

CAPSTONE

Part 2 : Technical note

Intellectual property :
Why and how should a trademark be protected ?

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2. Scenario

I. Introduction

If you are reading this document, it means that you are an entrepreneur-to-be or maybe already a startup. You are asking yourself questions about Intellectual Property but you do not know where to start, or maybe you are already aware that this is important but you do not know why.

Intellectual Property is an entire and complete segment of law, this is why it is sometimes difficult to find, gather and synthesize the necessary information and to distinguish true from false information. In fact, Intellectual Property is not so complicated and it is really necessary. Just remember this: you must protect yourself !

A startup has ideas/projects, reflections/thinking and sometimes also the first steps of implementation. These ideas and reflections are part of the company's intellectual property, and they are usually the only possessions of a startup. If the company loses them, there is almost nothing left. This is why it is very important to protect these assets from the beginning.

Anyone could copy these ideas, competitors could have the same ideas, or even worse: some commercial partners with whom the startup is working could usurp (part of) the ideas and projects, and develop them for their own account. Without protection, this can lead to the premature end of the company.

The present study will help you understand what is Intellectual Property and how to take the appropriate steps at the right moment. It aims to be a clear synthesis and a guide to help you dispel the fog and identify your own IP assets and your trademark; it should primarily be your and your startup's "safety trigger".

The laws and rights may vary depending on the countries: the information contained in the present study is essentially based on the rules of the BOIP (Benelux Office for Intellectual Property) and EUIPO (European Union Intellectual Property Office)¹.

¹ See under Point 2.III about the *Organisation of Intellectual Property*

There are also many exceptions, particular situations and special cases, and of course the present study could not deal with all of them. This is why it is highly advisable to take advice from specialists in order to develop an action plan or a filing strategy perfectly adapted to each situation.

Finally, this work is a mix of personal knowledge, of information gathered on different medias and from interviews with specialists / trademark attorneys (see below, the list of consulted persons under Point 6: For more information).

II. Different types of rights

The website of the WIPO (World Intellectual Property Organization) gives the following definition : *"Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce."*

Intellectual Property is divided into 2 categories. Authorship (or literary and artistic property rights), which are automatically acquired at each creation; and industrial property rights, which must be acquired.

Authorship or Copyright / Related rights

Some countries simply name it "copyright" – it covers any literary or artistic work/creation from the moment it is created. It contains :

- moral rights, that are inherent (necessary and inseparable) in the person, inalienable² (they cannot be sold or waived) and concern the entirety of the work;
- patrimonial rights³, that confer to the creator the exclusive right to use and to authorize or prohibit the use of his/her work by others.

Such rights apply to literary works, films, computer programs, musical compositions, architectural works, advertisements, maps, designs and technical drawings and other artistic works like paintings, drawings, photographs, sculptures, etc⁴. They usually remain valid during 70 years.

Intellectual property

IP includes trademarks, models and designs and patents, as well as geographical indications (but we are not going to develop this last topic). These rights can be described as follows :

² Gérard Cornu, Vocabulaire Juridique, PUE, 2007

³ Wikipédia, les Droits d'Auteur, https://fr.wikipedia.org/wiki/Droit_d%27auteur#Droits_patrimoniaux

⁴ WIPO's website, Copyright, https://www.wipo.int/copyright/fr/faq_copyright.html

- Trademarks

A trademark is a sign that distinguishes a company's products and services from the products/ services of competitors. A trademark registration is valid for 10 years periods and can be renewed indefinitely.

Example : the name "Ikea".

- Models and designs

They concern the outer decorative or esthetic aspect/form of objects: they are called models when they concern three-dimensional objects, or designs when they concern two-dimensional elements or representations like technical drawings or patterns. They must be new and may not have been published previously (only for a 1 year grace period) to be registrable. They are valid during 5 years and can be renewed 4 times for a maximum duration of 25 years.

Example : the form and aspect of an original Ikea table.

- Patents

A patent is an exclusive right granted for an invention (a product or a process) that shows a real novelty and an inventive step with regard to the existing state of art, with a possible industrial application. They can remain valid during 20 years, provided annual fees are paid.

