

Making a Mark

An Introduction to Trademarks
for Small and Medium-sized Enterprises



Intellectual Property
for Business Series
Number 1



**Publications in the
“Intellectual Property for Business” series:**

1. Making a Mark:

An Introduction to Trademarks and Brands for Small and Medium-sized Enterprises. WIPO publication No. 900.1

2. Looking Good:

An Introduction to Industrial Designs for Small and Medium-sized Enterprises. WIPO publication No. 498.1

3. Inventing the Future:

An Introduction to Patents for Small and Medium-sized Enterprises. WIPO publication No. 917.1

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Introduction

This is one of a series of guides on Intellectual Property for Business. It seeks to explain why **effective trademark management** is important for your business.

Trademark management should be an integral part of the **branding strategy** of any business, large or small. With new developing markets and the Internet, businesses now have more – and more lucrative – opportunities than ever before to build valuable trademarks and more business models that ensure the **visibility** of their company. However, these opportunities also place a greater demand on businesses to safeguard and leverage their trademark rights and avoid violating the trademark rights of others.

A **trademark management strategy** should reflect the concerns and conditions of the business, its target markets and its industry. It should involve **legal** considerations, but also **practical** considerations such as adequate budget, division of responsibilities between in-house personnel and external trademark service providers, risk tolerance capability, insurance, relationships with vendors, franchisees, distributors, etc. It should also be harmonized with the business's **branding** and **competitive intelligence** plans to ensure success in a highly competitive marketplace.

This guide is intended to help various business stakeholders, especially entrepreneurs and owners/managers of small and medium-sized enterprises (SMEs), understand how to:

- create new trademarks that attract and appeal to consumers while being easy to enforce against competitors;
- protect signs, advertising slogans, taglines, logos and other such key components from unauthorized exploitation or use by others;
- avoid the risk of infringing the trademarks of others;
- actively monitor competitors' trademarks;
- get the best value out of their trademarks for stronger branding strategies; and
- transcend national or regional boundaries through the Madrid System for the International Registration of Marks.

This guide gives a relatively comprehensive introduction to trademarks, but it also refers you to further information on some points. You can download all the other WIPO publications referred to in the text from www.wipo.int/publications, and you can also access the e-learning resource IP PANORAMA™: www.wipo.int/sme/en/multimedia these resources are available free of charge. However, neither this guide nor the other sources referred to are a substitute for professional legal advice.

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Trademarks

1. What is a trademark?

A trademark is a sign that identifies and distinguishes in the marketplace the products of one enterprise from those of other enterprises. The products that it identifies may be goods or services. In some countries, the term “trademark” is used for goods while signs for services are called “service marks”, but in this guide we will use “trademark” and “mark” as general terms to mean signs for both goods and services.

2. What elements can you use as a trademark to distinguish your products from others?

Any sign capable of distinguishing goods or services can be used as a trademark, such as words, names, letters, numerals, drawings, pictures, shapes, colors, labels, or any combination of these. In most countries, taglines, advertising slogans and titles may also constitute trademarks.

An increasing number of countries also allow for the registration of non-traditional trademarks such as single colors, three-dimensional signs (shapes of products or packaging), moving images, holograms, sounds, smells, gestures, tactile marks (feeling or touch) and fluid/mutating trademarks. However, non-traditional trademarks are rare and many countries limit what may be registered as a trademark, generally allowing only signs that are visually perceptible or can be represented graphically.

3. What is the difference between a trademark and a brand?

Many people confuse the concepts of “trademark” and “brand”. Brand has a much wider meaning and refers to the proprietary visual, emotional, rational and cultural image that customers associate with a company or product. Trademarks are a vital element of a brand, but a brand will usually also include other elements such as designs, trade dress, slogans, symbols and sounds, along with the concept, image and reputation that connect consumers with specified products.

For example, the word MERCEDES-BENZ® and the three-pointed star design are two of the trademarks used to identify the German manufacturer Daimler AG. The Mercedes brand encompasses the cars, technology, innovative design, trademarks and the customer’s feeling of associating himself/herself with an item of quality and luxury.

Examples of trademarks

A trademark composed of only words, letters, numbers, or a combination of them

This type of trademark often provides broad protection because it allows the owner to limit a competitor's use of any figurative version of the trademark that is confusingly similar for the same type of goods or services. The words and/or letters or numbers themselves are protected.

Example: YAHOO![®] is registered as a plain word trademark.

A stylized version of a word trademark

If the trademark owner wants to protect not only characters but also a design, color, or some other distinctive element, a special form of trademark is required. This is commonly referred to as a “design plus words” trademark. However, should the image change in any way, the registration loses its enforceability to an extent since it pertains to that exact registration (see also No. 37 on how to use marks registered with a specific design, color or font).

Example: YAHOO![®] is also registered in a stylized manner.

The image shows the word "YAHOO!" in a bold, purple, serif font. The letters are slightly irregular and have a classic, slightly decorative feel. The exclamation point is also in purple and has a similar style.

Reproduced with permission of Yahoo! Inc. ©2011 Yahoo! Inc.

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Purely figurative trademarks

A trademark can also just be a logo in and of itself. In such a case, no words are included as part of the trademark.



“HELLO KITTY[®]” a character owned by the Japanese company Sanrio Company, Ltd.



The PENGUIN[®] logo is a trademark of Penguin Books Limited and is reproduced here with permission.

Trademarks that include both figurative elements and words

Sometimes, letters, numbers and slogans that lack distinctiveness may be hard to register in themselves (see No. 17), but may instead be protectable if they are registered together with a distinctive figurative element.



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VW® and VW-in-circle are registered trademarks of Volkswagen AG.

Non-traditional trademarks

Trademarks based on a single color, appearance, shape, sound, smell, taste and texture are often difficult (and in most countries impossible) to register. There are nevertheless a few examples of such trademarks that have been accepted in some countries.

Single-color trademark:



KRAFT® Foods has a registered trademark for the Lilac Color *per se* for chocolate and chocolate products in numerous countries.

Three-dimensional trademark (shape of product and packaging):



The distinctive shape of the HEINZ® Ketchup bottle is a registered trademark of the H.J. Heinz Company and its affiliates.

4. Why use trademarks?

- **Trademarks make it easy for consumers to find your products.** They help to distinguish your products (whether goods or services) from those of competitors, and help to identify your business as the source of the product bearing the trademark.
- **Trademarks are among the most efficient marketing and communication tools.** They are a powerful instrument to capture the consumer's attention and make your products stand out. They can wrap up in a single sign all the intellectual and emotional attributes and messages about your business, reputation and products, and your target consumers' lifestyles, aspirations and desires, that you want to convey. They also open the way to effective use of the Internet by your business (see Nos. 39–40).
- **Trademarks are the basis for building brand image and reputation.** They allow consumers to base their purchasing decisions on what they have heard, read or experienced themselves. They create a relationship of trust which can enable you to establish a loyal clientele and enhance the goodwill of your business. Consumers often develop an emotional attachment to certain trademarks based on a set of desired qualities or features embodied in the products bearing those trademarks. Trademarks also encourage companies to invest in maintaining or improving the quality of their products in order to maintain or further improve their reputation. For more

information, see IP PANORAMA™ Module 02, Learning Point 1.

- **Trademarks help prevent consumer confusion.** They protect consumers by indicating (a) the source of the products and (b) a consistent level of quality. They help consumers decide whether or not to purchase a product again. If the product made under a particular trademark turns out to be defective, consumers have accurate information about its source (be it the supplier or the manufacturer).
- **Trademarks are one of the most valuable and enduring business assets.** They can last a very long time, and thus provide your business with a long-term competitive advantage. They have value beyond your core business and often pave the way for the expansion of your business into other products. They may be licensed or merchandised, and so provide an additional source of income through royalties (see Nos. 42–43); they are a crucial component of franchising agreements (see No. 465); and they may be sold along with or separately from your business (see No. 47). Trademarks support a more robust sales volume and stronger margins. In addition, they may be used to provide collateral security in obtaining financing. They can also be used for tax planning purposes when they are transferred to a holding company (in a low-tax jurisdiction)

which charges its operating companies (in high-tax jurisdictions) royalty fees for the use of the trademarks.



Label for GUINNESS® Foreign Extra Stout by Diageo Ireland.

- **Strong trademarks make it easier to hire and retain employees.** People prefer to work for popular and well-regarded brands and their companies.
- **Trademarks are one of the most effective weapons against unfair competition.** Trademarks enable your business to prohibit competitors from unauthorized use of your trademark (see No. 15). In addition, they may be used to oppose parallel imports (see No. 48) and prevent import of counterfeit products (see Nos. 15 and 52). And they may enable you to stop others from using your trademark as part of a domain name (see No. 39).

The value of trademarks

A carefully selected and nurtured trademark is a **valuable business asset** for most businesses. It may even be the most valuable asset they own. GOOGLE® is estimated to be the world's most valuable brand with a value over USD 229 billion, followed by APPLE®, estimated at over USD 228 billion, and Microsoft® at USD 121 billion.¹ The estimated value of other famous trademarks such as AT&T®, facebook® and VISA® exceeds USD 100 billion each.

This is because consumers value trademarks, their reputation, their image and a set of desired qualities they associate with the trademark. Consumers are willing to pay more for a product bearing a trademark that they recognize and which meets their expectations. Therefore, the very ownership of a trademark with a good image and reputation provides a business with a competitive edge.



Courtesy: IBM® Deutschland GmbH

Summary checklist

- **Do you have an organized list of all the protectable elements of your brand including trademarks, trade dress and/or the shapes of your products?** Take the time to review the information in the following sections to ensure you have a comprehensive list of your protectable assets.
- **Trademarks are a valuable business asset.** Trademarks do more than distinguish your products; they build your brand image. They can provide you with a competitive advantage and enable you to guard against unfair competition.
- **Trademarks are protected by law** to support their function of distinguishing between different businesses' products and services and prevent consumers from being confused about the source. In this way, trademark law also helps ensure that the trademark owner, and not an imitative competitor, will realize the benefits associated with a desirable product.
- **More information.** See IP PANORAMA™ Module 02, Learning Point 1.

¹ BrandZ Top 100 Most Valuable Global Brands, 2016.

Types of Trademarks

Trademark

Indicates
commercial origin
of goods

Indicates
membership
of an association

Collective mark

Service mark

Indicates
commercial origin
of services

Indicates
compliance
with set standards

Certification mark

5. What are service marks?

As we noted earlier, some jurisdictions distinguish between trademarks and service marks. Both are distinctive signs; trademarks distinguish the *goods* of one enterprise from those of others, while service marks fulfill the same function in relation to *services*. Services may be of any kind, such as financial, banking, travel, advertising and catering, to name a few. Legally there is no difference between the two terms: service marks can be registered, renewed, cancelled, assigned and licensed under the same conditions as trademarks. Service marks are often referred to as trademarks for convenience, or because certain countries do not recognize the term service mark.

Example:



Reproduced with the consent of National Westminster Bank Plc.

Well-known marks

Well-known marks are trademarks that are considered to be well-known by the competent authority of the country where protection for the trademark is sought. Any type of trademark can become “well known” over time. Well-known marks generally benefit from **additional protection**. For example, well-known marks may be protected even if they are not registered (or have not even been used) in a given territory. In addition, while trademarks are generally protected against confusingly similar trademarks only if used for *identical or similar* products, well-known marks are protected against confusingly similar trademarks even for *dissimilar* products, provided certain conditions are met. The main purpose of this additional protection is to prevent businesses from free-riding on the reputation of a well-known mark and/or causing damage to its reputation or goodwill.

Usually, the burden rests upon the trademark owner to prove that their trademark is well known by the consuming public in a particular territory. There are some countries that provide the possibility of seeking recognition of well-known trademark status via either administrative means or judicial procedures. It is advisable: (a) to register your well-known marks, at least in relation to the most relevant goods or services; (b) to oppose

registrations by competitors of the trademark; and (c) to keep evidence of the use and reputation of your trademarks, such as sales figures, advertising campaigns, annual reports and mentions by third parties.

Example: Imagine WONDERCOLA is the famous trademark of a soft drink. Wondercola Inc. will benefit from the right to prevent others from using an identical or confusingly similar trademark in those countries where well-known marks enjoy stronger protection and where the trademark is well known for soft drinks. The protection will also be available for unrelated goods and services. So if another business decides to market computers or sunglasses using the WONDERCOLA trademark, it will have to seek authorization from Wondercola Inc. or risk being sued for infringement of trademark rights.

6. What are collective marks?

A **collective mark** is generally owned by an association or cooperative whose members may use the collective mark to market their products. The association generally establishes a set of criteria for using the collective mark (e.g., quality standards) and permits individual businesses to use it if they comply with such standards. Collective marks may be an effective way of jointly marketing the products of a group of enterprises that might find it more difficult for their individual trademarks to be recognized by consumers and/or handled by the main distributors.

7. What are certification marks?

Certification marks are given for compliance with defined standards, but are not confined to any membership. The defined standards may concern the character or quality of goods or services, working conditions of production or performance, classes of persons producing or performing, the area of origin, etc. The owner of a certification mark licenses it to others to identify their products that meet the defined standard, and the mark may be used by anyone whose product meets the established standard. The message conveyed by a certification mark is that the products have been examined, tested, inspected or in some way checked by a person who is not their producer, by methods determined by the certifier/owner. An important requirement for certification marks is that the entity which applies for registration is considered “competent to certify” the products concerned. Logically, the certifier/owner may not apply the certification mark to their own goods or services.

