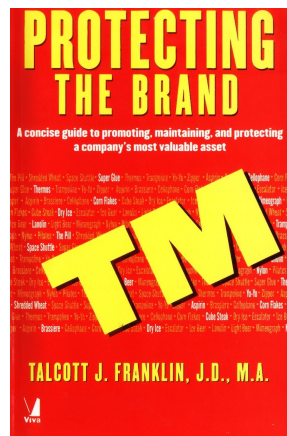


Protecting the Brand

A concise guide to promoting, maintaining, and protecting a company's most valuable asset



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About the Author:

Talcott Franklin maintains a dual litigation practice in complex financing and intellectual property, and heads the Dallas, Texas litigation practice group at Patton Boggs.

Mr. Franklin formerly served as intellectual property counsel for American Airlines, Inc., where he led the practice area responsible for all of American's intellectual assets. He is one of a very few attorneys in private practice to create from scratch a comprehensive intellectual property program at a Fortune 100 company.

Based on his practical experience, Mr. Franklin counsels clients on creating strategic programs to harvest, manage, and exploit intellectual property assets, specifically tailored to each client's business goals and corporate structure.

■ The Big Idea

Brand-name products represent the largest single sector of the U.S. economy, yet there is no simple format in existence to educate people about the rules of trademarks. In fact, many lawyers cannot even distinguish between the familiar © and ® markings. *Protecting the Brand* sorts out trademark law in a simple and descriptive manner.

Aspirin, Cornflakes, Dry Ice, Brassiere, Zipper – these are just a few of the names once recognized as brands that have lost their exclusivity due to owner misuse and ignorance of trademark law protection. *Protecting the Brand* dissects such disasters and offers information on how these losses could have been prevented.

Written in an easy-to-comprehend manner, *Protecting the Brand* gets to the heart of the matter, explaining in practical terms the complex minefield that is trademark law.

Throughout the book important trademark rules are explained and each is illustrated with a brief case study of a court ruling demonstrating the consequences of misuse.

■ Why You Need This Book

This book is invaluable to anyone who wishes to understand the intangible asset known as the trademark. Readers with a vested interest in protecting their own company's brand will find this book to be worth its weight in gold, as it is the key to protecting any company's most valuable asset.

■ Part I: The Principles of Brands

A brand is a symbol that answers the question "Where did this come from?"

A trademark is a word, name, symbol, phrase, logo, color, sound, smell, or other marking (or combination of any of these) that lets consumers know who provides a particular product. Just like a brand on a steer identifies the ranch to which the steer belongs, a product's trademark (loosely called a brand) answers the question "Where did this come from?"

A brand is a shortcut

Trademarks serve as a shortcut: an easy way for consumers to associate a service or product with quality, value, prestige, and other attributes. For example, seeing the Golden Arches may bring to mind hamburgers (the product), NBA basketball (sponsorship), family fun (advertisement), Ronald McDonald house (charity), instant winners (promotion), and convenience (service).

In fact, the brand has a greater effect on a consumer than any detailed sign ever will, because the brand conveys the consumer's personal experiences as well as the image the advertiser wants to sell.

Brands are worth their weight in gold

An exclusive trademark associated with consistently superior products will have incredible value. But how much value exactly? This will depend on a variety of factors, some of which are beyond the trademark holder's control, such as the state of the economy. A well-protected trademark, however, can be a company's most valuable asset.

Brand value stems more from earning power than prestige.

■ Part II: Brand Use Rules

GENERAL RULES OF USE

1. Use it or lose it

Rule: A trademark can be canceled for non-use.

Rationale: Because trademarks are a monopoly over a certain word, phrase, or symbol, courts will not allow someone to hoard trademarks and deprive the public of an otherwise useful term.

2. Don't contribute the mark to the English language

Rule: Keep the mark out of the dictionary and the public domain. A mark that becomes the common means of referring to a product, rather than a source of the product, can no longer function as a trademark.

Rationale: Courts will not give a trademark owner a monopoly over a word that the public commonly uses to refer to a product. Otherwise, no competitor could market the product without infringing the trademark.

3. Don't give the mark a split personality

Rule: Do not give the mark a definition. Use the mark as a trademark alone, not as the name of the product.

Rationale: Marks should identify the source of a product, not the product itself. By giving the mark a definition (other than as a trademark of the company), the mark owner increases the likelihood that the mark will come to identify the product itself rather than the product's source.

4. Put it in writing

Rule: Don't grant others permission to use the mark without a written contract. Trademarks can be abandoned. A written contract can make it clear that the other party is using the mark for a limited purpose and has no rights to the mark except as conferred by the trademark owner.

Rationale: Trademarks indicate a product's source. If the trademark owner allows those marks to be associated with any product, then the mark ceases to act as a source indicator and thus loses its purpose. While a written contract is not the final word, it is evidence that the trademark owner took steps to control the use of the mark, and it will serve as proof of the parties' intentions. Also, a contract can ensure that the mark's good will benefit the trademark holder.

5. Watch 'em like a hawk

Rule: Monitor those who use the mark under contract. Trademark owners must take steps to ensure that the products offered under their mark meet the owners' quality standards.