Example : the original system that enables users to put together and easily (un)fold an Ikea table.

III. The organization of Intellectual Property

Intellectual Property Rights must be protected around the following three themes :

- countries and territories;
- the trademark offices;
- the representatives or trademark lawyers.

Countries and territories

The territories are the places or regions in which the applicant wants to be able to assert his rights, i.e. the places or regions in which he must register his trademark. We speak of "territories" because the trademark offices are not obligatorily linked with one country: the INPI (Institut National de la Propriété Intellectuelle) is the national IP office of France, that also covers the French overseas territories; Belgium, Luxembourg and the Netherlands have a common trademark office called BOIP (Benelux Office for Intellectual Property); the European Union has also its own body called EUIPO (European Union Intellectual Property Office) ; and the World Organization of Intellectual Property (WIPO) is an international organization dedicated to the protection of IP rights in some 120 countries.

Some of these offices like the INPI and the WIPO offer the protection of patents, trademarks and designs/models, some other offices only propose the protection of trademarks and designs/models (BOIP).

The trademark offices

These offices can be compared to a ministry charged by the countries to take care of Intellectual Property rights. They are the bodies through which an applicant may obtain an official protection, for instance a trademark registration. These offices receive and examine the applications and issue the registration certificates. Some offices, for instance the EUIPO, also inform the owners of existing EU trademark registrations when a new identical or similar trademark is published for opposition purposes. Other offices, like the BOIP, do not offer this service. This is why it is important for the applicant to know, right from the beginning, in which countries or territories he wants to register his trademark; it will be the representatives' mission to develop a real good filing strategy on this basis.

The representatives or trademark attorneys

Trademark attorneys are officially recognized by the trademark offices of the countries or territories: they give advice and accompany the trademark applicants before / during and also after the trademark registration procedure.

An applicant can theoretically file himself a trademark application before the offices, i.e. fill in the application form and pay the official filing fees. However, before filing the application, it is advisable to conduct identical or similarity searches and to choose the best adapted filing strategy; it is also interesting to set up a watch in order to be informed of the existence of posterior identical or similar trademarks and be able to file oppositions in due time; and it is important to have a rigorous management of deadlines during and after the registration procedure, in particular for taking advantage of the priority date, for preparing the renewal, for responding to cease-and-desist letters or being aware of other due dates. In some countries, the date of renewal is calculated on the basis of the filing date, in other countries it may be calculated on the basis of the date of registration. In some countries, for instance in the USA, it is mandatory to file a Declaration of Use and to provide proofs of use before the end of the 6th year after the registration date, in order to keep the registration alive.

Filing and managing a trademark application may be a difficult task, because the trademark offices do not necessarily remind the applicants and trademark owners of all these obligations and deadlines. This is why it is often useful for an applicant to appoint representatives who will help him

develop a filing strategy, remind him of all the deadlines and tricks and help him avoid oversights and traps. Trademark attorneys have the knowledge and experience and they are used to dealing with complex situations and IP law intricacies. Not all trademark attorneys provide the same services or the same quality of services, so it is important to request and compare carefully preliminary offers from different law firms.

3. Development of the key lessons in relation with the subject matter

I. Why should a trademark be protected ?

Risks

Just like indicated previously, a trademark can be copied or stolen at any time, and the trademark owner will not be able to defend his trademark if it is not protected. This is already a sufficient reason to register a trademark. The risk to be prevented from using your own trademark is still worse, if someone else registers an identical or similar trademark before you, and then prohibits you from using your own mark.

Startup companies and entrepreneurs often believe that because they have created a trademark or a logo and they are using it on social medias, e.g. by creating a Facebook profile at a certain date, they have sufficient proofs that this trademark or logo belongs to them and they can claim trademark rights on this sign. This is not true. A word mark is not subject to copyright⁵. One must know that the trademark right is a right of ownership: this means that the first one who obtains a trademark registration has the rights on this mark, even if he did not invent it or was not the first one to use it.