In many countries, the main difference between a collective mark and a certification mark is that the former may only be used by a specific group of enterprises, e.g., members of an association, while certification marks may be used by *anybody who complies* with the standards defined by the owner of the certification mark. Not every country offers both options of collective marks and certification marks. Thus, a collective mark in one country may have to be registered as a certification mark in another country and vice versa.

Example: Australian Wool Innovation Ltd (AWI) and its associated affiliates own the WOOLMARK® registered trade (certification) mark. WOOLMARK® is a quality assurance symbol denoting that the products to which it is applied are made from 100 percent new wool and comply with strict performance specifications set down by the AWI. It is registered in over 140 countries and is licensed to manufacturers who are able to meet these quality standards.



Courtesy: Australian Wool Innovation (AWI) and its associated affiliates.

Geographical indications

It may not be possible to register a trademark which includes geographic words or signs, if it is geographically descriptive (see No. 15). This is important to bear in mind when you are choosing trademarks for your products. Many countries manage **geographical indications** (GI) differently, as outlined below, so be careful if you plan to use a trademark which is geographically descriptive.

A GI is a sign used on goods that have a specific geographical origin and possess qualities, reputation or characteristics that are essentially attributable to that territory of origin. It may be used by all producers who make their products in the place designated by the GI and whose products share specified qualities. An appellation of origin (AO) is a special kind of GI. It generally consists of a geographical denomination or a traditional designation used on goods which have a specific quality or characteristics that are *exclusively or essentially* due to the *geographical environment* in which they are produced, including natural and human factors.² The international registration of appellations of origin is governed by the *Lisbon Agreement for the Protection of Appellations of Origin and their International Registration*, administered by the World Intellectual Property Organization (WIPO).

2 Article 2 of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.

Example: The MELINDA® collective mark is used by the 5,200 members of the 16 apple-producing cooperatives working in Valle di Non and Valle di Sole (Italy) who established the Melinda Consortium. In addition, in 2003 the MELINDA® collective mark was also granted Appellation of Protected Origin recognition.



Courtesy of Melinda Consortium

In some countries, protection of GIs and AOs is available only through collective or certification marks. Other countries have a separate *sui generis* protection system for this purpose.

Examples: Under Japanese law, geographical names can be registered as collective marks for certain goods, if those goods are well-known products of a distinct geographical area. For example, KOBE BEEF® is registered as a regionally based collective mark in Japan used by businesses that have met specific certification standards of their cattle and are located in Hyogo Prefecture in Japan.

In India, the DARJEELING® tea word and logo are registered as certification marks under India's trademark law and they are also registered as GIs under India's separate *sui generis* protection. The *sui generis* protection system affords stronger protection by blocking competitors from using the name even if the use is not confusing. For example, India's system stops all other businesses from using the name DARJEELING® even for a product marked as "Darjeeling-Like Tea." The consumer would understand that it is not real DARJEELING® tea, but use in this manner is not allowed as the word DARJEELING® can only be used by authorized businesses.



No flavour finer

There are also countries which have different laws for the protection of GIs and AOs in respect of specific categories of products (e.g., *sui generis* protection for agricultural products and foodstuffs, and unfair competition or trademark law for other products), or even for specific GIs or AOs (e.g., Scotch whisky, Solingen cutlery or Swiss watches). More information on the protection of GIs and AOs is available on the WIPO website at www.wipo.int/geo_indications and www.wipo.int/lisbon.

Example: PARMIGIANO REGGIANO® is recognized as a Protected Designation of Origin in the European Union under its *sui generis* system while in the United States of America, which does not have a separate *sui generis* system, both the name and the logo including the name PARMIGIANO REGGIANO® are registered as certification marks. The logo may be used only on cheese certified as originating in the PARMIGIANO REGGIANO® delimited geographical area of Italy (Parma and Reggio are the main regions) and complying with the relevant specifications.



Courtesy of the Consorzio del Formaggio Parmigiano-Reggiano

8. What is the relationship between trademarks, collective marks and certification marks?

While all these types of marks indicate the origin of goods, trademarks identify the *commercial*, or business, origin of the goods while collective and certification marks identify *the association or certification* of the goods. In other words, a product can have the business's trademark while also bearing a collective mark or certification mark. Therefore, even if your business can take advantage of a collective mark or certification mark, you should ensure the business's trademark remains its highest priority. The trademark is the only mark that connects the product to your business.

Example: INTERFLORA® is an international brand connecting florists worldwide to enable customers to have flowers delivered by local florists through one central system. At the core of the INTERFLORA® brand is its collective mark used by all the INTERFLORA® florists. Members of INTERFLORA® use their individual business trademarks and branding but usually include the INTERFLORA® collective mark on their websites, businesses, advertising, etc., to show their affiliation.

Summary checklist

- **Inventory your trademarks.** Review your current trademarks and identify the type of each mark.
- **Are you utilizing every mark available to your business?** Identify the types of marks (trademark, service mark, certification mark or collective mark) and GIs or AOs your business can take advantage of and incorporate them into an overall brand strategy.

Creating Trademarks

9. Why is it important to have a strong trademark?

Trademark law gives legal protection to trademarks that are **distinctive**. The distinctiveness of the trademark refers to how easily customers identify a trademark with the associated products. Distinctive trademarks are sometimes referred to as “strong” trademarks. **The stronger a trademark, the higher the likelihood of it receiving registration** (see No. 17) **and the greater the protection provided by the courts** (see No. 50). It is therefore important to understand the difference between inherently strong and inherently weak trademarks. Proposed trademarks can be classified into five categories, from most distinctive (strong) to least distinctive (weak).

- **Coined or fanciful trademarks** are invented words or signs without any real meaning. Because they are entirely the result of your imagination, a competitor selling the same products would have no justification for using the same or a similar trademark. Fanciful trademarks are legally the *strongest* trademarks as they have the greatest chance of receiving registration. The challenge, however, is that marketing people generally don’t like to use them. Fanciful trademarks do not give the consumers any hint as to what product is being sold, and they may find it more difficult to remember the word or associate it with your product. You may have to put in a greater effort (that is, incur a higher cost) in advertising them. Once established, however, these trademarks have enormous power. In the end, even

your marketing team will love them.

Example:



KODAK® is a trademark of Eastman Kodak Company. Courtesy Eastman Kodak Company.

- **Arbitrary trademarks** are words or signs that have a meaning, but one that has no logical relation to the product they advertise. Although arbitrary trademarks are also very strong and easy to protect, marketing people typically do not like them much more than fanciful trademarks, and for the same reason – they may require heavy advertising to create the association between the trademark and the product in the minds of consumers. But like coined or fanciful trademarks, they generally receive registration.

Example: The word SUNNY or the image of a sun for marketing mobile phones. There is no reason for competitors to use a sun to describe any feature of phone products.

- **Suggestive trademarks** are trademarks that hint at the nature, quality or attributes of the product, but do not describe these attributes. They require some imagination on the part of the consumer to identify the attributes. However, because they suggest qualities of the product, they possess

a low level of distinctiveness. They are therefore given *less protection* than is reserved for fanciful or arbitrary trademarks. In some countries, a suggestive trademark may be considered to be too descriptive of the product and so may not be registrable as a trademark (see No. 17). Obviously, suggestive trademarks are attractive for marketing because they act as a form of advertising. From a trademark perspective, however, it becomes a problem if your trademark describes your product or its features, because you cannot stop others from using the same words to describe their competing products.

Example: The trademark SUNNY for marketing lamps would hint at the fact that the product is meant to bring light to your house.

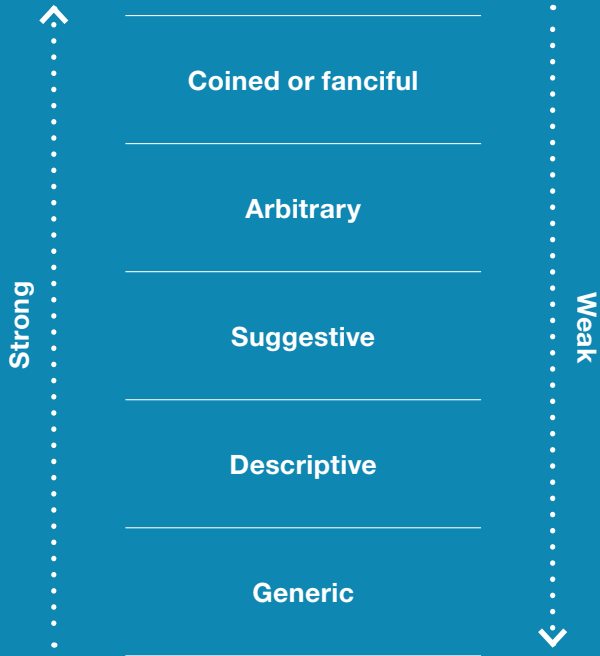
- **Descriptive trademarks** are trademarks which merely describe some feature of the product in question, like its quality, type, efficacy, use, shape, quantity, intended purpose, value, raw material, origin, place of sale, location for provision of service, time of production, etc. Descriptive terms have little distinctiveness and so are *not eligible* for protection *unless* it can be shown that distinctive character has been established over time through extensive use in the marketplace (see box after No. 17 regarding “secondary meaning”). For marketing purposes it would of course be easy to have a trademark that says up front what you are selling. But in general, descriptive trademarks cannot be owned by one company to the exclusion of others.

Example: The trademark SWEET is likely to be rejected for marketing chocolates as being descriptive. It would be considered unfair to give any single chocolate manufacturer exclusivity over the word SWEET for marketing its products. Similarly, qualitative or laudatory terms such as RAPID, BEST, CLASSIC or INNOVATIVE are likely to give rise to similar objections unless they are part of an otherwise distinctive trademark.

- **Generic signs** are words or signs that name the species or object to which they apply. These are totally without distinctiveness and are *not* eligible for protection as trademarks because giving them protection would deprive competitors of the right to refer to their products by name. When a strong trademark is improperly used it can also lose distinctive character over time and become generic, and thus unprotected (see No. 35).

Example: No one can claim the exclusive right to use the word CHAIR for a chair. Similarly, an apple would be a generic symbol for marketing apples, but it is arbitrary for marketing computers.

It is important to note that **maintaining a strong trademark requires proper use** of the trademark. You should ensure your business is using the trademark in an appropriate way so as not to unintentionally weaken a strong trademark (see No. 37).



Importance of strong trademarks

- Strong trademarks are more likely to **receive registration**. They are better protected from problems with conflicting trademarks or trademarks that have a likelihood of confusion. Weak trademarks, on the other hand, have a lot more competition. It will be easier for your competitors to use a mark similar to a weak trademark and not be considered to infringe the weak trademark.
- Strong trademarks clearly **distinguish** your products from those of competitors. They stand out from the crowd.
- Strong trademarks are more effective for use in business to **promote authenticity** and for **expanding** product lines.

10. How can you increase the distinctiveness of a trademark?

The more distinctive the trademark, the greater the protection. A trademark can be **inherently distinctive** or it can **acquire distinctiveness**. Fanciful, arbitrary and suggestive trademarks are inherently distinctive and are given a high degree of protection. Descriptive trademarks are not inherently distinctive and are protected only if they have acquired “secondary meaning” (see box after No. 17). There are ways to increase the distinctiveness of your trademark:

- Use a special script rather than standard letters.
- Identify and use specific colors.
- Add a logo or graphical elements to the letters.

Protection can be granted to “simple” trademarks based on secondary meaning, if they are used strongly over time and well marketed. For example, initially the NIKE® swoosh could not be registered on its own, but over time, as it gained secondary meaning, it was eventually fit to be a trademark and was actually registered.



NIKE, Inc.

On the other hand, distinctive trademarks can lose their status and become **generic** by improper usage, so it is crucial to maintain proper use and utilize enforcement rights (see Nos. 37 and 49).

11. What should be kept in mind when selecting or creating a trademark?

How does one select an appropriate trademark? There are no hard-and-fast rules, but the following checklist may be useful.

- Check to ensure **no one else has registered** the trademark or a confusingly similar one. You can start with a simple search on the Internet, followed by a thorough trademark search (see how to carry out a trademark clearance, No. 19). Do this not only in your home country, but also in all relevant export markets.
- Check that the proposed sign **meets all the absolute legal requirements** for registration as a trademark (see reasons for rejecting applications, No. 17).
- Do your best to select a **strong trademark**. The legal strength of a trademark is often inversely related to the appeal of the trademark to your marketing team. Remember, though, that a strong trademark will be a strong long-term marketing tool. Your best bet for broad legal trademark rights is to select a fanciful or arbitrary trademark.
- **Avoid imitating existing trademarks.** A slightly altered competitor's trademark or a misspelled well-known or famous trademark is unlikely to be registered. For example, FRESH & EASY® is a registered trademark in the United States of America for a chain of small grocery stores. It would be unwise to try to open a similar store using the trademark FRESH AND EZ as it would probably be considered confusingly similar to the existing trademark and so would be unlikely to be registered or, if it were registered, might well be challenged afterwards.
- Consider possible **limitations** on registering a trademark which includes **geographic** words or signs (see No. 17 and the box after No. 6).
- Ensure that the trademark does not have any **undesired connotations** in your own language or in any of the languages of potential export markets.
- Check whether the corresponding **domain name** (i.e., Internet address) is available for registration (for more on the relationship between trademarks and domain names, see No. 39). You may also want to check whether the corresponding **username** is available for relevant social media websites you will use, such as Twitter, Facebook, LinkedIn and the like.
- Make sure the trademark is **easy to read, write, spell and remember** and is suitable for all types of advertising media.
- Protect **figurative trademarks**. When looking for a product, consumers mainly orient themselves by colors and graphical presentations. This is why many businesses decide to use a symbol, logo, design or shape as their trademark, either on its own or in addition to a word trademark. These elements may also be protected under industrial design or copyright laws. If you commission an artist to produce the logo, make sure you have a written contract that stipulates you will own the rights to it (see box below).

