SELECTING AND LAUNCHING A BRAND

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SYNOPSIS

Several questions and challenges arise in connection with selection and introduction of a brand, ranging from the selection of a weak, descriptive mark, to selection of a high-risk mark, to protecting and enforcing brands while facing a tight budget, to monitoring and addressing cybersquatters or brand thieves.

This paper addresses some of the considerations that trademark practitioners should contemplate and discuss with their brand owner clients. Each and every possible relevant consideration is not addressed, but rather thinking points and guidelines for conquering such challenges are provided. The focus here is on use, rather than registration, of a brand. Additionally, this paper will focus on branding issues that arise in the United States.

As another preliminary matter, the term "brand" can signify the overall image or impression of a product or service in the marketplace. Trademarks can also function as brands. This paper will address brands from a trademark law perspective, and will use the terms "brand" and "trademark" interchangeably.

I. INITIAL BRANDING DECISIONS

A. The client is unsure whether to brand its new product at all.

Put another way, to brand or not to brand, that is the question. And it is one that your client should answer after weighing the potential value of the brand against the potential risks and liabilities associated with branding (or not branding).

Value considerations should include how much revenue your client anticipates the branded product will generate, whether the branded product or solution is a breakthrough or flagship one for the client, the anticipated lifespan of the brand, the breadth of offerings under the brand, the expenditures associated with advertising and announcing the launch, and the likelihood of counterfeits. Further, the client should determine how much value the selected brand itself might add, in contrast to offering the products or services under an already-in-use brand or in unbranded form. Additionally, the value of excluding others from using the brand, which in some cases effectively keeps competitors out of a certain market space altogether, should be taken into account.

In some industries and for some products (think sport drinks and high-end apparel), the brand is central to the products' success. In others, the product is much more important than the brand.

With respect to risk and liability, in case the client were to hit a major stumbling block, the

client should consider the possibilities of monetary damages, cost of rebranding if necessary, man-hours spent in litigation or rebranding, lost advertising dollars, the value of past advertising, the cost of absence from the market during rebranding, and missed ship dates and lost sales.

There are risks also associated with *not* taking steps to protect a brand. The main risk here is failing to achieve and maintain adequate protection for the client's own mark, which can result in the inability to prevent others from using the mark, dilution of the mark, and diversion of sales and profits.

If the client concludes that the potential value of the brand is less than the potential cost and risk, consider alternatives to branding. Such alternatives include using a merely descriptive name, *e.g.*, "the label-maker software"; the house mark or family brand combined with a descriptor, *e.g.*, "ACME Orange Soda," "ACME Cola," or "ACME Root beer"; or a model number. Model numbers generally are not considered to be source-identifying.

If the budget is low, or if the selected brand is arguably too similar to another's mark, then the client could take steps to distance itself from ownership claims in the brand as a trademark. The brand could be used in a descriptive or inconspicuous manner, rather than in a prominent way. Also, the client could avoid use of the ™ symbol next to the brand.

B. The selected brand includes descriptive or generic wording.

To function as a trademark, a term must be distinctive.

A descriptive term immediately and directly describes a characteristic, such as the size, purpose, or effect, of a product or service. Examples of terms considered descriptive include "America's Best Popcorn!" (for popcorn),[1] "express" (used in connection with employment services),[2] and "super gel" (for shaving gel).[3] A descriptive term can function as a protectable and enforceable trademark once it has obtained acquired distinctiveness (also referred to as secondary meaning) through extensive marketing or use of the term to provide goods or services in commerce.

In other words, a descriptive term (and geographical references and surnames are treated as descriptive for trademark purposes) may function as a mark only when it can be shown that, through long and exclusive use, advertising, promotion, and the like, the term has become associated in the minds of customers and potential customers with goods and services as coming from a single source. Rights based on secondary meaning in a descriptive term still cannot be relied upon to stop a competitor from making legitimate use of that term in its primary, descriptive sense.

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[1] *In re Wileswood, Inc.*, 201 U.S.P.Q. 400 (T.T.A.B. 1978).
[2] *Express Servs., Inc. v. Careers Express Staffing Servs.*, No. 96-CV-7291, 1999 WL 1073614 (E.D. Pa. 1999), *aff'd*, 216 F.3d 1075 (3d Cir. 2000), *cert. denied*, 121 S. Ct. 656 (U.S. 2000).
[3] *In re Carter-Wallace, Inc.*, 222 U.S.P.Q. 729 (T.T.A.B. 1984).

Moreover, even a descriptive mark that has obtained secondary meaning and thus trademark status is typically a relatively weak mark. This means enforcement can be somewhat challenging. Stronger marks include those that are arbitrary (real words used in an unusual context – *e.g.*, "Apple" for computers), fanciful (coined – *e.g.*, "Kodak"), or suggestive (implicates but does not immediately describe the products or services – *e.g.*, "Coppertone" for sunscreen).

