

The Delaney Report

“Legal Perspectives”

“Legal Perspectives” is a supplement that appears periodically in *The Delaney Report* to update and inform our readers on the latest legal issues that are of relevance and importance to their industries.

Michael Zweig serves as editor of “Legal Perspectives.” He is a partner in the New York and California law firm of **Loeb & Loeb LLP**, which has an extensive marketing, advertising, media and entertainment law practice. **Douglas Masters**, a partner at the firm, authored this article.

Brands/Trademarks

Brands can be a company's most valuable asset. Advertisers should heed best practices when adopting and using trademarks to ensure that these designations achieve their maximum value, and to avoid investing in a mark that ultimately one cannot use.

Selecting A Brand – Communication v. Brand Equity

Advertisers often seek brands/slogans that communicate benefits or features of their product or service. This creates efficiencies in marketing. The name **Starbucks** doesn't communicate anything about its product, but **Seattle's Best Coffee** does. Picking a more unique or unusual name creates an opportunity to develop strong brand equity, but requires the marketing strategy and budget to do so.

Trademark laws recognize the competitive need to be able to tell consumers about characteristics of a product. For that reason, the more a trademark describes a benefit or feature of a product/service, the less the law protects it. Armed with an understanding of this, advertisers can make a choice – a descriptive mark subject to limited legal protection, or a fanciful mark accorded broader legal protection. The middle ground is marks that suggest something about a product, that require some imagination or thought to connect the term to a product. They can be more obvious, such as Eveready for batteries, or more obscure, such as Caterpillar for earth moving equipment. These suggestive marks enjoy the benefits of both communication and brand equity.

Is It Available?

Before adopting a brand or slogan, a search to make sure it is available helps avoid the risk that a competitor will be able successfully to object to its use. It also helps you understand the extent to which you have exclusivity. If you adopt a mark that is used in similar form by others, you will encounter limitations in stopping others who may ride on your coattails. A quick search of online databases tells you if there is a major roadblock. A more substantial search should be run and analyzed for risks. Each advertiser must develop/assess its risk tolerance. If identified early, serious risks can sometimes be handled through negotiation, legal challenge or modifications.

Wise Use Of Your Mark

Trademark rights arise from commercial use. But how you use your new mark affects the ability to protect it. Marks are adjectives, not nouns, and should ideally be used to modify a generic designation for a product (e.g., Budweiser Beer). Years ago Bayer lost rights for the mark “Aspirin” in

part by using packaging that identified its product as "tablets of Aspirin." Do not use marks as possessives or in the plural. GM markets several types of Buick cars, not several Buicks.

While only marks that have been registered at the **United States Patent and Trademark Office** are entitled to be designated with the "circle r," there is no regulation as to the use of "Tm." Tm serves to put others on notice that you are claiming the term/phrase as a mark and expresses your claim of rights. It can be beneficial when one begins to use a new mark. The flipside is that without having properly cleared a mark before use, incorporating the tm symbol gives your competitor evidence to use against you if you try to rely on the argument that you are not using the term as a mark, but only as a descriptive term. Finally, trademark rights can last indefinitely, but can be lost through non-use or improper use. To maintain a trademark registration, use your mark consistently on all goods/services in the registration. If you modify your mark or expand/change the goods and services it is used for, file new trademark applications.

How Trademark Registration Works

Once you begin to use a mark, you develop protectable rights. Federal registration, however, provides significant benefits for relatively low cost. Also, you can apply to register a trademark years before you plan to use it, thereby staking a claim that can't be trumped by another entrant to the market. All you need to know is the mark and the goods/services you plan to use it for. This early application process can safeguard your investment in a brand as you bring it to market.

Before a mark can be registered, the United States Patent and Trademark Office examines the application and can raise objections (e.g., prior registered marks it deems too close). Applicants have an opportunity to respond. After the examination, the application is published in a government publication and competitors can lodge objections. If an objection is filed, the dispute is litigated within the Trademark Office. A US registration only protects the mark in the United States; each country, and the European Union, maintains a separate system. It's not unusual to find that a mark in the US may be owned elsewhere. To help applicants obtain broad international protection for their brands, the law provides a six month window from the US application filing date to file abroad and have the same filing date as in the US. Benefits of registration are substantial. It allows you to use circle r, which is a deterrent to encroachment. And it raises the visibility of your mark. In a dispute over trademark rights, a registration entitles you to a presumption that your mark is valid. After five years of continuous use, your registered mark is immune to certain attacks on its validity.

Protecting Your Mark

Trademark rights aren't static. The more you use your mark, the more protection you have. But, allowing others to use similar marks can erode the scope of protection of your mark, and if allowed to go unchecked, can result in forfeiture of your rights. Trademark owners use watching services to notify them of newly filed applications of similar marks. These services identify early potential infringement and can be tailored to the countries you are in or a search worldwide.

Conclusion

Effective brand management requires an understanding of how the law protects trademarks, and how marketing activity affects these rights. Coordination of brand protection strategies with marketing efforts is the best way to ensure a company's brand enjoys the maximum legal benefits.

Editor-in chief: Thomas F. Delaney. Editor: Michael Zweig. Managing Editor: Julia T. Igoe

149 Fifth Avenue, New York, N.Y. 10010 • 212/979-7881