Managing the creation of new trademarks

- While creating a new trademark, **coordinate** the project between all concerned, i.e., marketing, advertising and public relations, and legal individuals in your business. This will help reconcile competing interests to create a coined or fanciful trademark as opposed to a descriptive trademark. Working together with all these areas is essential to create a strong trademark strategy.
- Highlight the benefits of using a **strong trademark**, like a coined or fanciful one, and focus your business on **long-term** strategies. This will aid your team in balancing the challenges in creating a new trademark.
- It may be beneficial to **outsource** the creation of your trademark. This may mean hiring a designer, along with the advice of an expert in branding. Again, these outsiders should **work closely** with your marketing and advertising staff for developing a comprehensive trademark strategy. It is important to note that artistic trademarks or logos are likely to be protected also by copyright law. When you outsource the creation of a trademark, it is usually best to clarify **issues of copyright ownership** in the original agreement and/or to make sure the copyright in the trademark is formally assigned to your business.

Summary checklist

- **How strong is your trademark?**
Determine how distinctive your trademark is compared with those of your competitors.
- **Creation of a new trademark.**
Coordinate the creation of a new trademark internally among those responsible for marketing, advertising and public relations and legal areas to ensure a strong trademark is created and used to its fullest potential.
- **Search.** Verify the availability of the new trademark, and also the corresponding domain name and social media usernames (see No. 19).
- **More information.** See IP PANORAMA™ Module 02, Learning Points 1–2.

Protecting Trademarks

12. How can your business protect its trademark(s)?

Legal protection for a trademark is obtained through registration and/or, in some countries, through use. Registration is obtained by filing the appropriate application form at the trademark office (at some offices you can register online). The services of a trademark agent are often very useful, and in some countries compulsory. Many countries also protect trademarks that are used in the marketplace but are not registered. However, these countries provide much stronger protection to registered trademarks. Therefore, even in countries where trademarks are protected through use, you are well advised to register your trademarks (see box below and No. 14).

First-to-file and first-to-use systems

Countries adopt either a “first to file” or a “first to use” registration system. While the systems have different implications for your business, the best strategy for both is to register your trademarks as early as possible in each country in which you intend to do business.

In **first-to-file** countries, the rights to a trademark belong to the first business to file an application for that trademark, even if it was used by another business before. However, there is an exception for well-known trademarks (see box after No. 5).

The first-to-file system thus encourages earlier trademark registration.

Because the use of a trademark without having registered it does not generate any rights, competitors can defeat the rights of the “true” trademark owner by filing a trademark application first for an identical or confusingly similar mark.

Example: Country XYZ is a first-to-file country. This means that with very few exceptions, the first business or individual to file for trademark registration has legal protection – not the one who can demonstrate first use of the trademark. So if the name of your business is ABC and you make shoes and you have been manufacturing your shoes in XYZ for the last three years but another business registers the ABC trademark for shoes, that other business gets the trademark. Armed with the registered trademark, that other business may then be able to stop you from using the trademark ABC on shoes that you manufacture or sell. If you cannot demonstrate that your trademark is well known, it is very hard to overcome the first-to-file system.

In first-to-use countries, the owner of the trademark is the person who is the first to use the trademark in the marketplace, irrespective of whether the trademark has been registered. The rights arising out of such actual use are often referred to as “common law” or “unregistered”

trademark rights. Although registration is not compulsory in these countries, in general it is a much stronger strategy to register your trademark, as this will normally give you a wider set of remedies.

If you expand your business in first-to-file countries then it is prudent to:

- File a trademark application in those countries, **before actual importation or manufacture** of any goods and even **prior to meeting or negotiating** with other businesses there. There are certain businesses that hunt for trademarks that are in use or have the potential to be used but have not been registered. They register the trademarks and then approach the legitimate owner demanding compensation.
- File a trademark application **even if you are only manufacturing** goods in those countries and are not intending to sell there. If the branding of your products is taking place in such a country then you are deemed to be “using” the trademark within the country (see No. 34). There is a risk that other companies, or even your licensee or distributor, will register your trademark. That company might then have the right to stop you from manufacturing and exporting products bearing the registered trademark, because this would amount to trademark infringement, even if you did not sell your goods in that country.

13. What other legal instruments are available to protect your brand image or other aspects of your products?

Depending on the nature of your brand or products, you may use one or more of the following intellectual property (IP) rights to protect your business interests:

- **Trade dress/get-up.** The commercial image and overall appearance of a business or presentation of goods is called “trade dress” in some countries and “get-up” in others. Trade dress may consist of one or several elements (e.g., the color, size, and/or shape of packaging); or it may be the total image or concept of a product, packaging and/or decor, which may embrace the full look and feel of a business including signage, logos, uniforms, merchandising, websites and labels. Thus, trade dress refers to the manner in which a product is “dressed up” to go to market. Examples include the REALEMON® juice container which looks like a plastic lemon, the shape of the COCA-COLA® bottle, and the FERRERO ROCHER® golden foil-wrapped chocolate specialty. In addition, a restaurant may use a *trademark* to protect its name and seek *trade dress* protection for its distinctive look and feel, which includes its decor, menu, layout and style of service. Examples of restaurants with distinctive trade dress include MCDONALD’S®, WENDY’S®, and FUDDRUCKERS®. Defining and protecting your trade dress may be essential to creating your unique brand. Because trade dress

often serves the same function as a trademark – identifying the source of products in the marketplace – in some countries it can generally be protected under trademark laws, and in a few countries it can be registered as a trademark. Depending on your country, if trade dress cannot be registered as a trademark, it may nonetheless be protectable under unfair competition laws or actions for passing off.



The FERRERO ROCHER® trade-dress is a trademark owned by Ferrero.

- **Industrial designs.** Exclusivity over aesthetic features of a product such as its shape, ornamentation, patterns, lines or color that meet certain prescribed criteria may be obtained via industrial design protection – in some countries, referred to as “design patents.” To be protected under most national laws, an industrial design must be new and/or original. Industrial design protection does not protect any technical features of the article to which it is applied, and can only apply to a shape insofar as the shape is not wholly determined by a technical function. An industrial design right is time-limited (generally a maximum of

10 to 25 years, depending on the national law), but provides exclusive rights. It allows you to stop competitors from marketing products that are identical or *look alike* in the eyes of consumers. This means that you may prevent marketing of new products with the same or slightly similar shapes, whether or not copying has taken place, and whether or not consumers are actually confused. It is important to note that if you wish to protect your industrial design, in most countries it has to be kept confidential prior to registration.³

- **Copyright.** Original literary and artistic works may be protected by copyright. Works that may be covered include, for example, books, magazines, instruction manuals, music, drawings, photos, advertisements, logos, some types of databases, computer programs, etc. Copyright protection is automatic (that is, it arises without having to register) and lasts for at least 50 years after the death of the creator/author. However, in some countries registration may be required before the copyright owner can bring an enforcement action to stop an infringer.⁴
- **Patents.** These may be used to protect inventions that meet the criteria of novelty, inventive step and industrial applicability.⁵

3 See *Looking Good*, WIPO publication No. 498, and IP PANORAMA™ Module 02.

4 See *Creative Expression*, WIPO publication No. 918, and IP PANORAMA™ Module 05.

5 See *Inventing the Future*, WIPO publication No. 917.1, and IP PANORAMA™ Module 03.

- **Trade secrets.** Confidential business information may benefit from trade secret protection as long as it has commercial value and is not generally known to others, and reasonable steps have been taken by its owner to keep it secret. Make sure you maintain the confidentiality of new product names or marks that have not yet been used or registered.⁶
- **Unfair competition laws, actions for passing off or consumer protection laws** may allow you to take action against unfair business actions of competitors. These may provide you with some additional protection against those trying to copy different aspects of your products. In practice, however, a legal action based on competition law, passing off or consumer protection is often difficult, expensive and time consuming.
- **Cumulative protection.** Depending on your brand image and products, you may be able to use a **variety of IP rights** and it is best to seek the advice of an IP attorney to ensure you are properly protecting your IP assets:
 - In many countries, a particular sign may have cumulative protection under the laws of *copyright*, *industrial design* and *trademark*; thus, such a sign may qualify under the respective laws as an artistic work, ornamentation or logo. However, the degree and scope of such cumulative protection varies widely among countries.
 - In many other countries, *copyright* and *design protection* are mutually exclusive, that is, a particular artistic work ceases to have copyright protection the moment it is used as an industrial design. But even in such countries, a sign may have both *copyright* and *trademark* protection at the same time.
 - Sometimes, it is possible to register a *composite design* that includes, among other things, a stylized version of a registered *trademark*.

Examples of cumulative IP protection

Cartoon characters are protected under *copyright* as artistic works, but in parallel, companies such as Warner Bros Entertainment have registered an impressive collection of cartoon characters as *trademarks*, including TWEETY®, DAFFY DUCK® and ELMER FUDD®.

Example: JOLLIBEE®, a fast food chain based in the Philippines, has registered its mascot as a trademark.



The JOLLIBEE® Word, Logo and Mascot are registered trademarks of Jollibee Foods Corporation. All rights reserved.

⁶ See IP PANORAMA™ Module 04.

14. Why should your business register its trademark(s)?

While in many countries registration is not necessary to establish rights, it provides numerous advantages:

- **Exclusivity within a nation or region (i.e., a group of countries).** The registered owner of a trademark has the **exclusive right** to commercially use the trademark **anywhere in the country/region** where registration was obtained (see No. 30). In contrast, unregistered trademark rights, where available, are limited to the part of the country where the trademark is actually in use and has acquired a reputation through such use.
- **Easier to enforce.** The registration of a trademark usually carries a presumption that you are the owner of the trademark and therefore have the right to prevent use of that trademark by others. This **reduces the burden of proof** in court proceedings: you don't have to prove that the trademark is valid, that you are its owner or that there is goodwill associated with the trademark. In some countries, you can also recover higher monetary damages when rights in a registered trademark are infringed.
- **Deterrence.** Firstly, registration enables you **to use the symbol ® after the trademark**, which alerts others to the fact that it is registered (see box after No. 35). Secondly, a registered trademark will most likely appear in the search report conducted by another business that may want to register an identical or deceptively similar trademark; this will discourage the other business from doing so (see No. 19). Thirdly, some trademark offices will automatically refuse to register a trademark for goods/services which they consider to be confusingly similar to your registered trademark in that same class (see No. 28).
- **Valuable asset.** It is **easier to sell or license** a registered trademark, and usually at a **higher price**. In addition, while in most countries it is not mandatory, registration makes it simpler to use a trademark in a franchising agreement or in merchandising (see Nos. 42 and 46).
- **Funds.** On occasion, a registered trademark with a good reputation may also be used to **obtain funding or a mortgage** from financial institutions, which are becoming increasingly aware of the value of brands to business success.
- **Prevent importation.** Many countries have put in place systems that enable the owner of a registered trademark to record the trademark with customs authorities for a fee. The purpose is to enable the customs authorities to inspect and seize counterfeit goods that infringe your registered trademark. Unregistered trademarks generally do not receive such assistance from customs authorities (see also No. 52).

It is critical to ensure that trademarks are registered in all relevant markets. Without trademark registration, your investment in marketing a product may not yield the expected results, as rival businesses may use identical or confusingly similar trademarks. Customers may be misled into buying the competitor's product, thinking it to be the product of your business. Not only might this decrease the profits of your business and confuse your customers, it could also damage the reputation and image of your business, particularly if the rival product is of inferior quality.

15. What rights does trademark registration provide?

The exclusive rights arising out of a trademark registration allow you to prevent all others from marketing **identical or similar products** under an **identical or confusingly similar trademark**. So you will be able to prohibit competitors from: (a) affixing the trademark to goods or their packaging; (b) stocking or selling goods bearing the trademark or supplying services under the service mark; (c) importing or exporting goods under the trademark; and/or (d) using the trademark on business papers, websites and in advertising.

However, such exclusive rights have limits. The rights are limited to:

- the country or **countries** in which you have registered the trademark (see Nos. 30-31);
- the **goods/services** for which the trademark is registered (see No. 28); and
- situations in which consumers are **likely be confused** by the infringing trademark (see No. 50).

16. Is the registration of the company/trade name of your business the same thing as trademark registration?

It is a common misconception that registering a business and its trade name at the business registry also automatically protects those business and trade names as a trademark. This is not true. It is important to understand the difference between a company name, trade name and trademark:

- The **company name**, or corporate name, is the **legal name** that is recorded in the company/commercial register. It is used in bylaws, contracts, taxes and other administrative activities to identify your business. It often ends with Ltd, Inc. or another similar abbreviation that denotes the legal character of the business. For example: “Blackmark International Ltd.”
- A **trade name**, or business name, is the name that you use to **identify** your business when communicating with your clients. This may or may not be the same as the company name. In most countries, you acquire certain exclusive rights in a trade/business name merely by using it in public (i.e., without any legal registration or formality).
- A **trademark**, or mark, is a sign that you use to **distinguish the products** of your business from those of competitors. Even a small business may have more than one trademark. For instance, Blackmark International Ltd. may sell one of its products as BLACKMARK but another as REDMARK. Companies may use a specific trademark to identify

all their products, a particular range of products or one specific type of product. When a business uses its trade name, or a part of it, as a trademark, it should also register it as a trademark.

Examples: Industria de Diseño Textil, S.A. is a Spanish corporation and one of the world’s largest fashion groups. The company uses the trade name INDITEX® and owns trademarks like ZARA®, BERSHKA® and MASSIMO DUTTI®, but also INDITEX® and GRUPO INDITEX®.