Terms that are generic – that is, that function as the category or name of a type of product or service – can never be protected as trademarks, either through registration or common law rights obtained through use. Examples of terms deemed generic include "ice beer,"[4] "yo-yo,"[5] "eserver,"[6] and "outdoor products."[7]

Genericness and descriptiveness refusals appear to have issued with greater frequency in recent years. Clients should be aware of this potential concern because it not only drives up costs for many applications, but also ultimately may preclude a desired registration. In the meantime, the client has likely expended resources with respect to introducing, if not also using, the desired term in commerce.

Moreover, arguably creative twists on terms that could be considered generic or descriptive marks do not necessarily transform the terms into protectable trademarks. For instance, combining two words that together form a generic phrase (*e.g.*, "screen wipe") into a single compound word (SCREENWIPE) does not create a term that is no longer generic, unless the combination creates a new or different connotation or meaning. And the Trademark Trial and Appeals Board (TTAB) of the United States Patent and Trademark Office (USPTO) held as merely descriptive the phrase "Caesar!Caesar!," to be used to identify salad dressings.[8]

For these reasons, when a trademark is proposed, immediately consider its inherent distinctiveness. Explain to your client the limitations and challenges associated with weak or unprotectable terms, and encourage the selection of "unique" terms for company names, solution names, and taglines.

If your client does select a term that is possibly descriptive or borderline generic and desires some protection for it, consider filing a trademark application for that term in conjunction with a design. This may greatly increase the likelihood of obtaining a registration. The client may need to disclaim all rights to the words themselves, but it might still receive a small benefit from the registration.

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[4] *Anheuser-Busch, Inc. v. John Labatt Ltd.*, 89 F.3d 1339 (8th Cir. 1996).
[5] *Donald F. Duncan, Inc. v. Royal Tops Mfg. Co.*, 343 F.2d 655 (7th Cir. 1965).
[6] *In re Int'l Bus. Machs. Corp.,* 81 U.S.P.Q.2d 1677 (T.T.A.B. 2006).
[7] *In re Outdoor Recreation Group*, 81 U.S.P.Q.2d 1392 (T.T.A.B. 2006).
[8] *In re Litehouse Inc*., 82 U.S.P.Q.2d 1471 (T.T.A.B. 2007).

C. Your client has not decided what to register.

Your client should also decide whether it wants to register its brand with the USPTO, state trademark offices, and possibly also foreign trademark offices. The benefits of registering a brand on the USPTO's Principal Register include *prima facie* evidence of the mark's validity and the client's ownership and exclusive right to use the mark nationwide; constructive notice of ownership; the ability to use the ® symbol; and the USPTO's use of the registered mark to reject others.

On the other hand, it usually takes more than a year to obtain a registration, so if the trademark is a "short-timer," then the client may not want to bother. And in the U.S. and other common law countries, while registration does provide additional benefits, it is actual use of a mark and not registration that provides rights and priority over others in the mark (albeit with geographic limitations). There are a handful of vehicles by which owners of unregistered marks might be able to enforce their rights against others, including claims of unfair competition, common law infringement, passing or palming off, dilution and misappropriation. These claims may vary under the laws of different jurisdictions, so be aware of what means of enforcement your client would have in a particular country, if any, as an owner of an unregistered mark.

To maximize brand value, your client can and probably should also register domain names of key interest to its business, especially those which correspond to your client's business name and its most important brand names, with a variety of the most common extensions (*e.g.*, .com, .net, and .org). And while your client can never own all the possible domain names incorporating its brands, it should consider purchasing obvious spellings and misspellings of the brand name along with the common extensions. Plus, register domain variations such as <brandonline.com>, as domains that incorporate a brand name and the term "online" are often the target of cybersquatting. Also, your client should consider registering domain names with appropriate country code extensions in countries where your client has a presence. And do not let your client forget about ones that it would not want competitors to have, or gripe sites that disgruntled competitors or customers might set up (*e.g.*, <brandsucks.com>, <brandsux.com>, and <f*#kcompany.com>), especially since these gripe sites, once registered and established by complaining parties, typically fall under the protection of the First Amendment.

If your client identifies a domain name already registered to a third party, but which corresponds to the client's new brand, a few tactics could be considered. For instance, your client could make an offer to the registrant to purchase the domain. Even better, conceal your client's identity by making an offer through a "strawman" service to lessen the chance that the domain owner will charge a heftier price. Your client could also place a "backorder" on the domain name, whereby a company such as SnapNames enables your client to get in line to offer to purchase the domain name. Typically, backordering services only charge a fee when the backorder is successful.

