KINANIS
LAW FIRM

CYPRUS TRADEMARKS

Protecting Brand Value in a Digital & Investor World

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WHY TRADEMARKS MATTER

A strong brand is one of the greatest assets a business can build. Yet many Cyprus companies overlook trademarks, treating the registration of their brand name or logo, as a bureaucratic formality rather than a strategic decision. This can lead to lost market share, investor hesitation, and costly disputes.

Trademarks are not just logos or names, they are legal instruments that create a competitive advantage for your brand. The registration of your logo and/or brand name, provides protection against any competitors and/or any party seeking to take advantage of your brand's fame, hence even though a trademark is considered an intangible asset for a company, it can add tangible value to your business. Properly managed, they serve both as a shield against competitors and a tool for growth, investment, and expansion.

The purpose of this guide is to offer our clients a better understanding of trademarks, and how to avoid common pitfalls and maximize their brand's value.

It covers:

- Definition and function of a trademark
- Why registering a trademark is strategic
- Registration pathways in Cyprus, the EU, and internationally
- How trademarks protect business value, with real-world examples
- Frequent trademark missteps in Cyprus
- A simple internal readiness check before registration

1. THE DEFINITION AND FUNCTION OF A TRADEMARK

A trademark is the legal anchor of your brand identity, being any sign used to show that your products or services originate from your business and not someone else.

Types of trademarks:

- Word marks (brand names, slogans, personal names)
- Logos and designs
- Letters, numbers, colors, or combinations
- Product or packaging shapes
- Sounds

A note on terminology: trademarks vs. service marks

Strictly speaking, a "trademark" identifies goods, while a "service mark" identifies services. For example, a consulting firm, a SaaS platform, or a law firm uses a service mark rather than a trademark in the narrow sense. In practice, however, both Cypriot and EU legislation, as well as commercial usage, treat them under the same regime and refer to both as "trademarks". The registration process, the requirements for protection, the duration, and the enforcement mechanisms are identical. Throughout this guide, the term "trademark" therefore covers both marks for goods and marks for services.

Key requirements for protection:

1. Distinctiveness: Your mark must clearly differentiate your products or services from others.

2. Clear representation: The mark must be precisely recorded in the official Register so its scope is unambiguous.

Why this matters: A trademark offers legal protection against unauthorized use, allows market differentiation, and can become a commercial asset used in licensing, sale, or investment.

2. WHY REGISTERING A TRADEMARK IS STRATEGIC

Registering a trademark is not just an administrative step. It is a strategic business decision.

A properly registered trademark provides its owner with enforceable rights, ensuring that the brand you build today remains secure as your business grows.

The benefits of registration are multifaceted. Amongst others, it offers:

- **Legal certainty**:

  Registering a trademark grants you the exclusive right to use the mark for your products or services within the designated classes and territories, allowing you to prevent unauthorized use or imitation.

Trademark proprietors need only demonstrate unauthorized use by another party, without having to prove actual damage.

Furthermore, they are empowered to seek the removal of infringing marks from the marketplace.

- **Business leverage - Investor confidence**:

  A registered trademark can be licensed, sold, or used as collateral, turning an intangible asset into tangible commercial value.

- **Market advantage**:

  A registered trademark strengthens your competitive position and enhances customer clarity, helping your brand stand out in the marketplace.

- **Expansion readiness**:

  Proper registration enables smoother entry into new markets, reducing legal risks and preventing costly disputes as the business scales.

Failing to register, or registering incorrectly, can leave gaps that compromise protection and diminish the strategic value of your brand.

3. HOW A TRADEMARK IS REGISTERED

Registering a trademark is a strategic step that transforms a brand into a protected business asset**.** The process in Cyprus, and beyond, can be approached in several ways depending on your business goals:

Cyprus Intellectual Property Office (IPO)

- Suitable for companies operating primarily within Cyprus.
- Provides legal protection nationally and is the starting point for most local businesses.

European Union Intellectual Property Office (EUIPO)

- Offers protection across all EU member states.
- Ideal for companies planning regional expansion or seeking investor confidence.

WIPO Madrid System

- Enables registration in multiple countries through a single application.
- Recommended for companies targeting international markets.

Wherever it is registered, protection lasts for 10 years and can be renewed indefinitely in 10-year increments.

Ensure that your registration approach should be driven by your business objectives, not by convenience.

4. HOW TRADEMARKS PROTECT BUSINESS VALUE, WITH REAL-WORLD EXAMPLES

A trademark is the legal instrument that enables a company to control the commercial use of its brand in the marketplace. Its primary function is to protect intangible value in situations where business loss would otherwise be difficult to quantify or prevent.