Industria de Diseño Textil, S.A.
Company Name

INDITEX
Trade Name and Trademark

ZARA
Trademark

Massimo Dutti
Trademark

ZARA® and INDITEX® are signs registered in the name of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.).

MASSIMO DUTTI® is a sign of GRUPO MASSIMO DUTI, S.A. belonging to the INDITEX GROUP of companies.

17. What are the main reasons for rejecting an application?

Besides having an understanding of strong trademarks, an entrepreneur should also know which types of trademarks will not be accepted for registration. Generally, there are two types of grounds for refusal:

- **absolute grounds** – reasons inherent in the trademark itself
- **relative grounds** – those that arise because of the existence of prior rights, whether in registered marks or otherwise.

Applications for trademark registration may be rejected on the following absolute grounds:

- **Generic terms** never receive trademark protection (for example, the word PHONE filed as a trademark for mobile phones; see also No. 9).
- **Signs devoid of any distinctive character** (in the sense that the sign is not capable of distinguishing the products of one enterprise from those of others) cannot be registered unless you can show that they have acquired secondary meaning (see box below). The following signs are generally devoid of distinctive character:
 - **Descriptive** words or signs (for example, see No. 10 and box below).
 - **Geographic** words or signs, if they are **geographically descriptive**. For example, for a music band in Belgium, the name BELGIAN BAND is geographically descriptive and therefore not distinctive. Other mu-

sic producers in the country should be able to use “Belgian” to describe the place of origin of their products (see also the box after No. 7 concerning geographical indications).

- **Advertising slogans**, if they consist of highly descriptive and non-distinctive material and are incapable of distinguishing the source. It is often difficult for slogans to achieve distinctiveness and obtain registration as a trademark, because their function is mainly to promote and convey information about the company and its product. Advertising slogans are often rejected for lack of distinctiveness. For example, the slogan “Nobody knows color better” for an upholstery fabric would probably be rejected because it is merely a laudatory statement reflecting expertise with respect to the advertised goods. Such phrases should be free for use by other businesses. Note also that some countries never allow advertising slogans to be registered as trademarks.

Acquired distinctiveness or secondary meaning

In many countries, you can overcome an objection of devoid of distinctive character if you can prove that your trademark has acquired **secondary meaning** or **distinctiveness through use**. A descriptive trademark acquires secondary meaning if you can prove that the consuming public recognizes that the descriptive name is a trademark that refers to your products. This usually happens as a result of **widespread use over time** or because of a **marketing blitz**. Thus, for example, HEALTHY CHOICE® is a “weak” trademark for healthily prepared main dishes that has acquired distinctiveness in the United States of America because the consuming public associates that term with a particular provider of healthily prepared meals, and not with healthy meals in general.

To prove that a descriptive trademark has acquired secondary meaning, all kinds of **evidence** may be taken into account: invoices, delivery slips, order slips, bills, receipts, account books, pamphlets, printed matter carrying advertising, publicity, photographs showing the use of a trademark, certificates issued by an advertisement agency, trade association or customer, consumer surveys, and so on.

Example: The slogan THE GREATEST SHOW ON EARTH® was found to be a protectable trademark in the United States of America because its owner, Ringling Bros.-Barnum & Bailey Combined Shows, Inc., had created secondary meaning through its long (over 100 years) and extensive use of the slogan and the widespread recognition the slogan had obtained in the marketplace as a trademark.



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RINGLING BROS. AND BARNUM & BAILEY® and THE GREATEST SHOW ON EARTH® are registered trademarks of Ringling Bros.-Barnum & Bailey Combined Shows, Inc.

Relying on secondary meaning is a dangerous bet and often expensive and difficult to prove. Besides, there may be local variations in how these issues are analyzed legally. Thus, trademarks which may be considered protectable in some countries may be considered descriptive in others. As a rule of thumb, it is **preferable to avoid choosing descriptive words or signs as trademarks**.

- **Trademarks based on someone's personal/given/first name or surname.** In some countries this may be an absolute ground for refusal, while in most others it may be a relative ground for refusal (that is, use of one's own name is treated in the same way as ordinary word trademarks) if it is primarily just a surname. However, in some countries, a surname can be registered as a trademark if it has gained secondary meaning. In most countries, the name of a natural person or of a legal entity and even a pseudonym may be registered as a trademark.
- **Deceptive signs.** These are signs that are likely to deceive or mislead consumers as to the nature, quality or geographical origin of the product. For example, marketing margarine under a trademark featuring a "cow" would probably be rejected as it would be considered misleading for consumers, who are likely to associate the sign with dairy products (i.e., butter).
- **Functional features.** Functional elements of a product's shape or packaging, as opposed to purely decorative elements, are generally not protectable as a trademark. For example, when the shape of a product has significant functional features – like the shape of the handles and blade assembly for a pair of scissors, which is necessary for the functioning of the scissors – such a shape cannot be registered as a trademark. Similarly, it is not possible to obtain trademark registration for a handle, such as on a coffee cup, because the handle performs the essential function of enabling us to hold a hot cup. Competitors' inability to use a handle would therefore diminish their ability to compete effectively.
- **Signs which are considered to be contrary to public order or morality.** Words and illustrations that are considered to violate commonly accepted norms of morality and religion are generally not allowed to be registered as trademarks.
- **Lists of prohibited names or symbols.** Some countries have a list of specific signs that are excluded from registration. They may include one or more of the following: **business names, names of famous people, well-known marks** (see box after No. 5), protected **geographical indications** (see box after No. 7), **signs of indigenous peoples and foreign words or expressions.**

Applications are rejected on “**relative grounds**” when the proposed trademark conflicts with **prior trademark rights**. Having two identical (or very similar) trademarks for the same type of product could cause confusion among consumers. Some trademark offices check for conflict with existing trademarks, including unregistered trademarks and well-known marks, as a regular part of the registration process, while many others do so only when the trademark is challenged by another business after publication of the trademark. In either case, if your trademark is considered to be identical or confusingly similar to an existing trademark for identical or similar products, it will be rejected or cancelled. Finally, in many countries, your trademark can also be refused if it is in conflict with **other prior rights**, for example: industrial design, copyright, personal/company/business names, commercial designation, geographical indication or signs of indigenous peoples.

18. Can you get a trademark free of charge or buy it from someone who does not need the trademark anymore?

You may want to reuse a competitor’s **trademark that is no longer used**, but still fondly remembered from the past. The public’s memory of the original trademark can trigger instant demand for your new product, reduce advertising costs and raise profits. **Abandoned** marks can be used by anyone, without any permission or payment (see No. 35). However, using abandoned trademarks can be risky, especially if they still enjoy consumer recognition. Their reintroduction can confuse and deceive the public. In addition, the original owner may be able to prove use (or intent to resume use) of the trademark and rebut the presumption of abandonment.

If you are interested in using an abandoned trademark, it would be prudent to:

- consult a trademark lawyer for advice;
- carefully investigate that the original owner no longer uses the trademark, and that the trademark has been abandoned;
- if the trademark is still registered, petition to cancel the registration;
- register the trademark for your purposes; and
- pay a modest sum to the original owner for a quit-claim assignment or covenant not to sue, just to be safe.

You may sometimes buy a trademark **still owned and used by another business**. When you acquire a trademark from someone else, check the following:

- Is the trademark registered? For which countries? For what classes of goods/services?
- Who owns the trademark currently? Who were the previous owners, if any?
- Are there any existing licenses? If so, what is the extent of these existing license rights? Is the trademark compromised by “naked” licensing (licensing without any control over the quality of the goods/services)?
- Are there any liens, encumbrances, lawsuits or other adversarial actions that might jeopardize the trademark?
- Has the trademark ever been challenged by competitors?
- Does the vendor grant you appropriate representations and warranties in the acquisition agreement?

Note that in some countries, to be valid, a transfer of trademark rights must explicitly include a transfer of the goodwill associated with the trademark.

19. How can you find out if your proposed sign conflicts with a competitor’s trademark?

Once you have chosen a new trademark, carry out proper trademark clearance. Clearing a trademark serves many purposes and will mitigate major risks, saving you valuable time and resources:

- **Clearance ensures that you will not infringe the trademark of another business.** If you use a trademark which infringes the trademark rights of someone else, not only may you be liable to pay damages and suffer bad publicity, you may also be forced to stop using the trademark. You will probably have to destroy all packaging, advertising and other materials bearing the infringing trademark. In addition, it will cost your business extra time and money to completely change the trademark and attempt to transfer any developed goodwill to a new brand. The main mistake that amateur searchers make is to consider only whether anyone has registered exactly the same trademark and not if there is something “similar” (as explained in No. 50). Remember that trademark infringement occurs if the proposed trademark or a *confusingly similar* one is already owned by another business for *identical or similar* products.
- **Through clearance, you can find out if the proposed trademark can be registered.** You avoid wasteful expenses associated with a trademark application if you establish ahead of time that a proposed trademark is not free for use.

- If your proposed trademark is registrable, **clearance will help you to establish how strong it is in legal terms.**
- **Others who have a stake in your business may demand a trademark clearance report** before doing business with you. For example, the distributor of your products or the insurer of your business may not want you to take on an avoidable risk.

How do you clear a trademark? You may start by conducting a preliminary trademark search on your own:

- Search for **registered trademarks** and **pending trademark applications.** Check whether your national trademark office (or a commercial database company) has a free online trademark database. A list of IP offices by country is available on WIPO's website at: www.wipo.int/directory/en/urls.jsp.
- Search also for possibly conflicting **unregistered trademarks** that are already in use. This is especially important in countries that protect trademarks through use (see No. 12). Search the Internet by using search engines such as Google, Yahoo and Bing, and review relevant online stores, product guides, trade publications, etc.
- Look for identical or similar **company and domain names**, which can be obstacles to the registration of a trademark (see Nos. 19 and 39).

If your trademark survives this first round of screening, you may then have to hire a professional search firm or **trademark**

agent who will conduct a **comprehensive search** for a fee and, more importantly, be able to **interpret** the search results. The agent may do one or more of the following:

- Search for phonetic equivalents, foreign-language equivalents, spelling variations and the like.
- Sometimes, cultural linguistic searches or language connotation searches are done in order to ensure that the proposed trademark(s) are not problematic in other languages. A local linguist will provide information on the appropriateness of a trademark, potential meanings and associations, and problems with pronunciation.
- Search company or business names directories, phone books and specialized trade directories for your industry.
- Give you a **clearance report** noting each potential conflict that has been found.

Bear in mind that any such trademark search must be conducted:

- for the relevant **countries** (consider also future plans for expansion of your business);
- for the relevant **products** (marks are grouped into "classes" according to the goods or services they serve to identify – you may therefore begin by familiarizing yourself with the different trademark classes – see No. 28); and
- with respect to **"confusingly similar"** trademarks (the guidance of a trademark agent may be helpful on this).

How thorough should the trademark clearance effort be? The scope of your search will be determined by the level of your risk tolerance, budget and time available to get it done. In the international context, the search may prove to be not only quite expensive, but also a hit-or-miss proposition. Besides, no search can uncover all potential types of unregistered trademark usage. But even a limited search is advisable rather than no search at all.

20. What are the costs associated with trademark creation and protection?

It is important to properly budget for the costs related to trademark creation and registration:

- There are costs associated with the **creation** of a logo, word, slogan or tagline to be used as a trademark, especially if you outsource this task.
- There are costs for obtaining a trademark **clearance** search.
- There are costs associated with the **registration** process which will vary depending on the number of countries and the categories of products (or trademark classes). The national trademark office will provide you with the detailed costs of trademark registration and renewal. Businesses choosing to use a professional trademark agent to assist in the registration process will face additional costs but will probably save significant time and energy during the registration process.

21. Who is authorized to apply for trademark registration?

In general, any person who intends to use a trademark or to have it used by others may apply to register it. They may be either an individual or a legal entity. However, in most countries an individual applying for registration must be a resident of that country.

22. Do you need a trademark agent to file a trademark application?

Most countries do not require you to hire a trademark agent to file an application if you are a resident of that country; you may file the application yourself. However, the services of an agent skilled in conducting trademark searches and familiar with the detailed procedure for trademark registration can help to **save time**, ensure that you apply for protection in the **appropriate trademark class(es)** and **avoid refusal** on absolute or relative grounds. Filing a trademark application is not a routine administrative matter. You have to develop an appropriate **strategy** regarding the form of the trademark and how broadly or narrowly to describe the relevant goods or services. You have to take into account the search results and possible disputes down the road. You also have to consider future plans for the trademark to make sure all relevant goods or services are covered by the application. In prosecuting applications, you may need practical advice and risk analysis on the best strategy to respond to office actions, particularly a refusal. For all these reasons, the assistance of a trademark agent is generally recommended. If you apply for trademark registration abroad you may be required to have a trademark agent who is resident in the country. The relevant trademark office will be able to provide you with a list of officially approved trademark agents.

23. How long does it take to register a trademark?

This varies significantly from country to country, generally ranging from three months to two years, depending among other things on whether the trademark office conducts a partial or full substantive examination and if there are any opposition procedures (see the box after No. 24). The length of registration has a major influence on the timing for launch of a new product. Make sure that you apply for registration of a trademark well in advance so that its registration is secured before you start using it on your products or in advertising.

24. How do you apply for trademark registration?

After a trademark search has been performed (see No. 19), a trademark application has to be submitted to the relevant national or regional trademark office.

The box below provides a basic overview of the application process. Note that there may be important variations among countries and it is always best to check with the trademark office or a trademark agent in the relevant country to obtain up-to-date information on procedures and applicable fees.

