
Trademarks: Quality Control Tools Every Business Owner Should Know About

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Trademark registrations are intangible assets such as unique words, phrases, logos, or other elements that serve to assist consumers in identifying the source of a product or service. Thus it follows that trademark registrations can accrue immense value over their lifetimes, value that can be further increased by marketing, advertising, and increasing goodwill among consumers. However, the value of a trademark registration may also be decreased by a variety of legal situations such as trademark dilution by third parties, misuse of the trademark, and intentional and unintentional infringement of the trademark registration (collectively “unlawful activities”). The trademark registrant has an affirmative duty to police the above listed legal situations. Policing a trademark has undoubtedly become a more arduous task since the advent of the internet in terms of beating back the sheer volume of unlawful activities. This article will explore some ways in which a trademark registration owner may police their marks.

A. Cease-and-Desist Letters

Tried and true. Cease-and-desist letters are often the first line of defense to combat unwanted use of a trademark owner’s mark (and for good reason!). Cease-and-desist letters can be quickly prepared by counsel and clearly communicate the trademark owner’s rights in the trademark and the owner’s discontent with the infringer’s activities. These letters are often a means of opening dialogue between the trademark owner and the infringer to hopefully either get the infringer to stop their activities or come to a business solution. Generally speaking, cease-and-desist letters are a low-cost option at the disposal of a trademark registration owner to assert their rights and police their marks.

B. Licensing Guidelines

A trademark owner may license their trademarks to third parties. A trademark license is a contractual agreement in which a trademark owner, the licensor, grants a third-party, the licensee, the right to make and distribute products and/or advertise and offer services under the trademark owner’s mark. Some common instances of trademark licensing that occurs in plain view includes car dealerships displaying the logo of the brand of car that they predominantly sell or when a fast-food franchise displays the logo of the franchisor (for example, a certain set of golden arches come to mind). However, while licensing a trademark may bestow certain benefits onto the trademark owner such as, but not limited to, increased brand recognition, outsourcing workload, forging new business relationships, and additional income; these benefits are not without some burden handed to the trademark owner. Primarily, the trademark owner is tasked with the responsibility of ensuring that the licensee will use and is using the trademark *appropriately*. This responsibility may include confirming that the services or goods of the licensee offered under the mark are not of poor quality. This responsibility may also include setting guidelines for how the licensor’s mark should be used by the licensee. Many well-known brands publish their trademark usage guidelines, such as BMW ([link](#)). These guidelines may include requirements on where the mark is used, what alterations, if any, to the mark are permitted, what goods or services the mark may be used in connection with, how the mark may be used in advertisements, and more. Trademark owners that fail to make an effort to control the quality of the services or goods of the licensees may lose rights in their mark.

C. Dispute Resolution Forums & Social Media Takedowns

Depending on the medium that the infringer is using, a trademark owner may have a variety of options at their disposal to quash infringing uses. If an infringer acquires a domain name that dilutes, misuses, or infringes a trademark registration of a trademark owner, a trademark owner may file a complaint under the Uniform Domain Name Dispute Resolution Policy (“UDRP”) with an eligible arbitrator (a “Provider”) for the transfer or cancellation of the domain name registration. The UDRP is a proceeding that is meant to be a lower cost alternative to federal court litigation. However, the proceeding itself is constrained in that the trademark registration owner is limited to cancellation or transfer of the domain as their sole remedies; injunctions from future registration of unlawful domain names or monetary damages are not available.

If an infringer uses a trademark for unlawful activities on social media platforms, a trademark owner may utilize the takedown policy of the social media platform which is hosting the unlawful activities. Hashtags, mentions, post narratives, post media, and comment may all be mediums for unlawful activities. The takedown mechanisms offered by social media platforms generally involve submitting a form detailing the trademark owner’s rights in a mark and identifying the infringing social media post and account

D. Litigation

Filing a lawsuit is often seen as the ‘nuclear’ option to any trademark dispute. However, filing a lawsuit may be a means to force an uncooperative infringer to the negotiation table. In fact, less than three percent of all civil cases ever reach a trial verdict. In the off chance a trademark owner reaches the judgement stage of a trial, they may be entitled to a myriad of remedies including injunctions, disgorgement of the infringer’s profits, and actual damages or a reasonable royalty. In exceptional cases, the courts may also award attorney’s fees, prejudgment interest, and treble (i.e. triple) damages in cases where plaintiffs elect for actual damages. Much like other litigation, trademark litigation is expensive, and costs must always be evaluated before launching into a trial.

E. Registering Marks on Watch Lists

The federal and state governments offer a variety of mechanisms that may assist trademark owners in maintaining quality control over their marks. The United States Customs and Border Protection (CBP) has the authority to detain, seize, forfeit, and destroy merchandise seeking entry into the United States if it bears an infringing trademark that has been registered with the United States Patent and Trademark Office (“USPTO”) ([link](#)). The CBP allows trademark owners to obtain border enforcement of their registered trademarks. This can prevent counterfeit goods from entering the U.S. market. Additionally, in North Carolina, the Secretary of State has an anti-counterfeiting taskforce that enforces counterfeit trademark laws and allows anyone, including the trademark owner, to report known trademark counterfeiting ([link](#)).

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