

Legal Alert: Trademark Registration Considerations for Startup Businesses and Organizations

Many new businesses are appropriately concerned with protecting their names and logos through trademark protection. Given the expense of registering your name or logo with the United States Patent and Trademark Office (USPTO), a start-up business should carefully consider how best to acquire and preserve trademark rights to determine where federal registration fits within the business plan. For many businesses, postponing trademark registration may allow you to allocate those precious initial resources more effectively.

Opening Moves

1. Especially for a new start-up business, the expenses of federal registration may not fit within your budget. An application costs at least \$225, takes considerable time, and once you have a trademark registration you must make regular maintenance filings that themselves carry substantial fees. In the early stages of starting your business, these resources may be better spent on establishing and promoting your brand—your business's public identity formed by things such as your name and logo to identify your business to consumers, and that consumers look for when shopping for your product or service.
2. It is also important to establish your brand prior to seeking a trademark registration because registration protects rights that you obtain from actually using your name or logo publicly in connection with your business. This means that you must have both a final name or logo and be using that name or logo publicly in connection with your business before you can acquire trademark rights in that name or logo. While the USPTO accepts "intent to use" applications filed before you begin using the name or logo, this application costs money and once you begin using your name or logo you still will have to make the additional filing and pay the additional fee to secure the actual trademark registration. Importantly, if you change your name or logo, or decide to alter the type of product or service your business offers, you may need to start the registration process, incurring new expenses, all over again.
3. The likelihood that your chosen name or logo will be taken by someone else is low, especially in the early stages of starting your business. When people steal a trademark, they do it to benefit from the good reputation held by that trademark. Before you begin using your name and logo, and establishing a good reputation for them, it will be very unlikely that someone would attempt steal them. While there is a risk that another business will adopt a similar name or logo, the odds of this occurring are very small, and generally not worth the added cost of filing an intent-to-use application.

Proactive Steps to Help Secure Brand Identity

Contrary to popular belief, registering your name or logo with the USPTO is not actually required to acquire trademark rights. Your business generates trademark rights in a name or logo simply by using that name or logo publicly to identify your business. These rights are known as “common-law” trademark rights. So, actively using your name and logo in connection with your business operations will provide your business with the trademark protections you need until you can afford to seek a trademark registration, while also helping to build a strong and recognizable brand for your business. Registering your trademark with the USPTO then strengthens those rights and makes enforcing them easier.

Regardless of when you plan to register your trademarks, taking the following steps will help to build your business’s trademark rights and preserve your commercial identity:

- Choose a name and/or logo and stick with it. Focus on what you want your brand to be and commit to that mark. Establishing trademark rights in a name or logo depends on your ability to show that you were the first to use that name or logo. Casually changing or using inconsistent versions of your logo or name may thwart your ability to establish when you first began use of them.
- Make certain no one else is already using the name or logo you intend to use. Trademark law does not care if you didn’t mean to adopt a mark that ends up being confusingly similar to someone else’s. Even if you don’t know of anyone using a brand like yours, investigating the name and logo now to confirm will save a lot of trouble in the future.
- Use your brand prominently. Once you have locked down a name and logo and are confident that it doesn’t conflict with other existing brands, make sure your use of that brand is clear and prominent. You may add the ™ symbol next to your name or logo. This tells the world that you are using your name or logo as an indicator of your brand. (Note though that the ® symbol may only be used once you have obtained a federal trademark registration for your name or logo). Also, make sure to set your name and logo apart from other text or content wherever possible so consumers know that your logo or name is a brand.

Disadvantages to relying on common-law rights without registration.

While registration may exceed your initial budget, you should consider the limits of common-law trademark rights and revisit federal registration as your business develops. Registration offers both offensive and defensive benefits. So, you should consider the following drawbacks to relying on common-law trademark rights indefinitely:

1. Unregistered marks do not show up in a search of the USPTO’s database. This could

make it more difficult for others to find and learn that their name or logo might infringe upon yours. Even if your common-law rights enjoy priority over a later user or registrant, infringement litigation is tremendously expensive, and might be avoided entirely if others considering adopting a similar name or logo can find yours at the USPTO.

2. Common-law rights only protect your brand locally and not nationally. A federal registration, on the other hand, provides nationwide protection.

3. If you need to file a lawsuit to enforce your trademark rights, if the mark is registered with the USPTO, it is presumed that you are using the mark and have the exclusive right to use it. The party you are suing must prove that you do not have the exclusive right to use it. If you are only relying on common-law rights, you will have to prove that you have the exclusive right to the trademark, develop evidence of when and where you first used the mark, and establish the geographic extent of that use.

The decision of whether and when to register your trademark is one that you must make based on your and your business' particular needs and circumstances. However, for the reasons mentioned here, taking steps to establish common-law trademark rights during the early stages of starting and running your business, will reinforce your brand strategy, regardless of whether you choose to immediately pursue trademark registration, or postpone registration as your business develops.

Further Assistance

If you have any questions about this legal alert, please contact the Community Law Project (CLP) of the Chicago Lawyers' Committee for Civil Rights at clp@clccrul.org or (312)939-3638, or visit us online at www.clccrul.org.

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