

Trademark Protection for Start-ups

Omar Obeidat - Partner, Head of Competition and Intellectual Property - Intellectual Property / Competition

o.obeidat@tamimi.com - Dubai International Financial Centre

Trademark protection for any business would seem to naturally fall as a priority in the outset of any venture. This is realised by large corporations that would seek protection of their trademarks well in advance of launching products or services. The same could not always be said of start-ups although it may be argued that start-ups, particularly in the B2C segment, have more reason to seek protection of their trademarks early on. As opposed to B2B, start-ups with B2C that target end users will need to build a brand that can contribute to strong market recognition of that brand. On the other hand, B2B start-ups may require less scope of protection, particularly geographically, depending on their targeted customers. It is fair to say that tight budgets in start-ups leave them with less leverage in fighting trademark disputes should their adopted trademark be the subject of a dispute. If anything, early protection of trademarks is a cost saver considering the high costs of trademark disputes when compared to trademark clearance and registration. The initial costs of setting up a business, development, employee salaries, vendors fees and marketing are usually expenses with which start-ups become consumed and consequently they do not wish to burden their business with extra costs. However, trademark protection is not an extra cost. In fact, it is a necessary expenditure and more importantly an acquired asset adding value to the business.

Choosing the right trademark is key for a sustainable adoption and growth of a brand. A trademark that is fanciful and creative can help the business grow far away from the crowded noise in the space of descriptive names. Trademarks as opposed to any other intellectual property right can live forever and do not expire if maintained correctly. As such, it is necessary to choose a trademark that can live indefinitely and, accordingly begin the process of ascertaining whether this trademark is capable of registration and protection.

Clearing a trademark is an exercise that, when carefully done, aims at adopting a trademark that is immune to challenge. A trademark clearance is the first most important step to complete in the process of trademark protection. Clearance would be conducted against all categories of relevant services and goods and in all relevant territories. The clearance of a trademark not only occurs in trademark registers but also covers domains, social media account names, trade names and online searches. Most jurisdictions require a government fee in order to conduct official trademark search applications. Once a trademark is cleared, it would be, on the face of it, available for trademark registration. Furthermore, it is necessary that trademark clearance takes into account various meanings in languages where the trademark is intended to be used and also ensure the chosen trademark is in line with public order and morals.

The registration process should sensibly determine the scope and geographic reach desired by the entrepreneur or business. Determining the scope of goods and services will depend on how many usages are intended by the relevant trademark. It is also necessary that a trademark covers, not only the core class of goods and services but also, relevant goods and services in classes other than the core class. For example, an e-commerce app would logically cover: classes related to software; trading, and computer services. There are also instances where a preventive class is necessary in order to deter a competitor from riding on the goodwill of a trademark. Once registered, the trademark will grant the owner exclusive rights to use, and powers to prevent third parties from associating with or infringing the mark.

A registered trademark is an asset of the proprietor and adds value to its business. This value is a key factor to be identified and considered in any due diligence aimed at valuing a business. Moreover, interested investors can take interest in a business with healthy assets such as registered trademark rights. Investors realise and appreciate the value of intellectual property assets and would want such assets to be the collateral that protects their investments enabling them to grow and increase in value.