



Trademarks 101 for Start-ups: Basic Strategies

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Tech start-ups often have to balance how to protect their intellectual property without breaking the bank and without leaving rights open to infringement by other third parties. Strategies for protecting intellectual property, especially trademarks, will vary depending on the nature of the goods or services being provided, as well as the publicity/media coverage for the same, the manner in which and the places where the marks will be used, as well as a variety of other factors.

Trademarks are an intangible asset which can often be the most valuable asset of a company. While many technologies may be similar to one another, they are often copied or emulated by others. When an “original” product, idea or service is launched under a brand, consumers will often recognize such brand as the “original” and will be conscious that other similar products or services are either “knock-offs” or copies, and often view such other products or services as inferior to the original. The trademark itself is an indicator of source and quality. As such, it is a very important asset to be protected early on. The most important trademark to be initially protected is one that is used not only as the name of the product or service, but also one that may be used as a name. However, before implementation of the brand or incorporation into a company name, it is highly recommended that a search of the mark be conducted. The worst thing is for a company to spend substantial time and money on branding and company formation efforts only to find that the chosen brand or name belongs to a third party and all branded and company materials must be changed before launch. For a company on a short timeline and for whom a launch date can be extremely crucial for fundraising and other timing purposes, having to change all of the materials would cause unnecessary delay, could harm the reputation of the company and could also cost the company a substantial amount of money.

Once a mark has been cleared, at a minimum, applications should be filed for the most dominant company trademarks in the United States. Most start-up companies will commence doing business in the U.S. and thus should initially focus on protecting its marks in the domestic market. However, given the global nature of the internet, and the potential for doing business outside of the United States, companies must be vigilant in tracking their online presence to determine where their popularity is growing. Because a U.S. trademark will only protect the mark in the United States, foreign protection must

be viewed on a case by case basis. However, it is important to note that one application can be filed to cover the entire European Union. In this regard, if a company believes that it will be doing business or is becoming popular in one European country, it would be worthwhile to file an application to cover the entire European Union.

Where a company is producing, developing or manufacturing its products abroad, it should also seriously consider protecting its trademarks in such jurisdiction. Unlike the United States, which is a “first to use” country meaning that the first user of a trademark automatically obtains common law rights in the mark in the geographical area where the mark is used, the majority of countries in the world are “first to file” countries. In a “first to file” country, the first applicant of a trademark, even though they may not be the rightful owner of the trademark, can obtain rights in the mark to the exclusion of the rightful owner. In many instances, such third party registrant will then try to sell the trademark back to the rightful owner for a substantial sum. In such a scenario, even though the initial cost of the trademark filing may seem daunting, it is a substantial savings over having to buy back rights from a third party infringer, who can prevent you from using your mark in that jurisdiction.

Start-ups need to think about trademarks at the early stage in order to avoid infringing on the rights of third parties, and also to protect their interests in the U.S. and worldwide. If in doubt, discuss the strategies of filing with your trademark attorney who can help guide you through the different laws of particular jurisdictions and come up with a plan to protect and enforce your worldwide rights.



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