Make sure your client does not forget to renew the domain names it has acquired. Otherwise, someone else may grab them and demand money for their return, or post competitor, critical,

pornographic, or offensive content at those websites. Your client may be able to structure its domain name registrations to renew automatically annually, or register them for years at a time so that it will not need to frequently monitor their renewal status. Alternately, your client should set calendar reminders with more than one company employee, if possible, so renewals are not inadvertently missed, and it should make sure that any departing employee hands over access to company domain names and information about renewals.

Keep in mind the value of registering pages, including through usernames and post-domain paths corresponding to the brand, on social media websites. Facebook is extremely popular now. It is second only to Google in popularity of websites among U.S. residents. Twitter, YouTube, Blogspot and many other social networking sites also provide strong outlets for brand marketing.

II. WEIGHING THE RISKS OF PROCEEDING WITH A BRAND

A. The selected mark is a high-risk one.

Where the proposed brand appears very similar to another mark, trademark counsel may instinctively conclude that the desired brand is unavailable and simply selecting another brand may be the appropriate advice.

Yet, depending on various factors, the proposed brand may be, or could become, available after all. Perhaps a license or consent could be sought from the other mark owner. Or, your client could purchase the other brand. There could be myriad other ways of lessening the risk posed. Maybe the mark is extremely common in the industry, and your client could coexist with the other users of similar marks. Your client could also investigate the other company's registrations and applications closely and consider launching a challenge based on a flaw in its portfolio. As can be seen, there are numerous strategic considerations here.

Alternately, the proposed mark could be amended, at least slightly. For instance, the client could add a house mark before it. Change the spelling. Use heavy stylization or a logo (different, of course, than the layout of the mark of concern). Or grab a thesaurus and locate another term with a similar meaning.

B. The client is taking on much more risk than the level with which you are comfortable.

Perhaps IP counsel (whether in-house or outside counsel) and the client do not agree as to acceptable level of risk associated with the proposed new brand. From counsel's standpoint, the

client might be heavily or even unreasonably invested in launching a problematic brand.

Ultimately, the decision regarding how much risk a client is willing to take on for a particular strategy is the client's to make, presuming counsel has delivered to the client the relevant information so that the decision is an informed one.

But be sure to emphasize the possible consequences of infringing someone else's mark (injunctions, damages, destruction of all infringing products and materials). Particularly where counsel is involved in the clearance efforts and deems a mark to be of high risk, carefully consider both *whether* and *how* to issue an opinion advising of such risk.

C. The client is very risk averse.

Advocate conducting full scale clearance searches, which will provide a prediction about the chances of successful registration and use. Recommend, if the budget allows, bringing in outside experienced trademark counsel for the entire process. Keep in mind that a clearance search works like a snapshot in time; its utility decreases over time.

In terms of product design and packaging, advise the client to use marking techniques that can easily be changed without significant cost if the client is forced to rebrand, ideally without destruction of product. The same is true for marks placed directly on packaging, containers, or tags, and especially for marks imprinted or stamped directly on products themselves.

III. SCOPE CHALLENGES

A. There are many potential brands to clear.

When counsel is faced with a large number of marks to clear, first determine which marks are essential to the core business and expansion plans, which marks the client would likely want to enforce, and which marks could be misappropriated. Then create a tier system based on the importance of the marks to the goodwill value and recognition of the brand. Also consider, for each potential brand, in which countries a client would want to pursue protection. If the budget allows, use outside counsel for the whole process, or for a follow-up review, as this can provide a more independent assessment.

Regardless of the number of potential brands to clear, a search strategy is essential to risk management and maximization of protection for a brand. Developing a search strategy is fraught with challenges, including budgetary and time constraints. There is also no one-size-fits-all option. In devising a search strategy, consider the purpose of the search, which might include: infringement and prosecution defense, to avoid refusals and unnecessary oppositions and claims;

enforcement purposes, to build a brand to enforce against others; a distinctiveness analysis, to confirm whether the proposed mark is indeed protectable and enforceable against others; and connotation analysis, to uncover any potentially problematic translation, transliteration, pronunciation, definition, or other connotation issues that the mark might implicate. Keep in mind how the mark will appear with logos.

Other considerations when crafting a clearance strategy include: the client's risk tolerance; the litigious nature of the industry at hand; whether the mark is of primary or secondary importance; whether the mark is used for goods or services; how costly it may be to change marking on the goods, packaging, a website, or other marketing materials, should the client be forced to rebrand; whether the brand will be short- or long-lived; how much money will be spent on marketing as compared to clearance; how invested the business is in the mark; and whether the client intends to license the mark, such as in a joint venture or franchise situation.

Determining the proper geographic scope of the search is also crucial. Take into account the client's expansion goals, to review whether the client can substantially expand its offerings under a pre-existing or a proposed new mark. The client should decide in which countries protection is essential, in light of factors such as expected revenue and marketing. The countries in which the products may be manufactured or sourced are also important to consider. And it can make sense to file in countries known for high levels of counterfeiting and infringement.