Registering a trademark – step by step

The steps taken by the office to register a trademark vary from country to country but, broadly speaking, follow a similar pattern. Usually, the trademark office has a specific examination manual available online. These manuals can give you a good insight into the application process and review.

1. The application form

As the first step, you have to submit a duly completed trademark application form which will include the contact details of your business, a graphic illustration of the trademark (a specific format may be required) and a description of the goods and services and/or class(es) for which your business wishes to obtain trademark registration. You must also pay the required fees. These forms are available at the trademark office or online, and in many countries the entire application can be done online.

Some trademark offices may also require proof of use or a declaration that your business intends to use the trademark. The relevant trademark office will give you more precise information concerning the application process.

2. Formal examination

The office examines the application to make sure that it complies with the administrative requirements or formalities (i.e., whether the application fee has been paid and the application form is properly filled in).

3. Substantive examination

In some countries, the trademark office does only a partial substantive examination under which it verifies whether the proposed trademark is liable to be rejected on *absolute grounds* (as explained in No. 11, absolute grounds refer to the categories of signs which are excluded from registration by specific provisions of the trademark law). If a **full** substantive examination is done, it will also include examination on *relative grounds*, meaning the office will also check if the proposed trademark conflicts with an existing trademark on the register in the relevant class(es).

4. Publication and opposition

In many countries, the trademark is **published** in a journal, with a set period of time for others to oppose its registration. In a number of other countries, the trademark is published only after it has been registered, with a subsequent period provided for petitions to cancel the registration.

5. Registration

Once it has been decided that there are no grounds for refusal, the trademark is registered, and a registration certificate is issued that is generally valid for 10 years.

6. Renewal

The trademark may be renewed indefinitely by paying the required renewal fees, but the registration may be canceled entirely or for certain goods/services if the trademark has not been used for a certain period of time specified in the relevant trademark law (see No. 34).

25. For how long is your registered trademark protected?

While the term of protection may vary, in many countries registered trademarks are protected for **10 years**. Registration may be renewed **indefinitely** (usually, for consecutive periods of 10 years) provided renewal fees are paid periodically. Make sure that someone in your business is made responsible for ensuring timely renewal of trademark registrations in all countries of continuing interest to your business (see No. 32).

26. Can identical trademarks coexist?

Yes. Identical trademarks used for identical goods or services can coexist without any risk of infringing another's rights in **different countries**, provided the trademark is not considered to be a well-known mark. Identical or similar trademarks may also coexist in the same country, provided:

- they are used for **different goods or services** that are included in different classes of the Nice classification (see No. 28) – except for well-known marks (see box after No. 5); or

- there is **no likelihood of confusion** in the marketplace; or
- there is a **coexistence agreement** (see below).

Example: DELTA® is a registered trademark in the European Union belonging to different companies for air transportation services, welding machines, swimming pools and cigarettes.

Having to deal with identical or similar trademarks in the same marketplace is a situation that is best avoided by conducting a timely trademark search. If, despite such efforts, a conflict arises with the same or a confusingly similar trademark, you will need to judge in each case what would be the appropriate response:

- One option is to enter into a **coexistence agreement** with the owner of the conflicting trademark. The main objective of such an agreement is to achieve peaceful coexistence by spelling out how the parties can exist together in the marketplace.
- In some situations, litigation may be the only appropriate response to settle a conflict with identical or similar trademarks in the same marketplace.
- Other options are **buying** (or selling) or **licensing** the conflicting trademark (discussed further in Part VII below).

27. Do you need to register all small modifications to your trademark?

Many trademarks have changed slightly over the years in order to modernize the image of a business or adapt to new advertising media. You will have to consult with the trademark office(s) concerned or a trademark agent as to whether a specific change will require the submission of a new application and payment of relevant fees.



The SHELL® logo is property of the Royal Dutch Shell group of companies.

28. What happens if you want to use your trademark for a different product?

When filling in your trademark application form, in most countries you are required to indicate the goods and services for which you wish to register your trademark, and to group them according to **classes**. These refer to the classes in the **trademark classification system**. If you have registered a trademark for a particular product and want to use it for a product in a different class, then you should file a new trademark application.

Let us take an example. If your business is producing knives and forks, your trademark application should be made for the corresponding

goods in class 8 of the Nice System. If, however, you wish to market other kitchen utensils (such as containers, pans or pots) using the same trademark, you will also have to register the trademark for the corresponding goods in class 21. In some countries you would have to make a separate application for each class of product whereas in others you may cover a number of classes with a single application.

A well-classified system

Most countries in the world employ the international classification systems. The Nice System establishes a classification for goods and services for all types of trademarks (it has 34 classes for goods and 11 for services), and the **Vienna System** establishes a classification for marks which consist of, or contain, figurative elements (it has 29 categories). More information on the Nice and Vienna Classifications is available at www.wipo.int/classifications.

The international classification systems allow for the storage of data on registered trademarks in an orderly manner in relation to the types of goods or services or on the basis of their shape. This makes it easier to retrieve information from trademark databases. It is critical to register your trademark in all classes in which you intend to use it.

29. How can you protect the shape of your product?

The shape of your product can be an important element of your brand and there are a variety of ways to protect this element.

- The shape of a product may usually be protected as an **industrial design** (see No. 13). Often, a business will register the shape of its product as an *industrial design* and once it acquires distinctive character through use, they will then register it as a *three-dimensional trademark*.



TOBLERONE®, the TOBLERONE® packaging shape and the TOBLERONE® chocolate shape are registered trademarks of Kraft Foods.

- In most countries, you can register the shape of a product as a **three-dimensional trademark**, provided the shape performs the function of a trademark in the marketplace. To qualify, the shape of the product must be distinctive. The shape should also not be dictated by the *function* of the product (see No. 11). In general, forms and shapes that are too simple or that have been extensively used are not protected. Some countries go even further and require that the particular shape must be *distinctive by itself* for consumers. This means

that consumers must recognize and connect the particular shaped product only with your business (like the triangular shape of TOBLERONE® or the distinctive shape of Apple's iPod®). The advantage of trademark protection, rather than industrial design protection, is that it may last indefinitely and is usually cheaper to obtain.

- Some jurisdictions provide protection for **trade dress/get-up** through trademark or unfair competition laws, which may protect the distinctive packaging or shape of a product (see No. 13). In some countries, the requirements are the same as for trademark law in that the shape needs to be *distinctive* and the feature protected cannot serve as a *functional* element (see No. 17).
- Some original shapes may also qualify for **copyright** protection (see No. 13). This is not as strong as trademark or design protection, but it is very helpful in certain circumstances; for example in countries where you have not registered a trademark/design, or if your trademark/design has been invalidated.
- Sometimes, the shape of your product may be protected by a **variety of IP rights** (see No. 13).

Summary checklist

- **Register your trademark!** While in most countries registration is not mandatory, there are major benefits in registering your trademark. The exclusive rights arising out of trademark registration allow you to prevent all others from marketing identical or similar products under an identical or confusingly similar trademark.
- **Are you utilizing all the different ways of protecting your brand image or products?** Consider the advantages of trademark protection in the following sections along with alternative and/or cumulative protection methods (copyright, trade dress, industrial designs, etc.). Make a cost/benefit analysis.
- **Does your trademark conflict with a competitor's trademark?** Conduct a trademark clearance and also consider using the services of a trademark agent.
- **Filing a trademark application.** Consider using a trademark agent to file your application.
- **More information.** See IP PANORAMA™ Module 02, Learning Points 2-3.

Trademarks Abroad

30. Is trademark registration in your home country valid internationally?

The rights arising out of a trademark registration are normally limited to the territory to which they pertain, so valid registration of a trademark in your home country gives you rights only in your own country unless your trademark is considered to be a well-known mark (see box after No. 5).

31. Should you consider protecting your trademark abroad?

The reasons for registering your trademark in your home country also apply to the commercialization of your products in foreign markets. If you plan to enter global markets, you should therefore consider registering your mark in the countries that are strategic to your business, that is, where you wish to use your trademark or grant a license to use it. The Madrid System facilitates the registration and management of trademarks in multiple countries (see box after No. 32)

32. When and how can you register a trademark of your business abroad?

You can register your trademark abroad at any time, but bear in mind that you usually have **six months** from the date on which you applied for protection in the first country to claim the right of **priority** for trademark protection in other countries. In other words, if you register within the six-month period and your registration is successful, it will be regarded as having taken effect from the date on which you filed for protection in the first country. Hence, it is recommended that you submit your foreign applications within this period if you want to avoid a competitor “stealing” your trademark in other countries. Unlike patent and design rights, where missing the priority date could be fatal to your subsequent applications, in the case of trademarks missing the six-month due date means that an application filed outside of the country will only take effect from its own filing date and will not enjoy the filing date of the original application.

There are three main ways to register your trademark in other countries:

The national route. You may apply to the trademark office of each country in which you are seeking protection by filing the corresponding application in the required language and paying the required fees. As indicated earlier, a country may require you to use the services of a locally based trademark agent (see No. 22). Note that some countries do not have a national system and use a regional system instead.

The regional route. If you want protection in countries which are members of a regional trademark system, you may apply for registration with effect in the territories of all member countries by filing an application at the relevant regional office. The regional trademark offices are:

- the African Regional Intellectual Property Organization (ARIPO) (www.ariipo.org);
- the Benelux Office for Intellectual Property (BOIP) for protection in Belgium, the Netherlands and Luxembourg (www.boip.int);
- the European Union Intellectual Property Office (EUIPO) for Community Trademarks (CTM) in the Member States of the European Union (www.oami.europa.eu);
- the Organisation Africaine de la Propriété Intellectuelle (OAPI) for protection in French-speaking African countries (www.oapi.int); and
- the Supreme Council of the Gulf Cooperation Council (GCC) – the Supreme Council of the GCC has approved the GCC Trademark Law (regulation), which will provide for a regional trademark system for the six Arab Gulf countries (forthcoming).

The international route. If your home country is part of the Madrid System and you have a national or regional registration or application for a trademark, you may be able to use the Madrid System to register that same trademark in any of the more than 90 members of the Madrid System.

Main features of the Madrid System

- To file through the Madrid System, you must have **connections** with it, that is, you must either be a national of, be domiciled in or have your business established within the territory of any of the members of the Madrid Union (www.wipo.int/madrid/en/members).
- You first need to **register** your trademark (or apply for registration) in the office of the country with which you have the connection. This office is referred to as the **office of origin**. Then you can ask your office of origin to send your application for international trademark registration to WIPO for formality checks. The international application must **designate the countries** in which the mark is to be protected.
- The offices of each designated Contracting Party will conduct a substantive examination of the international registration in the same way as it would for an application filed directly. If protection is granted, the trademark will be protected in the same way as if it had been registered by the office of that country. An international registration is therefore equivalent to a **bundle of national registrations**.
- Although it is a single registration, protection may be refused by some of the countries, or the protection may be limited with respect to only some of the countries. This is in contrast to a unitary regional right

such as the EU trademark for the European Union, which cannot be refused, limited or transferred with effect for only a part of the territory, and which may be enforced by a single legal action covering infringement occurring anywhere in that territory

(see euipo.europa.eu/ohimportall/en).

- An international registration remains dependent on the basic mark (i.e., the mark registered or applied for in the office of origin) for a period of five years from the date of its registration. If the basic mark ceases to have effect within this five-year period, the international registration will be cancelled. However, you may be able to transform your international registration into separate national or regional applications in any of the designated Contracting Parties within three months of the cancellation of the basic mark, at extra cost. Any such application will be treated as if it had been filed on the date of the international registration (or in the case of a subsequent designation, the date of the designation).

Advantages of using the Madrid System

The Madrid System, administered by WIPO, is a **user-friendly** system which provides business owners with a **simple** means of protecting and managing their trademarks abroad in a **cost-effective** manner:

- one application form presented through one filing office seeking protection under more than 90 countries;
- one language (English, French or Spanish);
- fees paid in one currency (Swiss francs).
- This will result in one international registration.
- More countries can be added to the trademark portfolio after registration at any time.
- If you wish to transfer the registration for only some of the designated countries, or for only some of the goods or services, or to limit the list of goods and services with respect to only some of the designated countries, the system is flexible enough to accommodate this.
- Subsequent changes of all kinds can be managed through a single procedure in very easy steps.
- Renewal is cheaper and easier to administer.
- Offices must grant protection within a strict time limit (12 or 18 months from the international registration date).
- There is no need to hire a local attorney from the beginning (a foreign counsel is only needed in case of refusal).

The Madrid System thus **reduces the administrative formalities and costs** involved in registering and maintaining marks in multiple countries.

More information on how to use the Madrid System (who can file and where, a list of members, forms, general filing information, the legal texts, online services, etc.) is available at www.wipo.int/madrid. Some testimonials of users from developing countries are available on the website: www.wipo.int/multimedia/en/madrid/madrid-videos.



GND is an example of an international registration covering 35 countries as of December 2016: Australia, Botswana, China, Kenya, the Democratic People's Republic of Korea, Singapore, Viet Nam and 28 member states of the European Union. The basic registration is Mozambique.

Courtesy: GRINGO, Lda., Mozambique.

33. What is transliteration of a trademark and what are the challenges?

Consumers usually expect products to bear marks written in the local script and language of their country. As a result, businesses face complicated problems of translation or transliteration in some major consumer markets.

Translation simply means taking words in one language and identifying their *meaningful* equivalent in another language. **Transliteration**, on the other hand, essentially means converting words in one language to words in another language by means of their close approximation in *sound*. This is usually done because (a) it's more intuitive or easier, or (b) meaningful corresponding words simply do not exist in the target language (as is often the case with names and places).

