

Trademarks – To register or not to register, that is the question

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From the publicised trademark disputes of IIR vs Google and Cooper Parry vs Barclays, there are many important lessons to be learnt about the issue of trademarks.

What is a trademark?

A trademark can be a word, a brand name, strapline, logo, design or colour.

Adding value

Trademarks can be a valuable asset to a company. It can generate revenue streams through licensing opportunities and create differentiation between competitors. Many companies will trademark any element of their brand to protect them and improve the value of their business. For example, Cadburys has successfully trademarked the colour purple (Pantone 2685C) for the exclusive use on their chocolate packaging, Coca-Cola has trademarked the shape of their glass bottle, and Nike their 'tick' logo. To have this competitive edge protected will help build and strengthen brand equity to produce the best returns for stakeholders.

Other benefits of registering your trademark

Registering a trademark protects the owner from unfair competition and infringement as well as the goodwill of the business. In the case of Cooper Parry vs Barclays, the disputed trademark was the strapline 'Now there's a thought', which Barclays wanted to use in their national ad campaign for the overhaul of their UK banking operation. However, Cooper Parry, an accountancy and business advisory firm, has used the strapline since 2001 when it underwent a new brand identity and corporate strategy. Since the tagline was adopted it is claimed that the business grew by 50%.

The criteria for registering a trademark

There are certain criteria that would have to be fulfilled in order for a trademark to be registered:

- It needs to be distinctive
- Is not similar or identical to any earlier marks for the same or similar goods or services
- Must not describe the nature or any of the features of the product or service concerned

Unregistered trademarks

Unregistered trademarks have to rely on the common law action of 'passing off'. Passing off actions require large amounts of evidence that shows the company has used the mark sufficiently to claim ownership, and then further evidence that customers were under the impression that they were buying their goods rather than the infringer's. The company would also have to show that they have suffered or are likely to suffer substantial damages to the goodwill of the business due to the infringement. This option can be expensive and exhaustive for companies.

Research has shown that companies that protect their trademarks consistently outperform those that do not. In 2004, the company that registered the most trademarks was Glaxo Group with a total of 150. Unilever plc was in second place with 93 registered trademarks. These figures are not surprising as both companies are leaders in their fields with a number of valuable brands to manage and sustain.



VIEWPOINT

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Trademark disputes: A matter of brand protection or cash settlement?

There is no doubt that the cases of IIR vs Google and Cooper Parry vs Barclays generated some positive PR for the smaller companies on the back of the more well known 'Goliaths' of the business world. However, it raises the question of whether these disputes taken out by IIR and Cooper Parry arise out of a genuine concern to protect the value of their brand or an opportunity to receive notable cash settlements. The fact that the Cooper Parry case was settled out of court on the basis of a cash settlement does not provide any credence to the line taken by the company to 'protect the goodwill of the business' as they have given permission to Barclays to still use the tagline. With IIR, it is claimed that they were unable to settle the case with Google in relation to the use of the name Gmail, due to their reliance on monetary terms that fell well below the independent brand valuation figure. In the end, Google apparently volunteered to change its email service from Gmail to googlemail.com. However, both IIR and Google have filed a Community Trademark for the Gmail mark, despite it having already been filed with the German patent office in 2000.

Lessons to be learned

What is quite apparent and surprising in both the Google and Barclays cases are their failure to undertake a robust intellectual property search before embarking on a national campaign to launch their new branded services. Alternatively, they could have carried out an IP search but because of the inevitability of treading on someone's toes, factored damages claims into the launch budget. The value that trademarks can bring to a business is undisputed so it is in the best interests of the company to protect these investments to maintain a competitive edge and improve cashflows. So I think you already know what the answer to the question is – register your trademark.

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