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# Dunner Law Dicta



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## Dunner Law PLLC

Small IP Practice specializing in trademark and copyright law; IP counseling, domestic and international protection of IP portfolios; internet-issues; IP audits and strategies relating to IP portfolios; drafting and negotiating IP and IT-related agreements

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## Common IP Issues All Businesses Face

Every company – regardless of its size, corporate structure or particular industry – encounters intellectual property issues during the course of its daily business activities. In this issue of *Dunner Law Dicta*, we highlight some of the most common intellectual property issues that our clients face and offer solutions to minimize the potential liabilities and risks raised by these issues.

### Creating an Enforceable Brand

Brand creation involves selecting trademarks and developing a marketable strategy around those trademarks for the products or services your company offers. Careful attention must be placed on selecting trademarks that will be legally protectable and enforceable, because doing so will help avoid legal liability and prevent others from using similar trademarks that could cause confusion with your brand. There are two components that determine whether a trademark will be legally protectable and enforceable: distinctiveness and the absence of prior conflicting trademarks.

#### *Distinctiveness*

One key to a strong trademark is choosing arbitrary or fanciful wording (e.g., APPLE® for computers or EXXON® for gasoline) rather than descriptive or generic wording (e.g., THE BANANA STORE for a banana store). Often, clients want to use trademarks comprised of commonly used words within their industry, not realizing that descriptive trademarks are weak and more difficult to enforce against others using similar, descrip-

tive wording. Therefore, when selecting new trademarks, your marketing department, your brand manager, and/or your legal department need to work together to make sure that the common goal of adopting a distinctive trademark is achieved. If you hire a branding company or other independent contractor to assist with brand creation, make sure that the company you hire understands your business and your customers or members so that the brands created are relevant to your industry without being overly descriptive.

### *Avoiding Conflicts with Other Trademarks*

The other key to a strong trademark is choosing one that does not conflict with the prior rights of other parties. If the trademark selection process is done with a blind eye as to whether another entity or individual is already using a similar brand, then the company risks opening itself up to potential infringement claims. The best way to identify and avoid risks is to have your trademark attorney conduct a clearance search to determine whether the mark is available and registrable with the U.S. Patent and Trademark Office. If you work with a branding company, be sure to ask what clearance steps they have taken for any trademarks they propose to you because many branding companies do not conduct clearance searches of any sort. A proper search will identify what risks, if any, exist with respect to a proposed trademark. Once you are aware of the risks, you

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will be able to make an informed decision as to whether to move forward with the proposed mark.

#### Inconsistent and Incorrect Use of Trademarks

Another issue that often arises is the inconsistent and incorrect use of trademarks. Some of the ways this problem can materialize are: utilizing variations of a company design, referring to your company's trademark differently each time it is used (e.g., referring to "XYZ software" on the home page of your website and referring to the same software as "XY software" elsewhere), or incorrectly using company trademarks as nouns ("we just released XYZ for sale") rather than as adjectives ("we just released XYZ software for sale"). If trademarks are used inconsistently and incorrectly, then over time the strength of those trademarks will be weakened. Therefore, if your company has multiple departments, divisions, chapters, or is membership driven, then it is even more important that everyone is on the same page with respect to the proper use of the company's trademarks. Branding guidelines, distributed and used company-wide, are highly recommended and encouraged to ensure the proper use and scope of protection for the company's brands.

#### Unclear Ownership of the Business's Intellectual Property

It is of paramount importance that a business knows what it owns and knows what it doesn't own, but has a license to use. All content, designs, creations, and trademarks created by an employee within the scope of employment is owned by the business and not the employee. This premise

is well established under copyright law and is written into most employment agreements.

Importantly, however, anything created by an independent contractor is going to be owned by that independent contractor unless there is a written agreement specifying otherwise (known as the "work-for-hire" doctrine under copyright law). So, whenever your business uses an independent contractor, for any reason, make sure that there is a written agreement in place specifying who will own the resulting product or creation. Without written terms to this effect, you may find that your business does not own its website if it was created by an outside web developer.

Similarly, if your company partners with another business in a joint development project, there should be a written agreement that spells out ownership of all pre-existing and resulting works as well as responsibilities of the parties to these works. While a handshake is nice, it will not help prove your position in court in the event of a dispute.

Finally, your company should keep track of all licenses it enters into. There are usually time limits on a license, and you don't want to find yourself in breach of a time limit. There typically are also restrictions on use of IP in a license agreement, so your business, or the relevant people in your business, need to be very aware of all restrictions related to the license, both as a licensor or licensee.

#### A Little Planning Goes a Long Way

These issues arise often, regardless of your company's size, but with a little planning, good communication within your company, and solid agreements with outside vendors and partners, a lot of issues can be avoided. It may take a little more work upfront to create an airtight business, but it will be better for your company in the long run.