

# Trademark primer: proactive strategies for avoiding disputes and consumer confusion

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Trademark disputes can be time-consuming and costly. By proactively assessing risks and taking steps to avoid infringement, emerging companies save time and money.

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At the crux of most trademark disputes is the claim that consumers are likely to be confused by the simultaneous use of brand-identifiers by unrelated parties. A “brand-identifier” is anything that a consumer associates with a company such as its brand name, logo, tagline, or the look or shape of its packaging.

## Preventing customer confusion prior to adoption of a new mark

Trademark conflicts arise when a company uses a brand name without first conducting a trademark clearance search. In a trademark clearance search, an experienced attorney reviews the landscape of existing trademarks to assess the risk that the company’s proposed trademark will infringe an existing trademark. A clearance search evaluates existing trademark registrations and information about unregistered use.

Consider Company A, an emerging food and beverage company that developed a delicious new energy bar. Company A is still in its growth phase and resources are tight; it foregoes a trademark clearance search before launching its product. Company A releases its new ZEST brand energy bar, and it immediately gets traction. Consumers love it and retailers contact Company A to discuss distribution deals. The market buzz gets the attention of Company B.

Company B sold energy drinks under the brand ZESTY for several years. Company B sends a trademark cease and desist letter to Company A asserting that its use of ZEST infringes Company B’s trademark rights in ZESTY. At the heart of Company B’s letter is the claim that consumers will think that an energy bar called ZEST

and energy drinks called ZESTY come from the same company or related companies.

Company A must now choose to either engage in a legal battle to keep calling its product ZEST, thus diverting its limited resources to legal fees, or rebranding to a new name, which could mean pulling products from shelves, designing new packaging, and losing the consumer goodwill it worked to acquire in ZEST.

Engaging an experienced trademark attorney to run a clearance search *before* market entry significantly reduces the risk that an emerging F&B company would face this business interruption.

## Preventing consumer confusion once in the market

Once a brand is established, the brand owner must act when it uncovers potential infringement — like Company B did in the hypothetical discussed above. Consistent enforcement is essential to establishing and maintaining a strong brand.

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Companies should monitor the marketplace, trade shows, and other industry channels for third parties using similar source-identifiers. A company may subscribe to a trademark watch service that alerts it when trademark applications featuring similar marks are filed.

When a company learns of a potentially infringing use or application, it should consult with a trademark attorney to discuss appropriate action. There are many ways for companies to enforce their rights.

For example, companies can send cease and desist letters, oppose the registration of similar marks, and even negotiate contractual arrangements with other parties to avoid consumer confusion. Often, parties can resolve trademark disputes without going to court.

## Risk reduction strategies

While it is impossible to eliminate all intellectual property risks, these steps help manage risks:

- **Conduct clearance searches:** Before launching products with new names and designs, companies should engage trademark counsel to conduct clearance searches to identify potential conflicts and/or provide reassurance that a mark is available for use and registration. Clearance searches can help identify issues *before* significant resources are invested in promoting and using a trademark.
- **Register trademarks and use them:** Companies should apply to register their marks at the U.S. Patent and Trademark Office and actively use their marks. Registration has multiple benefits. Registration provides notice to others of the registration owner's and the resulting protections become assets of the company that may be sold, licensed, and enforced

trademark rights. Note, a trademark owner must use its mark as registered to maintain its trademark rights. Thus, companies must continuously use their marks or risk losing their rights.

- **Trademark monitoring:** Companies should monitor the marketplace and the trademark office database for third parties encroaching on their brand. Sometimes trademark disputes are inevitable, especially if others are infringing your rights.

Companies that act early to develop intellectual property rights and prevent infringement save valuable time and resources. By prioritizing proactive trademark management practices, emerging companies can navigate the competitive landscape with confidence, safeguard their brand identity, and position themselves for long-term success in the marketplace.

The importance of proactive trademark management cannot be overstated for emerging companies seeking to establish and maintain a strong brand presence.

## About the authors



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