Let's take an example:

You have created a restaurant in Belgium but you have forgotten to protect the name of your restaurant. If later, another person opens a restaurant that bears the same name in France and decides to protect the name by registering it as a trademark at the French Trademark Office (INPI), this will not be a problem. But if this competitor's business is so successful that he decides to make a chain of restaurants with the same name and to open one or more restaurants in Belgium, he may also decide to extend the protection of his name and register it as a trademark in Benelux, and this

⁵ See under Point 2.II about *Authorship and Copyright*

could really be a problem for you. As you do not possess a trademark registration for the name of your restaurant, you will not be able to file an opposition against your competitor's trademark application. Still worse: he might even oblige you to change the name of your restaurant because he has obtained official trademark rights on this name, while you haven't.

In such a situation, the only way to recover your rights on the trademark would be to prove that the adverse party has made a bad faith application, in order to benefit from the notoriety of your restaurant. To prove this, you will have to bring evidence that the adverse party had been in contact with you and knew your creation/restaurant/mark before it filed its trademark application, otherwise your chances of success will be very low or null. Such cancellation actions take place before court, they are expensive, long and fastidious and not always successful. You will lose precious time and a lot of money in a court action that could have been avoided if you had obtained an earlier trademark registration on the basis of which you could have filed a simple opposition at the Benelux Office for Intellectual Property.

Advantages

Besides the fact that the registration of your trademark may help you avoid problems as explained here above, it offers - among others - the following evident advantages :

- it guarantees your exclusive rights to use this trademark;
- it gives you the right to prohibit third parties from using or registering an identical or similar sign for identical/similar products or services, either by sending simply a cease-and-desist letter or by filing an opposition before the office;
- it enables you to introduce court actions against counterfeiters who would use an identical or similar trademark in commerce (without trying to register it).

Apart from this, the trademark registration is also an added value for your company :

- it is an important marketing tool, as it is the company's window and it enables the customers to recognize the origin of the products/services offered under the sign;
- a registered trademark has an intrinsic value that can be calculated; some trademark attorneys establish trademark valuations, taking into account *inter alia* the company's market shares or its revenues in relation with this mark; a registered trademark is part of the company's assets, it can be sold with the company or separately;
- a trademark owner can grant trademark licenses against payment.

II. How should a trademark be protected ?

At the beginning

As soon as you have some ideas, the first thing to do is to verify the sign's availability and conduct trademark searches, in order to make sure that you will not start working under a trademark that you might not be allowed to use.

You can easily do some preliminary searches on your own, on Internet; for instance on the BOIP's website, you will have the possibility to conduct an identical trademark search in this office's database⁶ in order to verify whether a trademark is already protected in Benelux.

Once you have done this and the name is approved by the startup's decision makers or by the entrepreneur, it is advisable to contact a trademark attorney who will establish a filing strategy based on the countries or territories in which you need protection, choose with you the classes for which you need protection and conduct further searches, including identical and similitude searches for all the classes and all the countries of interest.

Form

A sign must be distinctive, non descriptive and not contrary to morality to be registered as a trademark (these are only some of the most important criteria).

The sign can contain different elements :

- one or several word(s) (word mark);
- a logo (device trademark);
- word(s) and visual element(s) (semi-figurative trademark);
- and even some other specific elements like colours, a hologram, etc. (colour trademark, sound trademark...).

The trademark's first function is to distinguish the goods and/or services of a company from those of competitors; this is why it must be sufficiently different from existing trademarks.

All these elements will be taken into account for filing the application. The trademark attorney must give advice to the applicant and sometimes help him take a decision in selecting or modifying his trademark in order to avoid the risk of confusion with existing trademarks and/or to meet the registrability criteria of the offices.

⁶ BOIP's website, Trademarks, <https://www.boip.int/fr/registre-des-marques>

Territories

As indicated previously, it is important to identify very soon the geographical scope of protection that is needed, at least for the countries where the trademark will be used immediately or in a near future (3-5 years). The language is important: if you start a business in Wallonia, your chances to sell your products/services in France are higher, because this is a French speaking country. But the geographical proximity makes it possible that your trademark might soon be used also in other neighboring countries. Your trademark should preferably be protected in these countries within the priority term (= within the 6-months period that follows the basic application in Benelux).