For example, if a proposed trademark contains non-English words or non-Roman characters, you may be required to provide the trademark office with a translation or transliteration of each of the words or characters, and the words or characters taken as a whole, into an official language of the country concerned. This is true of the languages of many countries in Asia and the Middle East, as well as of Greece, Israel and the Russian Federation. If a trademark contains numerals other than Arabic or Roman, those other numerals may have to be replaced by Arabic or Roman numerals. Very importantly, in certain circumstances/countries a transliterated trademark is deemed to be **automatically** registered once

the original trademark is duly registered, while in others it needs a second, **separate** registration. In such countries, it is strongly recommended to also register the trademark separately in the local language.

The transliteration of characters can be more or less complex depending on the country's requirements, and each country has its own peculiarities. Transliterating a trademark should also be examined alongside the issue of transliterating the corresponding **domain name**, which will be registered in the script of the local country code. Always consult a local trademark agent as this can be a very tricky issue which needs handling by an expert.

Transliteration of marks into Chinese

It is not easy to choose the right Chinese trademark to protect your original brand and to market your products successfully. There are many factors to consider:

- Chinese has many dialects. Most companies focus on Mandarin and Cantonese, which are the two major spoken Chinese dialects.
- The language has more than 50,000 characters, many of which share the same sound. If transliteration is not correctly done, you could end up with a trademark that sounds right but has no meaning or even a negative meaning for Chinese consumers.
- In China, most marks written in Roman characters will be considered to be **figurative trademarks**. In other countries, marks in Chinese characters are considered to be figurative trademarks.
- China and Singapore have adopted a simplified writing system. The use of traditional (non-simplified) Chinese characters is not accepted in those countries. On the other hand, Hong Kong, China still uses the traditional Chinese characters.
- Chinese consumers often give a Chinese nickname to foreign brands. For example, QUAKER® Oats is known in China as the old-man brand (*lao ren pai*) due to its logo and POLO® has been nicknamed the three-legged horse (*san jiao ma*). It is

usually a good strategy to **register the nickname** as the official trademark in Chinese.

- In transliterating/translating your original trademark into Chinese, you have three options:
 1. The **conceptual method** conveys the exact **meaning** of your original trademark, but the Chinese trademark's pronunciation will be different. For example, SHELL® has been translated in Chinese as QIÀO PAI (壳牌), meaning "SHELL® brand."
 2. The **phonetic method** uses Chinese characters to reproduce the same **pronunciation** as your original trademark, but the Chinese trademark will normally have a different (or no) meaning. For example, SONY® is transliterated as "suo ni," which means "cable" (*suo*) and "nun" (*ni*).
 3. The **phonetic-conceptual method** combines these two methods and is generally the most effective. The Chinese trademark is both phonetically similar to your original trademark and evokes the benefits of your products. One of the best examples is COCA-COLA®, known as "ke kou ke le" the sound echoes the original pronunciation and means "delicious happiness."



Ya Kun Kaya Toast
Coffeestall since 1944

The trademark YA KUN KAYA TOAST COFFEESTALL SINCE 1944® is registered with the Intellectual Property Office of Singapore (IPOS) as well as internationally under the Madrid System. The transliteration of the Chinese characters appearing in the trademark is "Ya Kun" which is the *hanyu pinyin* equivalent of "Ah Koon," the founder's name.

Choosing a trademark abroad

Selecting an appropriate trademark for a foreign market is often a complex task. The following tips may help:

- **Choose a local language trademark and register all variations.** Consult language specialists and be sure to select a strong trademark that resonates with local consumers.
- **Monitor carefully for infringing trademarks.** Search properly for foreign trademarks that both *sound* and *look* similar to your trademark, or that have the same *meaning*. Search also for prior-registered *domain names*.
- **File broadly.** File in all the right and relevant classes, not only for products you use, but also for products you might use in the near future. Some countries do not follow the Nice Classification, or have a unique system of subclasses. A local trademark counsel may help you make sure that your registration is correct and complete.
- **Get familiar with the local trademark system.** Do not assume that the law in the foreign country is the same as the law in your home country. Know the pitfalls of the local system and use lawyers you trust. Is it a first-to-file or a first-to-use country? Does the trademark office perform a relative examination?

What is the system for opposition? How long does it take before a trademark is registered? Do you need to get approval for trademark assignments or licensing? These are just some of the most important questions that you need to ask.



WAMDA® (meaning spark or flash of light), is a platform that supports and invests in entrepreneurs in the Middle East North Africa (MENA) region. It has logos in both Arabic and Roman characters.

Summary checklist

- **Territorial rights.** Remember that trademarks are territorial rights unless your trademark is considered well known.
- **Priority period.** Make use of the six-month priority period to apply for protection abroad.
- **Where to apply.** Consider where you will benefit from protection and take into account the costs of protecting in various countries.
- **How to apply.** Consider using the Madrid System to facilitate the application process, which reduces the administrative burden and costs involved in registering and maintaining marks in multiple countries.

Using Trademarks

34. What is meant by “use” of a trademark? What is its relevance for a trademark owner?

There are many legal references to the “use” of a trademark, and the definition changes from country to country. A trademark attorney should be consulted for proper guidelines. However, here are some legal references to the “use” of a trademark that are relevant to a business owner:

- The owner of a registered trademark can prevent unauthorized *use* of the trademark by others in relation to identical or similar products (see No. 15).
- In many countries, trademarks are protected through *use*, without registration (see No. 12 on first-to-use countries).
- *Use* in the marketplace is a requirement for registration in some countries (see No. 35).
- In many countries, non-*use* for a number of years is evidence of abandonment (see No. 35).
- A descriptive trademark may acquire distinctiveness through widespread *use* (see secondary meaning, box after No. 17). On the other hand, a distinctive trademark may lose distinctiveness through common *use* (Nos. 9 and 37 on generic signs).
- Certification marks cannot be *used* by their owner (see No. 7).

What constitutes use of a registered trademark differs from country to country. However, generally speaking the “use” of a registered trademark in the legal sense, refers to the use of the trademark exactly as it is registered. This use should be in the course of trade and by the owner, or with the owner’s consent. The use of the trademark should be on or in relation to the products or services for which it is registered in the territory in which it is registered. Use of the mark in a form differing in elements may be regarded as use of the mark, provided that there is no alteration of the distinctive character of the mark. Use must be serious use; token use is not sufficient in most countries to constitute use. Further, applying the trademark to goods or to materials for the labeling or packaging of goods in the territory registered solely for export purposes may constitute use. However, this is a grey area in many countries. Again, the legal requirements for “use” of a trademark vary from country to country, but generally they are met if the owner:

- applies the sign to goods or the packaging thereof;
- offers or exposes goods for sale, puts them on the market or stocks them for those purposes under the sign, or offers goods or supplies services under the sign;
- imports or exports goods under the sign;
- uses the sign on an invoice, wine list, catalogue, business letter, business paper, price list or other commercial document; or
- uses the sign in advertising.

35. Can you register a trademark without having used it?

You may *apply* for registration before you have used the trademark but some countries will not officially *register* it until you have shown **proof of use**. In these countries, the concept of use is very important since “use of a trademark in commerce” makes the status of such a trademark superior to the marks of other parties. In such countries, use is a **requirement for registration** or a prerequisite for filing an opposition or a court case claiming infringement.

The most important thing to remember is that in all situations it is best to check the local law of your country and register your trademark as soon as possible.

Note also that, in most countries, if you don't use your trademark for a given period of time (generally three to five years) following its registration, it may be taken off the trademark register as it is deemed to be **abandoned**. This means you could **lose** your rights in your trademark.

TM or ®?

The use of ®, TM, SM or equivalent symbols next to a trademark is not a requirement and generally provides no further legal protection. Nevertheless, it may be a convenient way of informing others that a given sign is a trademark, thus warning possible infringers and counterfeiters. The ® symbol may be only used once

a trademark has been registered, whereas TM is usually used with unregistered trademarks. SM is used similarly to TM for unregistered trademarks, but in connection with services rather than goods.

Using the ® symbol in connection with unregistered trademarks may be considered unfair business practice or misleading marketing. Be sure not to use the ® symbol, for example, when you export goods to countries where you have not registered the trademark.

36. Can your business use the same trademark for different products?

When you release new products or new variants of your product, you will have to decide how to differentiate these products/variants from your original product and how to brand them in the marketplace. There are various options with their attendant benefits and costs/risks. You can:

- Use the **same trademark**. Extending an existing brand to new products enables the new product to benefit from the image and reputation of the trademark. Remember that you may have to file a new application to register the trademark for the new use (see No. 28).
- Create a **new trademark**. The use of a new trademark that is more specific and relevant to the new product enables your business to target the new prod-

uct to a specific customer group (e.g., children, teenagers, etc.) or to create a specific image for the new product line.

- Use an **additional trademark** in conjunction with the first trademark. Many businesses choose to use a new trademark in conjunction with an existing trademark (e.g., NUTELLA® is generally used with FERRERO®).
- Rely on a new **industrial design** of the product or its packaging (see No. 13).
- Use different **artwork** on the label of the product or its packaging, to signal the new product or variant to the consumers; this would mean that you are relying on copyright and/or industrial design (see No. 13).



NUTELLA® and the relevant devices and indicia are trademarks owned by FERRERO®.

Different businesses adopt different approaches, depending on their branding strategy. Whatever your choice, make sure that your trademark is registered for all classes of goods/services for which it is or will be used.

37. How should you use your trademark?

It is not enough to achieve protection through trademark registration. The protection may get lost if your trademark is not properly used. A trademark may become **generic** if it becomes so widely used that it becomes a common name to designate the relevant good or service. In such instances, the trademark will not be registrable and a previous registration for such a trademark may be cancelled. Some marks retain trademark protection in certain countries despite being declared generic in others (see No. 9 on generic signs).

Example: Trampoline has been ruled generic in the United States of America, so other companies may use that name for an athletic jumping apparatus as well.

Dos and don'ts for proper trademark use

The following rules may help to prevent your trademark from becoming generic:

- Use the ® **symbol** to denote a registered trademark.
- **Distinguish the trademark from surrounding text** by using capitals, bold or italic fonts, or by placing it within quotation marks.
- **Use your trademark consistently.** If your trademark is registered with a specific spelling, design, color or font, make sure that the trademark is used exactly as it is registered. Don't

modify the trademark, for example through hyphenation, combination or abbreviation (e.g., “MONTBLANC® fountain pen” should not appear as “Mont Blanc”).

- **Don't use the trademark as a noun.** Use the trademark only as an adjective (e.g., say “LEGO® toy blocks”, not “Lego’s”).
- **Don't use the trademark as a verb** (e.g., say “modified by ADOBE® PHOTOSHOP® software”, not “photoshopped”).
- **Don't use the trademark as a plural** (e.g., say “TIC TAC® candies”, not “tic tacs”).
- **Establish clear and cogent trademark best practices and guidelines.** Instruct how employees, suppliers, distributors and consumers should use your trademark. Make sure the policies and guidelines are consistently followed by all concerned.

Such efforts may or may not be successful in preventing your trademark from becoming generic. In fact, legally it is more important that you visibly try to prevent your trademark from becoming generic (e.g., by sending emails or notes to authors who wrongfully use your trademark) than that you succeed.

38. Can you use a competitor's trademark in your advertising?

Using a competitor's trademark in the course of advertising is often a dangerous adventure. The law is different in each country and if you think it is necessary to use a competitor's trademark in your advertising, you should first consult a local lawyer and keep the following in mind:

- Be cautious if you plan to mention in your advertising that your product is better than your competitor's product. Doing so may be illegal in some countries. Consult a local lawyer about the laws and regulations that apply to **comparative advertising** in that country.
- If you use a competitor's trademark in your advertising, **do it fairly and properly** as the primary meaning of your advertising should be to inform the consumer and not to discredit or unfairly attack a competitor.
- Avoid using a competitor's trademark in a way that may suggest that the competitor endorses or sponsors your product. Also, **do not take unfair advantage** of the reputation of a competitor's trademark to promote your own business.
- In comparative advertising, be careful **not to alter** a competitor's trademark, especially if the trademark is a logo, and use the appropriate trademark symbol. An altered version of a competitor's trademark could “blur” the trademark's ability to identify the product concerned, and the alteration might therefore be considered to be an infringement of the rights in the trademark.

- A competitor's trademark may contain one or more **graphic elements**, such as a logo, label, design or three-dimensional figure. All such elements are likely to also be protected by copyright law, so obtain authorization from the copyright owner before using the graphic elements in your advertising.

39. What is a domain name and what does it have to do with trademarks?

An important problem concerns the conflict between trademarks and domain names. **Domain names** are user-friendly Internet addresses used to find websites. For example, the domain name "wipo.int" takes you to the WIPO website at www.wipo.int.

Generally, domain names are available for registration on a first-come, first-served basis. In this regard, national laws or courts may assess the use or, depending on the circumstances, even registration of the trademark of another business as a domain name, under trademark infringement principles. The bad-faith, abusive registration and use of domain names is commonly referred to as **cybersquatting**. If your business is held to have engaged in cybersquatting then not only will you have to transfer or cancel the domain name, you may also have to pay damages. Therefore, it is important that your proposed domain name is not the trademark or even the dominant part of the trademark of another business.

On the other hand, if your business's trademark is being used in a domain name or is being cybersquatted by someone else, you may take action to stop this abuse of your mark. One option would be to use WIPO's popular online services for **domain name dispute resolution** at: www.wipo.int/amc/en/domains. These online facilities include model pleadings as well as a jurisprudential overview and legal index to the thousands of WIPO domain name cases that have already been decided. This service offers a time- and cost-effective solution outside the courts for brand owners around the world. To find out information about the registrant of a domain name, you can use one of the many free online domain name search tools such as www.whois.icann.org or www.internic.net.