Rationale: The trademark owner is in the best position to protect the public from inferior products offered under the mark. If a trademark owner allows a licensee to offer products under its mark, then it must monitor the licensee to make sure the products meet the trademark owner's quality standards.

6. Keep their grubby hands off the mark

Rule: Prevent others from infringing on the mark. A trademark owner must take steps to control the unlicensed use of its mark.

Rationale: A trademark owner is in the best position to prevent the public confusion that arises when another entity offers products under the mark. Allowing widespread infringement reduces the public's understanding that products bearing the mark are provided by the trademark owner and can weaken the mark or even constitute abandonment of the mark.

7. Mind the ®s and ™s

Rule: Use the appropriate trademark designation. Trademark owners may not claim that an unregistered mark is registered.

Rule: The ® is symbolic of a trademark registered with the appropriate governmental authorities. ™ and SM mean that the owner is claiming trademark status, but is not making any claim about registration.

Rule: Stating that a mark "is a registered trademark of" an entity is a claim that the trademark is registered with the appropriate governmental authorities. Stating that a mark "is a trademark of" an entity is a claim to trademark status without a claim of registration.

Rationale: Claiming registration status where none exists is a fraud on the public. Courts have been unwilling to enforce trademark rights where the owner misrepresented registration status by affixing the ® to an unregistered mark.

8. Play it again, Sam

Rule: Use a mark in a consistent manner. Avoid substantial variations on the mark without first considering the legal effect of any changes.

Rationale: Enforcing trademark rights ultimately requires the trademark owner to describe the mark and how it is infringed with specificity. If the owner uses the mark inconsistently, then it may be difficult for a court to draft an order preventing future infringement.

RULES FOR USING THE BRAND IN TEXT

The following rules apply when using the mark in a sentence (in an advertisement, for example) or as part of a larger textual presentation (such as a business card or stationary), as opposed to using the mark by itself.

1. Don't let the mark stand alone

Rule: When using the mark in a sentence, always use the mark as an adjective to modify a noun. Never use the mark as a noun or a verb.

Rationale: Trademarks identify the source of products; they do not describe the products themselves. Once the public begins to refer to a product by the trademark alone, the mark has become generic and cannot receive trademark protection.

Examples:

WRONG

Nothing comes between me and my "Calvins."

RIGHT

Nothing comes between me and my "Calvin Klein" jeans.

2. Make the mark stand out in the crowd

Rule: Distinguish the mark from the remaining text. Use some method of alerting the reader that they are seeing a mark instead of an ordinary word.

Rationale: If the trademark owner fails to alert the public that a word has trademark significance, then the public has no way of knowing that the word is a mark for the product instead of the product name.

Examples:

All capitals:

Purchase a package of TRADEMARK products today.

The trademark designations:

Purchase a package of Trademark™ products today.

Unusual spacing or capitals:

Purchase a package of TradeMARK products today.

Bolding, underlining, or italicizing all or part of a mark:

Purchase a package of Trademark products today.

Quotation marks:

Purchase a package of "Trademark" products today.

3. Don't give the mark an identity crisis

Rule: When the mark is similar to the company name (e.g., "Acme, Inc." uses the mark "Acme"), do not use the mark to refer to the company name. Similarly, do not use the company name as the mark.

Rationale: Company names are nouns. Trademarks can never be used as nouns. When referring to Acme, Incorporated as Acme, use normal text, and do not use the registration symbol.

Examples:

WRONG

Acme® has the world's most diverse product line.

RIGHT

Acme has the world's most diverse product line.

4. Don't let the mark lose its way home

Rule: When using a company domain name or address as a mark, do not use the mark as a domain name or address. Do not make directional information look like a mark, and do not make the mark appear like directional information.

Rationale: Addresses and domain names generally cannot function as trademarks because they identify where to find the addressee, they do not identify a source of goods. Distinguishing the use from other directional information will increase the probability that the domain name will function as a trademark.

Examples:

WRONG

View our full line of products at ACME.COM®.

RIGHT

View our full line of products at www.acme.com.

■ Part III: Tricks of the Trade: The Practical Side of Brand Protection Programs

Creating a brand is one of the most challenging and rewarding opportunities in business. This is because a brand must convey your product's values in a simple, easily recognizable way. To use a familiar example, the "American Airlines" brand primarily stood for the following principals:

- Competence
- Safety
- Professionalism
- Travel
- Adventure
- Freedom
- Reunion
- Strength
- Comfort
- Reliability
- Patriotism
- Innovation

In creating your own brand, an intelligent first step is to make a simplified list of your product's core values.

Once you have made this list, it will be easier to determine if the brand you choose will convey these values to consumers. Consultants, focus groups, and advertising agencies can help you develop a word, phrase, or other symbol that effectively conveys your product's core values.

The process does not stop there, however. In fact, the most important work has not yet taken place.