Of course, the costs will be higher for a larger protection. But unlike models, designs and patents, it is possible to extend the protection of a trademark after the end of the priority term.

Again, the trademark attorney is there to establish and to explain the filing strategy to the applicant, because the trademark law may be different depending on the countries, and besides the risks of opposition due to the existence of older trademarks, one must also take into consideration the local registration requirements (e.g. signification of the sign in a foreign language, risk of refusal by the local examiners on the basis of absolute or relative grounds).

Classes

The classes have to be selected to indicate for which products/services and the field of activity in which the trademark is going to be used. Just like for territories, the trademark will be registered and protected for these classes. Let me quote Mr. Olivier Laidebeur⁷ to illustrate this :

"Mont Blanc is a trademark for creams but also a trademark for pens; these two marks coexist on the market without any problem and this does not bother anyone. Why? Because nobody will ever imagine that the desserts could be produced by the pen manufacturer: this is what is called the principle of specialty".

The Nice Classification contains 45 classes in that can be used to protect a trademark: from class 1 (chemical products) to class 45 (legal services) there are 34 classes of goods and 11 classes of services. The filing costs will depend not only on the territories but also on the number of classes for which protection is needed. Once the application has been filed, it is not possible anymore to add definitions or classes in the specification, only via a new application.

Once again, the trademark attorney will help the applicant choose for which classes protection is needed and whether the applicant should protect right away some classes for goods/services that will be sold/proposed under the mark only in the future. The preliminary searches should of course include these additional classes too.

⁷ President of the FIGPIL (Federation of Intellectual Property Attorney in Luxembourg)

III. And after ?

Once his trademark is accepted and registered, the applicant can already feel relieved because he has obtained an official protection. This registration will be his best weapon against someone who would start copying or using his mark.

Of course, he may choose to defend himself in person in order to avoid additional costs. But he must make sure that the words he will use in the frame of a (response to a) cease-and-desist letter or in an opposition process will not be prejudiced against him.

Here again, the trademark attorney who helped the applicant prepare and file his trademark application should be his best adviser and ally: first of all, he will analyze the scope of the counterfeiting, verify if the adverse party is a big or a small company and check whether it might possess anterior rights that have been overseen. Then he will propose solutions to defend the trademark owner :

- first by sending a simple cease-and-desist letter to the counterfeiter;
- or by filing an opposition or a cancellation action before the trademark offices;
- by requesting the intervention of the customs authorities for the seizure of the counterfeited products;
- or by introducing a court action.

One might ask: what is the interest of paying fees to obtain a trademark protection if afterwards you still have to go before the offices or before the court to defend your rights ?

The answer is quite simple: if you do not have a trademark application or registration, you have NO rights to defend.

4. Questions

I. Internet websites propose to protect copyrights: is this serious ?

As explained previously, the copyright exists automatically as soon as a work is created or as soon as an idea is expressed. The purpose of such websites is only to generate an official proof of the existence of the copyright at a certain date. Some trademark offices offer the same service, e.g. the i-dépôt proposed by the BOIP or the Enveloppe Soleau at the INPI: in this case, the proof is granted by an official instance.

The copyright is interesting for a logo or for the device element of a trademark, but not for the word element(s). Moreover, the proof conferred by a copyright can only be used in court, against identical creations; as soon as one or more elements are modified, theoretically the copyright cannot be exercised anymore.

II. Can a trademark office oblige a counterfeiter to cease the use of the counterfeited trademark ?

The trademark offices cannot prohibit the use of a trademark. They are the official bodies that enable applicants to obtain trademark registrations, which means that they can either accept or refuse to register a trademark in the frame of an opposition procedure for example. It is the trademark owner who has the exclusive right to use his registered trademark and to prohibit the use or registration of an identical or similar trademark by third parties. He can exercise this right alone or with the help of his representatives, either by filing oppositions against younger trademarks before the offices, or by introducing court actions.