Tips for domain names

- **Be sure that your choice of domain name doesn't conflict with a third party's trademark.** Do a trademark search (No. 19) to find out whether the selected name is being used as a trademark by a competitor for similar goods or services, or is a well-known mark.
- **Consider registering your trademark(s) as a domain name.** Customers will find your company's website easily if you use a domain name that is the same as or similar to your business name or trademark, so try to register your trademark(s) as a domain name before someone else does. Also, when selecting a new trademark for your products,

check whether the corresponding domain name is available.

- **Register your domain name as a trademark.** Registration of a domain name does not automatically grant trademark rights. For example, if you acquire the domain name “sunny.com,” that does not mean you can prevent others from using “sunny” for selling products (on- or offline); it only gives you the ability to use that specific Internet address. You should consider registering your domain name (in our example, “sunny”) (with or without the top level “.com” extension) as a trademark. A trademark registration will (a) strengthen your power to enforce your rights against anyone else who tries to use the name to market similar products; and (b) may prevent someone else from registering the same name as a trademark for similar goods or services. In most countries, you can register your domain name as a trademark, provided it is distinctive (i.e., not generic) and is being used to market products.
- **How can you register a domain name?** Domain name registration is relatively easy, fast and cheap. The easiest way is to register online through any of the approved domain name registrars listed at www.icann.org or www.internic.net. The fee is typically between USD 10 and USD 35 and registration takes a matter of minutes.

40. What should be kept in mind when using trademarks on the Internet?

The use of trademarks on the Internet has raised a number of controversial legal problems with no uniform solution:

- One problem stems from the fact that trademark rights are territorial (that is, they are protected only in the country or region where the trademark has been registered or used), whereas the reach of the Internet is global. This creates problems when it comes to settling disputes between businesses that legitimately own **identical or confusingly similar trademarks for identical or similar products in different countries**. As the law in this area is still developing, the way courts treat this issue varies considerably from one country to another.
- **Keyword advertising** is a form of on-line advertising. It relies on keywords to trigger the display of advertisements in a separate column from the actual hits. Some search engine operators sell keywords to businesses. When a web user enters those particular keywords in a search engine, advertisements appear alongside the actual search results. For example, a bike business may buy the word MOUNTAINBIKE from a search engine. Each time a web user enters the word MOUNTAINBIKE into the search engine, the advertising banner of the bike business will appear. Moreover, if the web user clicks on the banner, he or she will be directed to the website of the bike business. However,

a problem arises when a search engine sells a competitor's trademark as a keyword to trigger advertisement. For example, suppose that the above-mentioned bike business bought the word CANNONDALE®, the trademark of a competing business. If a web user entered CANNONDALE®, a banner of the competing bike business would appear at the top of the result list. This kind of keyword triggering may in some countries expose both the search engine operator and the advertising business to legal liability for trademark infringement, misleading advertising and unfair competition.

- **Hyperlinks** to other websites are a useful service for your customer, but in many countries there is no clear law on when and how you can use such links. In most cases, links are completely legal and no permission from the linked site is needed to include a link. However, some types of links can create legal liability, so it makes sense to get permission for them or to avoid including them. Problems may arise with:
 - links that lead to sites containing **illegal content**;
 - links that comprise the **logo of a business**;
 - **deep links** (links that bypass a website's homepage and instead go straight to a specific page within the site), if such a link is a way of bypassing a subscription or payment mechanism, or if it is expressly forbidden by the site itself; and
 - **framing** (displaying the contents of someone else's site within a frame

at your website) or **inlining** (incorporating a graphic file from another website into your own website).

41. What is the role of a trademark supervisor or coordinator?

Depending on the size of your business and its trademark portfolio, you may need a dedicated staff member to oversee the management of your trademark portfolio. One of the key functions of an in-house trademark supervisor or coordinator is to ensure that **best practices** are uniformly followed. Before anyone in the business prints business cards, stationery, advertising materials, packaging and other documentation, the supervisor will check for compliance with the trademark usage guidelines. The supervisor should also monitor the volume and possible changing nature of the trademark usage, and verify that any necessary **registration renewals** (if you miss the deadline, your registration will be cancelled) or **new filings** are brought to the attention of the trademark agent. The supervisor may also serve as the initial **point of contact** for any questions concerning the management and use of existing or proposed trademarks while coordinating with outside trademark agents and/or trademark attorneys.

In addition, the trademark supervisor may be made responsible for **audit** of your trademark portfolios. A portfolio audit may be helpful for the following:

- preparing a status report on all registered trademarks and pending applications, organized by product, trademark and country;
- deciding whether specific registrations should be maintained, or whether costs could be saved by abandoning registrations, partially or completely;
- reviewing products and collateral marketing materials to ensure that trademarks are being used consistently and in accordance with their registrations and applicable trademark laws;
- assessing whether unregistered trademarks, slogans, taglines and logos ought to be registered and, if so, where;
- reviewing procedures for selecting and registering trademarks, and making recommendations for improvements; and
- preparing the trademark portfolio for transaction due diligence and for use as collateral in asset-based financing.

Dedicating a staff member to manage all your IP assets and coordinate with all related areas

The individual responsible for managing your trademark portfolio should work in close coordination with the staff member who manages your company's marketing, advertising and public relations. In addition, this could be the same individual who manages all the IP of the company, coordinates with outside agents and attorneys and sets policies to educate staff on good IP practices. To maximize the benefits and fully protect your IP assets, all these areas need to be coordinated.

Summary checklist

- **Are you using your trademark in a consistent manner?** Check regularly to ensure you are using your trademark in its proper form in relation to the appropriate products or services.
- **Are you using the ®, TM and SM symbols properly?** Make sure you understand the difference between them. If you decide not to register your trademark – or if you export products to a country where your trademark is not registered – be careful not to use ® as it may be considered unfair business practice or misleading advertising.
- **Do your employees understand trademark use?** Educate your employees on how to use your trademarks to ensure consistency.
- **Competitors' trademarks.** Consult a local trademark attorney before using a competitor's trademark.
- **More information.** See IP PANORAMA™ Module 02, Learning Point 4.

Commercializing Trademarks

42. Can you license your trademark to other businesses?

Trademarks can be licensed to other businesses. In such a case, the trademark owner continues to be the owner of the licensed trademark and merely agrees to the use of the trademark by one or more other businesses. This is usually done on payment of royalties and involves the consent of the trademark owner, which is usually specified in a written licensing agreement. Depending on the nature of the agreement, the licensor (that is, the owner of the trademark) often retains some degree of **control** over the licensee (authorized user) to guarantee that a certain quality is maintained. In some countries, such quality control is important to retain enforceable rights in the trademark.

In practice, trademark licenses are frequently granted within broader licensing agreements, for example franchising agreements or agreements including the licensing of other IP rights such as patents, know-how and some degree of technical assistance for the production of a given product.



MEMORY COMPUTACIÓN is a Uruguay-based software company specializing in management and accountancy software for SMEs which relies on franchising to expand its business operations. The franchisee is entitled to use the trade name, trademarks and service marks, know-how and other IP rights which the franchisor possesses in exchange for agreed fees. The company has registered its trademarks in each of the countries in which it operates. www.solucionesmemory.com

A particularly lucrative form of trademark licensing is **merchandising**. Merchandising is a form of marketing whereby an IP right (typically a trademark, industrial design and/or copyright) is used on a product to enhance the attractiveness of the product. University logos, cartoon characters, actors, pop stars, sports celebrities, famous paintings, statues and many other images appear on a whole range of products, such as T-shirts, toys, stationery items, coffee mugs and posters. Merchandising requires prior authorization to use the various rights on the merchandised good. Extra caution is necessary when celebrities' images are used for merchandising, as they may be protected by privacy and publicity rights.

Licensing trademarks in the context of merchandising may be an additional source of income:

- **Licensing out.** For businesses that own famous trademarks (such as sports teams, universities, character/animation properties), licensing out trademarks to potential merchandisers can generate lucrative license fees and royalties. It also allows a business to generate income from new product markets in a relatively risk-free and cost-effective way.
- **Licensing in.** A business that manufactures low-priced, mass-produced goods, such as coffee mugs, candies or T-shirts, may make its products more attractive by using a famous logo or trademark on them.

43. What fee or royalty rate should you expect to receive for your trademark?

In licensing deals, the owner of the right is generally remunerated through lump-sum payments and/or recurring royalties, which may be based on sales volume of the licensed product (per-unit royalty) or on net sales (net sales-based royalty). In many cases, the remuneration for a trademark license is a combination of a lump-sum payment and royalties. Sometimes an equity stake in the licensee's company may replace a royalty.

While industry standards for royalty rates exist for particular industries and may usefully be consulted, each licensing agreement is unique and the royalty rate depends on the

particular and very distinct factors being negotiated. Therefore, industry standards may provide some useful guidance, but too great a reliance on such standards is often misplaced as the value of each trademark is different.

44. What is the difference between an exclusive and a non-exclusive license?

There are three types of licensing agreements depending on the number of licensees that can be utilized:

- **exclusive license:** a single licensee has the right to use the trademark, which cannot even be used by the trademark owner;
- **sole license:** a single licensee and the trademark owner have the right to use the trademark; and
- **non-exclusive license:** several licensees and the trademark owner have the right to use the trademark.

In a single licensing agreement, there may be provisions that grant some rights on an exclusive basis and others on a sole or non-exclusive basis.



The Ethiopian Fine Coffee Stakeholder Committee, in conjunction with the Ethiopian Intellectual Property Office, began the Ethiopian Coffee Trademarking and Licensing Initiative. The initiative strives to alleviate poverty in Ethiopia by promoting and using its fine coffees. The three famous brands of Ethiopian coffee, HARARTM, YIRGACHEFFETM and SIDAMOTM, were secured with trademark registrations in around 36 countries, and distributors were required to obtain non-exclusive licenses to sell them. Ethiopia now has over 110 licensees in eight countries.

45. Should you grant an exclusive or non-exclusive license for your trademark?

It depends on the product and on your company's business strategy. For example, if your business strategy can be turned into a franchise then a non-exclusive, widely held license would be the most advantageous. If your product needs one company to invest heavily in order to make a joint venture successful then that potential licensee will not want to face competition from other licensees, and may rightly insist on obtaining an exclusive license.

46. What does a franchising agreement have to do with trademarks?⁷

Franchising is where a person (franchisor) who has developed a certain way of doing a business expands their business by giving other entrepreneurs (franchisees) the right to use their business model in exchange for a fee. Along with providing the right to use the business model, the franchisor will license to the franchisee the right to use the franchisor's IP and know-how as well as provide training and support. In essence, a successful business would be replicated and run by entrepreneurs, the franchisees, under the supervision and control of, and assisted by, the franchisor. The right to use the IP associated with that business must be granted to the franchisee to enable them to successfully run the business. The IPRs that are licensed in a franchising arrangement are usually trademarks, designs, copyrights, patents and trade secrets, in other words the whole spectrum of IPRs.

⁷ For more information, see *In Good Company: Managing IP Issues in Franchising*, WIPO publication No. 1035.

Example: A restaurant selling chicken meals operates under the trademark NANDO'S®. It has developed a system for preparing and selling these products, which are sold in large volumes and in a uniform manner. The system includes various factors that contribute to the success of NANDO'S® restaurants, including recipes and methods of preparing meals that result in a product of consistent quality, the design of employees' uniforms, the design of the buildings, the design of packaging, and management and accounting systems. NANDO'S® imparts its knowledge and experience to its franchisees and retains the right to supervise and control. As a crucial component of the franchising agreement, the franchisees are also authorized and obliged to use the NANDO'S® trademark.



Courtesy Nando's International Holdings Ltd.

47. Is there any restriction on selling the trademark of your business to another business?

It is increasingly possible to sell or assign a trademark independently from the business that currently owns it. In the case of sale or assignment of a trademark, it may be necessary to deposit a copy of the agreement, or parts of it, at the trademark office.

Case study: how a trademark can unlock value for an entrepreneur – JET® Mosquito

Mr. S.K. Matlani, an entrepreneur based in India, fabricated a small machine in-house and started manufacturing mosquito-repellent mats under the trademark JET®. The total investment in the project was around USD 65,000. JET® soon proved to be successful in the market.

Ten years later, one of India's large industrial groups, Godrej Sara Lee, was looking at options for entering the mosquito repellent market. Godrej struck a deal with Mr. Matlani's company to buy the JET® trademark for some USD 6,500,000. The factories set up by Mr. Matlani as well as the other tangible assets of the company remained with Mr. Matlani and have since been abandoned.

The acquisition by Godrej **just involved the trademark**, which had acquired a good reputation in the Indian market. Thus, against an

original investment of USD 65,000, Mr. Matlani earned windfall profits through the sale of his trademark.

The moral of the story is that a sound IP strategy and intelligent management of an IP portfolio hold the potential to deliver far greater value than all the traditional tangible assets a business may have. A **trademark** symbolizes the **investments made by a company in delivering and marketing a quality product**. In order to enter a new market such as the market for mosquito-repellent mats, all that Godrej required was a reputable trademark that met with the satisfaction of consumers. For Mr. Matlani, his trademark proved to be his most valuable asset and selling it was an interesting option as he considered that the company was reaching the limits of its growth potential.

Compiled by: Pankaj Jain, Director (IPR Cell), Ministry of Small-Scale Industries, Government of India. For more information, see IP Advantage, WIPO's database of case studies on IP, at www.wipo.int/ipadvantage.

