

Why Trademarks can be commercially significant?



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Corporate takeover battles regularly centre on the value of the brands at stake and highlight their commercial value. Brands can even account for a majority of a company's assets. In a survey of the world's most valuable brands, the value of the top brands ranged from around US\$43 billion to US\$178 billion. Some of the top brands are MICROSOFT, MERCEDES-BENZ, APPLE, GOOGLE and more.

The differences between products in terms of ingenuity and quality have also emphasised the significance of trademarks and more specifically, brand loyalty, to manufacturers and similarly to retailers. In an era of rapidly developing technology and seemingly unlimited ways of communication, products are not new for long. Consequently, consumers look to brands to give them reassurance as to their main concern when deciding whether or not to buy, whether that concern is about the price, the quality or the novelty of the product.

Brand loyalty is a highly-sought prize and presupposes the existence of a trademark to which such loyalty can be attached to. For this reason trademark registration, administration and protection are critical to any business seeking to obtain and maintain brand loyalty and ensure commercial success.

What is a trademark?

A trademark is a valuable corporate intellectual property asset and it refers to a distinctive sign that identifies certain goods or services and it is used by traders to differentiate their goods or services from those of other traders. This is one of the reasons why the registration of the trademark is very significant. Such registration may be either completed nationally (Cyprus), within the European Union (EU) or internationally.

What can be a trademark?

Any sign which can be represented graphically and which is capable of distinguishing the goods or services of one undertaking from those of another is prima facie registrable as a trademark, subject to the "absolute" and "relative" grounds of refusal.

Many memorable and as a result, successful trademarks are simple symbols, but a trademark may also be encapsulated in a name, a slogan ("Have a Break have a Kit Kat"), a label, a sound, a number, the shape of goods or their packaging (the triangular shape of Toblerone chocolate), a design, smells (registration of a floral fragrance), a colour (Heinz's registration of the colour turquoise for use on tins of baked beans), a figurative or a three-dimensional trademarks and more. A preliminary search should be conducted in order to check whether the trademark has unfavourable implications or a harmful meaning in other languages.

An application for registration of a trademark may be filed in Cyprus by the Department of Registrar of Companies and Official Receiver. In the event that all the legal requirements have been met, the trademark shall be registered with the issuance of a certificate of trademark registration.

Additionally, an application for trademark registration can be submitted to the European Union Intellectual Property Office (EUIPO). A European Union Trade Mark ("EUTM") system provides the means of obtaining a single trademark registration covering the whole of the EU. Those based outside the EU, can also apply for an EUTM. An EUTM gives to the owner the right to object to infringement throughout the EU. In addition, the proprietor may be entitled to apply for EU-wide relief, in respect of all infringing acts in the EU, instead of having to apply for several actions in different member states.

Registration can also be filed through the World Intellectual Property Organization ("WIPO") by a single application and payment of one set of fees for protection in up to 119 countries. After the registration of mark in the International Register and

publication of it in the official gazette, the International Bureau of the WIPO transfers appropriate notifications to all the Contracting States where the protection is sought, and each such State shall, after appropriate examination, approve or decline registration in its territory. Such registered trademarks, registered under the WIPO procedure, shall have the same legal status as the trademarks registered under the national procedure.

Why register a trademark?

Registration of trademarks is voluntary but advisable because a registered trademark is a valuable commercial asset, commercially exploitable, a deterrent to infringers and renewable indefinitely.

What rights does registration give?

Trademark protection confers on its proprietors the exclusive right of the use of the mark in connection with the goods or services for which it is registered. The period of protection varies, but a trademark can be renewed indefinitely upon payment of the corresponding fee.

Most importantly, registration gives the proprietor the right to sue for trademark infringement any person who without authorisation, uses a sign that is the same as its own mark, or similar to it, and in a manner which is likely to damage it or cause confusion in the target market. The registered trademark holder must also prove that the use has caused or is likely to cause confusion, except in cases where the marks are identical and the goods or services are also the same. If the sign has a certain level of reputation, there is a wider right to prevent others from using the same or a similar sign for goods or services (whether similar or not), where that use, being without due cause, takes unfair advantage of, or is damaging the distinctive character or the reputation of the trademark.

The registered proprietor can authorise or license others to use the mark under an intellectual property license agreement. Under this agreement the proprietor retains the ownership of the trademark,

but it gives to another party permission to use some or all of the intellectual property rights for a specific amount of time for a fee or royalty.

Trademarks can also be assigned or transferred to a new holder (total change in ownership/partial change in ownership). Under an intellectual property assignment agreement, the holder of the trademark can transfer some or all of the trademarks to the assignee in exchange of a specific fee. As the trademark rights are given to the assignee as is at the time of assignment, the assignee benefits from trademark protection as of the initial date the assignor registered the trademark and not as of the date the trademark is transferred to the assignee.

In her current position, Xenia is the Head of Data Protection and Privacy Department of E & G Economides LLC. She has a broad commercial practice with particular focus in intellectual property, data protection, technology, company and e-commerce law. Xenia advises on intellectual property legal issues regarding the registration of trademarks, patents and designs. She is also assisting companies with establishing and maintaining data privacy and security compliance matters and is drafting and reviewing commercial transaction documents.