site, there is nothing

stopping the seller from creating a new online identity and starting back up again. If a company tries to attack each infringing use via traditional methods, it can quickly get expensive. Like social media sites and search engines, these online marketplaces also provide cost-effective methods for companies to report infringing products and sellers, and get the content removed. For example, complaints about products sold on Alibaba or AliExpress are filed through AliProtect, found here [http://legal.alibaba.com/index.htm?\\_localeChangeRedirectToken=1](http://legal.alibaba.com/index.htm?_localeChangeRedirectToken=1). However, again, such complaint forms require trademark registrations, not just common law rights, as the bases for claims.

## PREVENTING DOMAIN NAME CONFUSION

Registering a domain name is inexpensive and can easily become profitable, if: (1) the domain name includes a trademark or common misspelling of a trademark that causes a significant number of customers to be diverted to the registrant's webpage and (2) the domain owner sets up a pay-per-click service on the site. The most common tool for companies to take down these infringing sites is to file a Uniform Domain Name Policy (UDRP) arbitration proceeding. The only remedies available in these proceedings are the transfer of the domain name to the company or the cancellation of the domain name registration. Although UDRP proceedings can be won based on common law rights of the mark being infringed, the chances of success in a UDRP proceeding are greatly increased if the company has a trademark registration for the infringed mark.

Recently, the domain name interface changed to allow for new top-level domains. This means that instead of the limited top level domains that were available before, e.g. .COM, .NET, .US, .EU, .MOBI, etc. there can now be .SHOP,

.WEDDING, .BANK, .SUCKS, etc. domains. ICANN and its affiliates have been releasing these new top level domains slowly and in phases. ICANN offers trademark owners the option of recording their registered trademarks with the Trademark Clearinghouse. Recordation with the Trademark Clearinghouse provides three primary benefits: (1) it allows trademark registration owners to have priority in registering their trademark as the second level domain for new top-level domains, e.g. YOURTRADEMARK.SHOP, (2) ICANN alerts third parties of recorded marks when they apply for domain names including the mark, and (3) if a domain name is registered including the recorded mark, the mark owner is notified by ICANN of the possible infringement.

Building and protecting a brand in an economy that can change with the click of a mouse can be challenging for businesses both small and large. As explained above, owning a trademark registration can ease this burden and provide mark owners with unique tools for protecting their brand. Trademark registrations add value and certainty in a company's rights for investors and buyers. A trademark registration can allow a company to protect its mark from third parties before it begins using the mark in foreign jurisdictions. Trademark registrations allow owners to file cost-effective takedown complaints through Internet websites. Further, in order to take advantage of the Trademark Clearinghouse protections, your company must own a registered trademark.

The above only briefly touches on some of the many benefits a trademark registration can offer in a global economy. A trademark registration can be an invaluable tool and something that is worth having in a company's arsenal long before a conflict arises. ■