48. Can other businesses resell your trademarked products without authorization?

Another business can normally resell trademark-protected goods bought from your business within the same country without having to seek your consent. However, whether someone else can legally resell your trademarked products in another country will depend on the relevant law (see box below). While developing your export strategy, you should verify this question, preferably by consulting a legal expert. Similarly, if your business plans to buy goods that bear a trademark owned by another business then you should ascertain whether you need the prior formal permission of the trademark owner before you sell those goods abroad. You may be surprised that the answers to these questions are rather complex and may be different from one country to another. Various countries have developed so-called “exhaustion” or “first sale” doctrines that regulate when a trademark owner can and cannot act against a reseller of their products.

Parallel imports and the exhaustion doctrine

A **parallel import** is a trademarked good that is imported into a market and sold there without the permission of the trademark owner. The goods are “genuine” (as distinct from counterfeit goods) in that they have been manufactured by or under license from the trademark owner. However, they may have been formulated or packaged for a particular country/market, and then are imported into a different market from that intended by the trademark owner.

Parallel importing mainly occurs for two reasons: (1) **different versions** of a product are produced for sale in different markets and (2) businesses set **different price** points for their products in different markets. Parallel importers ordinarily purchase products in one country at a price (P1) which is cheaper than the price at which they are sold in a second country (P2), import the products into the second country, and sell the products in that country at a price which is usually between P1 and P2.

Exhaustion of trademark rights refers to one of the limits on IP rights. A trademark gives its owner the right to prevent others from using a protected sign on identical or similar products where such use is likely to cause consumer confusion. The

trademark right to exclude others from the market is limited by the doctrine of *exhaustion of rights*. This doctrine provides that once the owner of a trademark sells a product to which the trademark is attached, they generally cannot prevent the resale of that product because the trademark rights covering that product have been “exhausted” by the first sale.

This termination of control is critical to the functioning of any market economy because it permits the free transfer of goods and services. Without an exhaustion doctrine, the original trademark holder would perpetually exercise control over the sale, transfer or use of products embodying the trademark, and would control economic life.

By way of illustration, consider the well-known iPHONE[®] trademark for mobile phones. No company other than Apple can sell a new mobile phone with iPHONE[®] displayed on it. But once a consumer buys an iPHONE[®] from an authorized dealer, the consumer can resell that same iPHONE[®] to someone else. Once Apple has sold a particular mobile phone for the first time, it no longer controls its further disposition. Its right in the iPHONE[®] trademark with respect to that particular mobile phone is “exhausted” when the phone is sold to the consumer.

The doctrine is common to all countries, but there exist three different types of exhaustion regimes: national, regional and international. The debate as to which is preferable is highly controversial, because it has important economic implications.

- If a country recognizes a doctrine of **national exhaustion**, a trademark holder's right to control movement of a good or service is only extinguished when the good or service is put onto the market in the national territory. There are no *parallel imports* permitted. The trademark holders have the power to block the movement of goods and services and to segregate markets.
- Under a **regional exhaustion** policy, the trademark holder's right is extinguished when a good or service is put onto the market within any country of a defined region, such as the European Union. *Parallel imports* are permitted, but only with respect to goods first placed on the market within the regional territory.
- If a country recognizes a doctrine of **international exhaustion**, a trademark holder's right is extinguished when the good or service is first sold or marketed anywhere in the world. *Parallel imports* are permitted; goods and services flow freely across borders after they have been first sold or placed on the market anywhere in the world.

Summary checklist

- **Commercialization.** Consider the different options for commercializing your trademarks. These can be lucrative ways of expanding your business.
- **Licensing.** Royalty rates and other features of licensing agreements are a function of negotiation and it is advisable to seek the advice of a trademark attorney when drafting and negotiating licensing agreements.
- **Franchising agreements.** Trademarks, along with trade secrets, patents and copyright, can be a core part of a franchising agreement.
- **Remember the value of your trademark.** In any venture to commercialize your trademark, consider how you can maintain quality control over the trademark and the goods or services it represents.
- **More information.** See IP PANORAMA™ Module 12.

Enforcing Trademarks

49. Why is it important to detect infringements?

A competitor can pass off its products as yours by using a similar trademark. This situation causes two problems. First, the competitor is using your reputation to take away your **sales**. Second, if the competitor sells products of an inferior quality, it will harm your **reputation**. Therefore, you must continuously monitor the use of confusingly similar trademarks by other businesses. You can do this by:

- conducting trademark searches (see No. 19);
- monitoring the Internet and your usual marketing outlets;
- educating your employees about trademark rights and encouraging them to be on the lookout for infringement; and
- using the services of a specialized organization to detect infringement of your trademark(s).

Trademark risk management

Enforcing trademarks is just one aspect of risk management to protect the time and money you have invested in your overall brand, including your trademarks. Developing a strong strategy before infringement happens can minimize the costs of enforcement later.

Planning

- Regularly **inventory** your trademarks and be sure they are properly documented.
- Define who in your company is **responsible** for managing your IP assets.
- Develop a **financial strategy** for managing your trademarks, addressing matters such as maintenance fees, insurance and use of outside experts like trademark agents or attorneys.
- Coordinate your employees to ensure your trademarks are **used** in a consistent manner (marketing, advertising, etc.) and develop a system to document the use of your trademarks.

Securing Rights

- Depending on available resources and business strategy, **register** your trademarks in every country where you intend to make or market relevant products.

Enforcement and monitoring

- **Monitor** published registers and other sources to identify new companies and trademarks of interest as well as competing products that might infringe your rights.
- **Educate** your employees on infringement to aid in monitoring the industry.
- Seek the advice of outside experts to **defend** your rights against infringement.
- Continually **evaluate** your strategy as your business grows and changes.

50. When does another trademark infringe your rights?

Your trademark rights are infringed when a competitor uses the *same* or a *confusingly similar* trademark for the *same* or *similar* products, in a country where your trademark is protected (see No. 15). To prove infringement, you have to prove that a specific trademark is so close to yours that the consumers are *likely to be confused*. The confusion can be that the competitor's products are the same as yours or that the competitor's business is somehow associated with or approved, authorized or sponsored by your business. The following factors increase the "likelihood of confusion:"

- **If you have a strong trademark.** The legal strength of the trademark is determined by whether you have registered the trademark, how distinctive the trademark is in relation to the products offered (see Nos. 9 and 10), how long

you have been using the trademark and how much advertising you have done.

- **If the two trademarks are very similar.** There may be similarities in terms of the way the trademarks look (two similar logos), sound (LIGHT versus LITE) and their meaning (WHITE HORSE versus CHEVAL BLANC).
- **If the products are very similar.** If the products are competing directly, the danger is that consumers will erroneously believe there is an association between the producers.
- **If there is evidence of actual confusion.** All instances of misdirected mail, faxes, email and telephone calls as well as any consumer complaints are useful in assessing the public's level of confusion. A consumer survey is helpful to show public confusion.
- If the products are **marketed through the same marketing channels.**

This traditional level of protection is not adequate to protect well-known marks against unfair attempts to profit from or dilute their reputation. Such trademarks benefit from stronger protection in most countries (see box after No. 5).

51. What should your business do if its trademark is being used by others without authorization?

It is always useful to seek expert advice if you believe that someone is infringing your trademark. An IP lawyer would be the right person to give you information on the options to initiate action against counterfeiting and infringement and will provide you with advice on how to enforce your rights. He or she will inform you of the civil or, where applicable, administrative procedures that may be open to you.

If you are faced with **infringement** of your trademark rights, then you may choose to send a letter (known as a “cease and desist letter”) to the alleged infringer informing them of the possible existence of a conflict. In writing such a letter, the assistance of a trademark lawyer is recommended.

If your business considers the infringement to be **willful** and knows the location of the infringing activity then it may wish to take surprise action by obtaining, with the help of a trademark lawyer, a search and seize order (usually from a competent court or the police) to conduct a raid without prior notice to the allegedly offending business/person. Criminal procedures can be initiated in cases of willful trademark counterfeiting or copyright piracy on a commercial scale.

The infringer may be compelled by the judicial authorities to inform you of the identity of persons involved in the production and distribution of the infringing goods or services and their channels of distribution. As an effective deterrent to infringement,

the judicial authorities may order, upon your request, that infringing goods and materials be destroyed or disposed of outside the channels of commerce without compensation of any sort.

Case study: using the IP system to protect against infringing competitors – Saigon Cosmetics Corporation (SCC)

Saigon Cosmetics Corporation (SCC) is the leading fragrance, cosmetics and toiletries manufacturer in Viet Nam. Using the services of professional IP agencies in Viet Nam and abroad, SCC ensures that its IP assets are protected before launching any products in the market. As a result, SCC owns more than 200 trademarks and industrial designs, many of them at an international level.

Several individuals and enterprises have sought to “free ride” on SCC’s brands through a number of IPR violations. When faced with violations, SCC seeks legal advice from both IP offices and professionals and then decides what actions to take depending on the probability of a favorable outcome, expected enforcement costs, possible compensation and impacts on customers and markets.

Concrete actions taken by SCC to deal with IP infringement include sending official warnings to shops selling counterfeit products,

informing customers about infringements, adjusting product labels to facilitate identification of the original product, increasing marketing/promotions for customer brand loyalty and administrative and legal proceedings.

Early awareness of the importance of the effective use of the IP system played a key role in SCC's success. "Without investing in the protection of our IP assets, it would have been significantly easier for free riders to take advantage our ingenuity, creativity and reputation, making it more difficult, if not impossible, for the company to establish itself as a leader in cosmetics manufacturing in Viet Nam," say SCC's managers.

For more information, see IP Advantage, WIPO's database of case studies on IP at www.wipo.int/ipadvantage.

52. How can your business prevent the importation of counterfeit trademark goods?

In order to prevent the **importation of counterfeit trademark goods**, measures at the border are available to trademark owners in many countries through the national customs authorities. Many customs can search, examine and seize goods suspected of infringing trademark or other IP rights. **Customs actions** are principally taken against goods that are being imported into the country. Some customs also detain suspected goods which are in transit or exported. Customs officials can be an enormous help to trademark owners and provide valuable information to assist with in-house enforcement work. To get the most out of the system, you are advised to:

- Contact the relevant customs authorities to get information on the local customs regime.
- Contact an IP lawyer to advise you on how best to proceed.
- Record your trademark(s) with the customs office.
- Provide as much information as possible and cooperate with customs officials to make it easier for them to recognize infringing goods (e.g., information on the range of products on which your marks are applied, information on distinguishing genuine goods from counterfeits, examples of counterfeit goods, information on the location and destination of the counterfeit goods, etc.).
- Pay any prescribed fees.

53. What are your options for settling an infringement claim out of court?

In some instances, an effective way of dealing with infringement is through **arbitration or mediation**. Arbitration generally has the advantage of being a less formal, shorter and cheaper procedure than court proceedings, and an arbitral award is more easily enforceable internationally. An advantage of mediation is that the parties retain control of the dispute resolution process. As such, it can help to preserve good business relations with another enterprise with which your business may like to collaborate in the future. For more information, see the website of the WIPO Arbitration and Mediation Center at: www.wipo.int/amc.

Summary checklist

- **Be vigilant.** As far as possible, monitor the competition to detect infringement. Educate your employees on infringement to monitor more efficiently.
- **Risk management.** Develop a trademark management strategy, to minimize risks and maximize profits.
- **Seek advice.** Consult a trademark attorney before you take any action, as any move on your side may have an impact on the outcome of litigation.
- **Don't ignore accusations.** If competitors accuse you of trademark infringement, seek the advice of a trademark attorney. You cannot ignore a competitor's claim, even if you think it is without merit.
- **Alternative dispute resolution.** Consider ways of settling disputes out of court by including relevant mediation and/or arbitration clauses in any license agreement (for more information, see www.wipo.int/amc).

Overall checklist for a good trademark strategy

1. Select a valid and strong trademark.
Consider future export markets.
2. Conduct a trademark search in your home country and potential export markets and expansion lines.
3. Register the trademark early (before marketing and product launch). Bear in mind the six-month priority term for foreign applications. Renew your registrations if desired.
4. Display the ® symbol after the trademark is registered, and don't allow your trademark to become generic.
5. Capitalize on the licensing of your trademark where appropriate.
6. Don't let others confuse the public.
Detect misuse of your trademark, and promptly notify the infringer to cease and desist, followed by legal action if the infringer does not comply.
7. Call upon the customs service, if available, to prevent importation/exportation of infringing merchandise.

Annex – Useful Websites

For more information on:

IP issues from a business perspective

www.wipo.int/sme

Trademarks in general

www.wipo.int/trademarks

International Trademark Organization

www.inta.org

The practical aspects relating to the registration of trademarks – see the list of websites of national and regional trademark offices at

www.wipo.int/directory/en/urls.jsp

Madrid System for the International Registration of Marks

www.wipo.int/madrid

Nice Classification

www.wipo.int/classifications/nice

Vienna Classification

www.wipo.int/classifications/vienna

WIPO Arbitration and Mediation Center

www.wipo.int/amc

The conflict between domain names and trademarks, and the alternative dispute resolution procedures for domain names

www.wipo.int/amc/en/domains

Enforcement-related developments, in particular with regard to the context of broader societal interests and development-oriented concerns, and considering the potential impact of corporate social responsibility on enforcement results

www.wipo.int/enforcement/en

A list of online trademark databases maintained by IP offices throughout the world

www.wipo.int/amc/en/trademark/output.html

Global Brand Database – free-of-charge brand-related searches across multiple collections

www.wipo.int/reference/en/branddb

Madrid Monitor – detailed information on all trademarks registered through the Madrid System

www.wipo.int/madrid/monitor

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