

PROTECTING YOUR TRADEMARK IN THE UNITED STATES

Whether it is a company's name or the name of a specific brand or service, corporate trademarks and service marks are the way by which most companies establish their reputation and distinguish themselves from competitors in the marketplace. Intellectual property, including trademarks, is often the most valuable asset of a business.

Maintaining ownership of corporate trademarks is especially important in the global marketplace. Registering trademarks in multiple countries, often through the Madrid Protocol, is one tool that companies use for global trademark protection. However, it is not the only tool. Even as companies are increasingly using the Internet and social media to promote and market their goods and services worldwide, they usually must rely upon local companies and representatives to sell their goods or services in local markets.

Unfortunately, trademark ownership disputes can and do frequently arise between foreign manufacturers and local distributors. Companies seeking to establish and maintain brand ownership in foreign countries must thus pay close attention to the specific trademark and distribution laws of the local jurisdictions in which they do business.

In the United States trademark ownership rights are usually determined by the first to use the mark, not the first to invent or the first to register the trademark. Registration is not required to assert trademark ownership rights in the United States, although registration does confer important legal benefits.

Disputes between a manufacturer and a distributor over which party was the first to use and thus acquire trademark ownership rights in the United States can often be avoided if the relationship between the manufacturer and distributor is properly defined. For example, if the manufacturer clearly licenses the distributor to use a trademark that the manufacturer has registered, or if the distributor has its own mark that it affixes to the manufacturer's goods.

If the relationship between the parties – and ownership of the trademark – is not clear, in the absence of a written agreement U.S. courts will usually presume that the manufacturer owns the trademark, regardless of whether the manufacturer is a U.S. or non-U.S. company. If a written agreement exists, U.S. courts will look at the agreement to see if it determines trademark ownership rights.

However, the presumption in U.S. law that a manufacturer owns a trademark or that a written agreement establishes ownership and governs a trademark's use can be rebutted. Since the purpose of U.S. trademark law is to assist the public in identifying the source and quality of a brand, U.S. courts have found that in some circumstances distributors can acquire superior trademark ownership rights over a manufacturer. A distributor may be determined to be the actual owner of a trademark and the goodwill associated with it if a U.S. court finds that the public associates the name of the distributor with the trademark and identifies the distributor as being the source of the goods and responsible for maintaining their quality and uniformity.

While trademark registration is an important step to protecting ownership rights in a mark, even registered trademark rights can be lost through abandonment, improper licensing, assignment, and other circumstances. It is thus advisable for companies seeking to do business through distributors or representatives to enter into written contracts that specify exactly which party owns the trademark; the terms and conditions that govern the licensing and use of the trademark by the distributor, and the quality control and supervision that the trademark owner will exercise over both the actual use of the trademark as well as the products being sold under the mark.

Developing a successful business takes time and money. Losing the intellectual property associated with a business, especially a trademark, can destroy years of investment. As a core component of any business plan companies relying on distributors or representatives to market their goods in the United States or abroad should always adopt a proactive brand management policy that includes protecting the ownership of their intellectual property and trademark rights.

Author: Andrew Danas, Partner, Grove, Jaskiewicz & Cobert LLP, Washington, D.C.

Contact: adanas@gjacobert.com



How can the Euro-American Lawyers Group Help?

Does your business need to:

- ◆ Negotiate an employment contract in Germany
- ◆ Sue a bank in Luxembourg
- ◆ Be advised on shipping law in Spain
- ◆ Appoint an arbitrator in Austria
- ◆ Protect intellectual property in Hungary
- ◆ Buy a company in Greece

The EALG provides instant access to specialist legal advice in all the major commercial centres in Europe and America

For further information please contact your EALG office – details are on the back page of this issue of INTERVIEW