III. What should I do if I am not quite sure of the trademark that I am going to use ?

Discretion is the best solution. You will probably have to talk about it with your partners or execute preliminary studies and searches. It is then advisable to use a code name for your project or to have your partners and contractors sign a non-disclosure agreement. This will be the beginning of your protection. But you must know that the idea itself, or a concept, cannot be protected. The only means is to obtain an official proof of the existence of your creation in your head at a certain date: this can be easily achieved, e.g. through an i-dépôt at the BOIP. But in any case the i-dépôt will not replace the rights conferred by the registration of a trademark, of a design/model or a patent: the copyright cannot be used to defend yourself against an opposition based on a trademark registration, only in very special cases.

IV. Can I protect a trademark simply with the aim of selling it ?

Yes, you can do that. But remember that the registered trademark will fall under obligation of use 5 years after its filing or registration date: after that period, your trademark may not be valid anymore and it can be cancelled by the Office on the basis of non-use, simply upon request by third parties.

V. Using intelligently the Nice Classification in order to avoid the risk of confusion, could we launch a business and use/register a well-known trademark for goods or products in a class for which it is not protected ?

Well-known trademarks enjoy a particular status and a broader protection than the protection linked to the classes in the trademark registrations. These are the renowned brands or marks with reputation. You should better refrain from trying to use or register the trademark “CocaCola” or “Dior” even for hydraulic pumps. There is however no registry of well-known trademarks: in a litigation case, the examiners will have to assess if the so-called well-known trademark really enjoys

the reputation claimed by its owner (mainly on the basis of the proofs provided by the trademark owner).

This may seem crazy, because it means that any malevolent person could use a well-known trademark to launch his own business for some other goods/services. This is why it is important to anticipate the potential evolution of your business when you choose the classes for which you want to protect your trademark.

VI. Do domain names confer trademark rights ?

No. But on the contrary, it is possible to act against a domain name and win it back on the basis of a registered trademark, provided the domain name was not used before the filing date of the trademark.

VII. Can a slogan be protected in parallel to a trademark ?

Yes. But just like for a trademark, a slogan can be protected if it is distinctive and sufficiently original. In other words, it will not be possible to protect / register a simple, grammatically correct sentence, like "I am the best"; however, it has already been possible to obtain the registration of slogans that had been genuinely used for years because the applicant was able to prove that the slogan had acquired its distinctive character through use. It may be that companies have spent millions of Euros for the advertisement of such slogans.

VIII. Are there trademarks that cannot be registered ?

Numerous words cannot be protected as a trademark, among which words of the common language that describe or designate the products/services sold under the mark. Example: the word "bar" cannot be protected as a trademark for a tavern or a pub. It is also the case with words that could deceive the customers on the nature, the characteristics or origin of the products/services.

One must be careful, as the registrability criteria may vary depending on the language and/or country. Some trademark offices propose complete lists of non-registrable words (e.g. the INPI).⁸

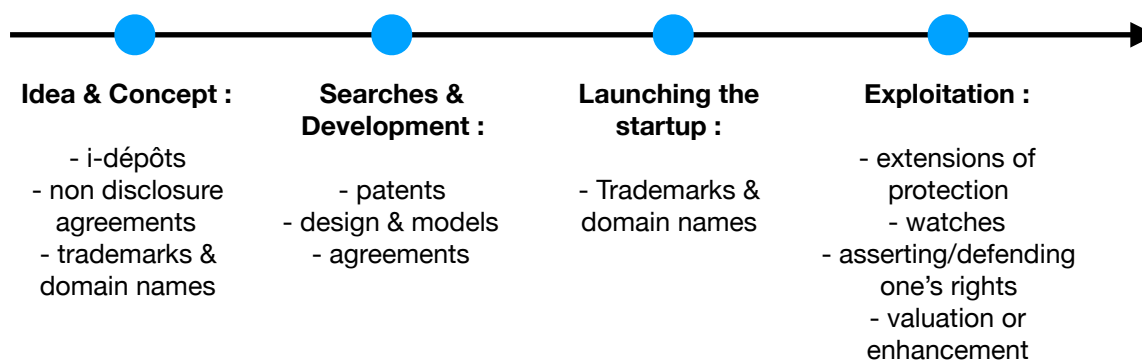
5. Exemples et illustrations

⁸ French Trademark Office (INPI), la PI, <https://www.inpi.fr/fr/comprendre-la-proprietee-intellectuelle/la-marque>

I. The timeline of start-up companies⁹

It is possible to draw up a timeline that will help entrepreneurs measure the advancement or progress of their startup and remind them about the specific steps that must be taken at this stage of their enterprise's development.