Trademark protection delivers three core layers of commercial security:

A. **Exclusivity in Market Use**

Only the registered owner may use the mark for the goods or services covered. This prevents competitors, former partners, distributors, or unrelated third parties from trading under identical or confusingly similar branding.

Scenario:

A Cyprus technology company scaled rapidly in the local market without registering its brand name. A competitor later launched a confusingly similar name and began bidding for the same clients. With no registration in place, the company had **no mechanism to stop market use during the dispute**, allowing customer confusion to materially reduce market share before any legal relief could be sought.

B. **Protection of Goodwill and Brand Equity**

A trademark protects not the word or logo in isolation, but the commercial value and trust accumulated around it. Unauthorised use, imitation, or brand dilution can be legally restrained, even if the infringer did not intend to cause harm.

Scenario:

A SaaS provider built strong brand recognition through digital campaigns. A third party used its logo on unrelated services of lower quality. Although no direct competition existed, the misuse **risked degrading customer trust in the brand itself**. Because the mark was registered, the company obtained immediate grounds to legally compel removal, protecting goodwill before reputational harm became embedded.

C. **Commercial Monetisation and Balance-Sheet Value**

Trademarks can be licensed, assigned, used as loan security, or sold in M&A transactions. Investors and acquirers attribute value to them because they are enforceable rights, not unprotected market claims.

Whenever an agreement results in an assignment, transfer, or pledge, it must be registered with the Registrar of Intellectual Property.

Scenario:

A Cyprus fintech startup entered investor negotiations. Due diligence revealed that core trademarks were registered under a co-founder personally, not the company. This introduced ownership risk directly impacting valuation and investability**.** The transaction was paused until ownership restructuring was completed, illustrating how misaligned filings can convert a brand from an expected asset into a material commercial risk.

5. FREQUENT TRADEMARK MISSTEPS IN CYPRUS

Despite the strategic importance of trademarks, many companies in Cyprus make recurring errors that can undermine their protection and business value. Understanding these pitfalls is essential to avoid costly mistakes:

1. **Incomplete or incorrect classes -** Companies often register trademarks in classes that do not fully cover their current or planned products and services, leaving gaps that competitors can exploit.

2. **Incorrect ownership structure -** Trademarks registered under the wrong legal entity or under an individual rather than the company, can create disputes and complications during funding, sale, or licensing.

3. **Assuming local registration equals full protection -** A trademark registered only in Cyprus provides no coverage for international expansion. Many companies fail to consider EU or global registration when planning to scale.

4. **Lack of conflict clearance -** Failing to check for existing trademarks, domain names, or social media handles increases the risk of infringement disputes and costly rebranding.

5. **No ongoing monitoring or enforcement strategy -** A registered trademark is only effective if monitored. Without a plan to track potential infringements, unauthorized use can go unchecked, eroding brand value over time.

These mistakes rarely pose immediate problems for early-stage companies, but as the business grows, they can become major obstacles, during investor due diligence, market expansion, or even routine operations.

Proper understanding and management of trademarks is therefore essential for safeguarding brand value, operational security, and investment potential**.**

6. **A SIMPLE INTERNAL READINESS CHECK BEFORE REGISTRATION**

Before registering, ask:

1. **Ownership**
    - Who legally owns the mark?
    - Is it filed under the company? Ensure that it is not registered under a founder or employee.
    - Are there disputes or unclear title chains?
2. **Scope of protection**
    - Do selected classes cover current and future products/services?
    - Are territories aligned with business operations and expansion plans?
    - Are there unprotected areas that pose risk?
3. **Commercial implementation**
    - Are domains, social media, and brand use consistent?
    - Is there any third-party use that could interfere with registration?
    - Is there a monitoring and enforcement plan?

Key filing parameters:

- Correct owner
- Adequate class coverage
- Clear, unambiguous filing
- Alignment with business and investor strategy

A properly filed trademark becomes a deployable business asset. An incorrectly filed mark introduces risk, operational restrictions, and potential investor concerns.

CONCLUSION

Trademarks are strategic business assets, not administrative formalities.

Protecting and leveraging them effectively is critical to securing your brand, supporting growth, and maintaining investor confidence.

If your company is seeking clarity, our Firm shall be able to provide a **targeted Trademark Assessment**, offering a clear overview of current protections, potential risks, and actionable next steps to secure and maximize the value of your brand.

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April 2026

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