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IP FRONTIERS

Enhancing brand value through smart trademark practices

Trademarks add tremendous value to the global economy. The U.S. market leads the world with nine of the top 10 global brands: Coca-Cola, IBM, Microsoft, Google, GE, McDonald's, Intel, Disney and Hewlett-Packard.

The names, logos, slogans and designs associated with the products and services of these companies are well-known worldwide and are an integral part of each company's brand. However, whether your organization is large or small, global or local, high-tech or low-tech, smart trademark practices can enhance your brand value and drive performance and growth.

Trademarks serve as source identifiers to consumers. A trademark for goods, or a service mark for services, can consist of a word, phrase, symbol or design, or a combination of those elements, that identifies and distinguishes the source of the goods and services of one party from those of others.

In purchasing a product that bears a certain trademark, the public should know what they are getting and be confident of the characteristics and quality of the product. Trademark owners benefit from this source identification as well, as owners are able to protect and leverage their investment in developing brands.

More than 1.6 million trademarks are federally registered in the United States, and nearly 370,000 applications for new marks were filed in 2010. The density of the trademark landscape signals the importance of trademarks in marketing products and services in an increasingly competitive and fast-changing environment.

In every sector, companies face a significantly different market than in years gone by. The proliferation and ubiquity of the Internet and social media have dramatically increased transparency. Customers have better information and more choices than ever before — and they are vocal.

If pleased, they can share success stories and good news in moments with only a few keystrokes; when they are unhappy, that dissatisfaction is likely to be broadcast faster and louder.

At the same time, despite progress toward economic recovery,

it is clear that the downturn in recent years has impacted consumption habits and spending decisions. Consumer confidence is down. Companies that recognize these challenges, but are able to adapt and approach them as opportunities, are likely to differentiate themselves and gain market share.

With these opportunities in mind, here are five specific ways that brand value can be enhanced through smart trademark practices.

Recognize that trademarks are 'trust marks'

The essence of brand management is creating trust and consumer confidence. Your company does not have to be a household name or operate on the scale of Coca-Cola or Microsoft for this to be important. Even small and emerging companies should think in terms of brand image, as building a reputation for quality and reliability early on will create the trust and loyalty that drives consumer demand. Adopting a trademark strategy that supports and leverages these efforts is key to achieving success. Inconsistent or improper use of trademarks can have the opposite effect, negatively

impacting brand image and reputation in the market.

Invest in selecting the right mark early on

Too often the selection of trademarks is not carefully considered in the early stages of business planning. Attention to trademarks may either be overlooked or consciously back-burnered in favor of other activities that are considered a higher priority, especially where funding is limited.

Among the risks is that a mark may be selected that is either not available for use, or is a weak mark that is ineffective or undesirable in marketing your products or services.

In this event, advertising, product packaging, website development and similar efforts all may need to be pulled back and re-done, ultimately increasing costs and delivering inconsistent and confusing messages to customers. Worse, you may be unintentionally infringing on the rights of others, the risks of which are further discussed below.

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Continued ...

Respect the trademark rights of others and avoid infringement

Before adopting any trademark, it is important to establish that the mark is actually available for use, and not already in use by another party for similar goods or services. A mark does not need to be identical for an allegation of infringement to arise based on a likelihood of consumer confusion. Marks that are similar in sight, sound, or meaning, and are proximate in the marketplace for similar goods or services, should raise a caution flag.

While it is possible that similar, or even identical, marks can co-exist under some circumstances, it is always prudent to conduct a search and evaluate the trademark landscape before adopting a mark and tying it to your brand. If you are under the impression that trademark litigation is an unlikely risk for your business, be aware that as many trademark infringement cases were filed in New York federal district courts in 2010 as the number of copyright and patent cases combined in the same year.

Revisit your trademark portfolio over time

Even where a trademark is carefully selected and registered early in the process, it is advisable for trademark owners to assess their portfolio at regular intervals, as certain factors can impact trademark position over time. The goods and services offered under a mark may change, necessitating that additional trademark classes be covered in a registration for the highest level of protection.

What was once a strong trademark may become weak or even

generic if misused by the public. Conversely, and more beneficially, an initially weak trademark could gain strength over time where it acquires secondary meaning and becomes well-known by the public in its association with particular goods or services.

Managing trademarks is not merely a one-time, check-the-box exercise. Like other areas of your business, it is dynamic and requires ongoing attention to minimize risks and maximize benefits.

Be diligent in enforcing rights, but not overreaching

In a recent letter to Congress, Secretary of Commerce Gary Locke reported concerns that trademark enforcement is ripe for abusive litigation tactics. The letter from Locke accompanied a report from the Department of Commerce detailing a recently completed study on the extent to which small businesses may be harmed by abusive trademark enforcement tactics.

The study recognizes that while trademark owners have a duty to police and enforce their marks, some owners are interpreting the scope of their rights too broadly, and engaging in tactics designed to intimidate and bully competitors in the market. The report addresses the concern that small businesses are particularly vulnerable to these threats, as they often lack the resources to respond and defend themselves.

For these reasons, it is important that a trademark owner be diligent, but also mindful of the true scope of their rights before initiating an enforcement action.

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