As the trademark is the company's window and the reference for the clients, it is advisable to file the application for the registration of this trademark as soon as possible, preferably as soon as the choice of the name is validated. If this has not been done previously, it is necessary to file the application at the latest when the startup is launched in order to avoid the loss of investments around this name.



II. Entrepreneur's experiences

I was lucky to meet two entrepreneurs who have experienced special situations and accepted to tell me about them. They simply asked me not to disclose their names because their stories reveal the errors they made and the position of weakness in which they have been. Their lived experiences confirm some basic principles :

The mobile operator

Some years ago, a mobile operator decided to offer a new service to his clients. He neglected to register the name of this service, but someone else registered it as a trademark just before the service was launched. A few months later, the trademark owner prohibited the mobile operator from using his trademark.

It was undoubtedly a bad faith application. But it took the mobile operator 4 years and the help of several advisors and lawyers to prove it and be able to recover his trademark. All these problems could have been avoided, and considerable amounts of money and a lot of time would have been spared if he had obtained rights by registering his trademark right at the beginning.

This story shows again how important a trademark registration is.

⁹ PowerPoint, IP for Start-ups, Office Freylinger Luxembourg

The exporter of cosmetics

The second case is the unfortunate experience of a European cosmetics manufacturer who had taken steps to develop commerce with a local importer in the USA. For several reasons, the negotiations were not successful and the manufacturer went on selling his products only in Europe. Eight years later, he discovered that the US importer was using the same trademark to sell products in the USA and that his trade name was even registered as a trademark at the USPTO. Even though he could provide all possible evidence (like written contacts, emails or appointment dates, etc.) that the US importer had stolen the name, the European manufacturer did not recover his rights. This illustrates the high protective policy of the US authorities in favor of US citizens or companies.

This lived experience reminds us how important it is to take advice from IP specialists who have the knowledge and experience with the practice and law intricacies in the different countries.

6. For more information

I. The trademark offices

Each office has its own official website where one can file a trademark application and/or find useful specific information in relation with the local practice :

- BOIP (Benelux) : www.boip.int
- INPI (France) : www.inpi.fr
- DMPA (Germany) : www.dpma.de
- GOV (United Kingdom) : www.gov.uk
- EUIPO (Union Européenne) : www.euipo.europa.eu
- WIPO (World) : www.wipo.int

II. How to find a representative ?

On the BMM's website (Benelux Association for Trademarks, Models and Designs Law) there is a search engine where you can find a non-exhaustive list of authorized representatives in Benelux : www.bmm.be/fr.

III. List of consulted persons

- Mr. Olivier LAIDEBEUR, Trademark Attorney and President of the FICPIL (Federation of Intellectual Property Attorney in Luxembourg);
- Mrs. Michèle LEONARD, European Trademark & Design Attorney, OFFICE FREYLINGER S.A., Luxembourg;
- Mrs. Laurence Thys, Legal Adviser, University of Liège, Belgium;
- 2 entrepreneurs who shared their lived experience.

IV. Bibliography

1. See under Point 2.III about the Organisation of Intellectual Property
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4. WIPO's website, Copyright, https://www.wipo.int/copyright/fr/faq_copyright.html
5. See under Point 2.II about Authorship and Copyright
6. BOIP's website, Trademarks, <https://www.boip.int/fr/registre-des-marques>
7. President of the FICPIL (Federation of Intellectual Property Attorney in Luxembourg)
8. French Trademark Office (INPI), la PI, <https://www.inpi.fr/fr/comprendre-la-propriete-intellectuelle/la-marque>
9. PowerPoint, IP for Start-ups, Office Freylinger Luxembourg