Once you have picked a potential brand, you must then make sure it has the potential to have value. To have any value, your brand must have two characteristics:

1. It must readily associate the product with a single source; and
2. It must be exclusive to your company.

TIPS ON CREATING A BRAND

1. Make a list of your product's core values.
2. Develop a word, phrase, or other symbol that conveys these core values.
3. Determine whether your brand is a strong or weak trademark, and understand the implications this can have on your use of the brand.
4. Make sure that no one else is already using your brand.
5. Begin using your brand. Notify the public.
6. Record the date you first used the brand, and keep a file containing a sample of each use along with the date and time of publication.
7. Decide if you want to register your brand. Never, ever place an "®" next to an unregistered brand. Never, ever refer to an unregistered brand with the words "[Insert brand] is a registered trademark of [insert your company name]."

TIPS ON MAINTAINING BRANDS

1. Make affirmative decisions whether to keep or abandon a brand. Never inadvertently let brands fall into disuse.
2. Do not create "trademark maintenance programs" designed to keep brands alive for purposes of blocking competition.
3. Find legitimate uses for brands that trade off the brand's goodwill. Such uses include licensing programs, co-branding, and tribute programs.
4. Keep records of brand use and significant events related to the brand.
5. Attempt to sell, license, or affirmatively abandon brands you no longer intend to use.

TIPS ON AVOIDING PUBLIC APPROPRIATION OF THE BRAND

1. Follow the trademark use rules. Use the brand in text as an adjective, distinguish the brand from other text, and notify the public that the brand is a trademark.
2. Strive to associate the brand with your company and not as a generic name for the product. Use the product name along with the brand to educate the public that the brand is not a generic name for the product.

3. Do not strive to have the brand included in the dictionary or give the brand a definition. If a dictionary lists your brand, then do not celebrate. Ask the dictionary to remove the definition or at least to include a statement that the word is a trademark of the company.

TIPS ON AVOIDING OVERBRANDING

1. Do not apply the trademark or registration symbol to every word in the corporate vocabulary. Some things are not brands.
2. Make sure every brand also has a generic product name.
3. Ask the question "What's the noun?" when creating a brand.
4. Keep the brand name distinct from the company name.
5. Avoid placing the brand near the corporate address on stationary, business cards, envelopes, signs, and advertisements.
6. You cannot trademark a domain name unless the domain name also functions as an identifier of a source of good or services.
7. Companies that use competitors' trademark as metatags could be at risk for unfair competition lawsuits.

TIPS ON CREATING LICENSING AGREEMENTS AND CONSENTS TO USE

1. Monitoring trademark use is the most important part of any license agreement.
2. Converting an oral license agreement to a written license agreement is permissible if the written license agreement reflects the terms of the oral agreement.
3. Consent-to-use agreements help avoid disputes and do not require monitoring. A consent-to-use agreement is an admission that the permitted use does not infringe. Thus, an agreement like this may be viewed as evidence that a similar use does not infringe on the mark.

TIPS ON MONITORING TRADEMARK USE

1. Monitor the quality of products produced under license.
2. Adequate monitoring will vary according to each situation, but the basic element is to ensure that the products under license meet the licensor's quality standards.
3. Be careful not to inadvertently create a franchise relationship by exercising significant control over the licensee.

TIPS ON TRADEMARK ENFORCEMENT

1. As most categories of potential infringers may be misguided friends of the company, initial trademark-enforcement letters should not be overly threatening or demanding.

2. It is worth the time to tailor a trademark-enforcement letter to each specific situation rather than sending out form letters demanding compliance.
3. Because trademark-enforcement letters project the company's brand image, company lawyers should confer with marketing or corporate communications specialists as to the general form of enforcement letters.
4. If a polite letter does not receive an adequate response, later letters can escalate the tone and threatened consequences of continued noncompliance.

TIPS ON CREATING PROGRAMS TO ENSURE APPROPRIATE TRADEMARK DESIGNATIONS ARE USED

1. Educate employees on the consequences of applying an ® to an unregistered mark. Explode the myth that applying the registration symbol is sufficient to meet all legal requirements for using the mark.
2. Instruct employees not to use the ® except in circumstances where they know the mark is registered.
3. Set up a readily available source of information on registration status, preferably a Web site that does not need to return phone calls to people working on a tight deadline.

TIPS ON CREATING BRAND STANDARDS

1. Brand consistency reinforces the brand in consumer minds and helps prevent brand abandonment.
2. Creating a brand-standards manual will help maintain brand consistency and prevent legal problems regarding the trademark.
3. All employees should have access to the brand-standards manual. Employees should learn the brand's core values and how the brand represents those values.
4. Conduct internal policing to ensure brand consistency. Getting front-line managers to buy in on brand standards will reduce the enforcement burden.
5. Make the brand-standards manual the single source for obtaining camera-ready copies of the trademark.

TIPS ON CREATING AN EFFECTIVE LICENSING PROGRAM

1. Understand the risks of licensing and address them up front with a potential licensee. Allow the licensee to understand the brand core values, brand standards, and marketing plan.
2. Implement a coordinated licensing strategy that supports the brand's core values. Be able to articulate why a particular license supports the core values.
3. Add value to the licensee beyond the brand itself. Assist the licensee by providing access to the company's internal markets and promotional activities.