Also, decide the depth of search to be conducted. If the budget is tight, counsel or the client may elect to conduct only a preliminary or screening search, using resources such as the USPTO website and trademark databases, WHOIS and <NameDroppers.com> searches for domain names, reviews of social media sites or <KnowEm.com> for user name availability, and searches on an Internet search engine like Google. The benefits of a screening search include control over timing, control over the query, knowledge of the business, and lower costs, but the client also runs the higher exposure to lawsuit because of the limitations in the search results. A screening search may also be appropriate for the marks that are of secondary importance to the client's portfolio.

In contrast, for more important marks, or if the client has a higher budget, a comprehensive trademark clearance search would likely be a better avenue to take, utilizing an outside vendor. These searches would cover federal registrations and pending applications, state registrations, journals and other common law databases, corporate databases, domain name registrations, Internet content, and more. Be aware of other potential areas to search, including trade name and design searches, as well as the client's competitors in the relevant space. Industry-specific searches also may be in order. To illustrate, when clearing a new mark to be used with wine, consider reviewing the records of the Alcohol and Tobacco Tax and Trade Bureau (TTB), the U.S. labeling authority for alcoholic beverages.

B. The budget for the launch is tight.

When the client is on a tight budget, it is essential to prioritize marks and geography, to

ensure that the client achieves protection in the areas that are most crucial to its current and future business plans. Devote the majority of the budget to the marks and countries that are the most important in terms of the client's goals.

If launching in a foreign jurisdiction, make sure the client is aware of countries that impose a duty to search and penalize a failure to search. If the client can afford a full clearance search for its most important marks, this is advised.[9] A simple search is usually better than no search at all, so even where the budget doesn't allow for a full clearance search, consider at least a minimal screening search of USPTO records and Google.

If your client is considering cutting costs on registration, make sure it is aware of rights it might be giving up by doing so. In the U.S. and other common law countries, where use is the basis for protectable rights, a client may still be able to enforce some rights in its marks without actually going through the registration process. But in civil law countries, such as China and, in fact, the majority of countries worldwide, the filing and registration of a mark *is* the basis for protectable rights, so a decision not to register in these countries is generally a decision to forego protection entirely in those countries (except for famous marks, under certain circumstances, or through some treaties that provide protection in light of registrations in other countries). Also consider the benefits and detriments of delaying filing for protection, or staggering filings in different countries to spread costs over time.

IV. TIMING WOES

A. There is real concern that someone might steal the brand.

Brands cannot exactly be stolen. It is the first to use (or first to file, if the application ultimately matures to registration) who develops trademark rights – rarely just the person who thought of the mark. That said, once an infringer commences unauthorized, and especially widespread, use of your client's brand, it can be time-consuming and costly to rectify. Accordingly, where a departing employee, a competitor, or a rogue affiliate or vendor has indicated an interest in operating under that brand, seriously consider the following options and take prompt action.

File trademark applications at the earliest opportunity. These can be filed on an intent-to-use basis before the USPTO. An application before the USPTO can be expedited in some circumstances, such as pending litigation involving the mark being applied for.

[9] But be aware that a clearance search is a snapshot in time – if your client does not "lock in" the snapshot with a registration program, then a clearance search has limited value outside of common law countries.

If there is a high likelihood of counterfeit products, registration of a mark would likely be quite beneficial to your client. Registration on the Principal Register permits recording of the registered mark with the United States Customs and Border Protection to block importation of products or materials bearing infringing or counterfeit trademarks. Moreover, at that point, the burden of proving that use of mark is legitimate may be shifted to the importer; thus, the mark owner need not prove its case, nor have to disprove potential defenses. If the importer is unable to show that the goods bearing the mark are genuine, they will be destroyed. The combination of Customs monitoring and seizure, and burden shifting, can be an important tool, aided by the government, in protecting against knock-offs and counterfeits. Recording a trademark registration is rather simple and inexpensive, and Customs often will interpret the brand owner's rights broadly, and are very likely to block articles that may be infringing. Brand owners can also educate personnel at Customs about their brands. Trade names can be registered with Customs, as well, where such names have been used for at least six months to identify a manufacturer or trader.[10] Those trade names need not be registered with the USPTO as trademarks for recordal with Customs.

State trademark applications may make sense depending on budget or need for quickly obtaining a registration to wield. Note that some states, including Texas, require a mark to be in use in commerce at the time of filing the application.

Also, be sure to obtain all domain names, social networking user names, and other market space of interest to block the perceived would-be infringer from creating an even greater problem.

B. The launch is happening NOW!

A mark may be launched by the client's marketing or product sourcing department before searching can be conducted or IP counsel is looped in. At this time, some options still exist to mitigate risks and increase potential brand power.

Searches could still be ordered and reviewed. If a dead-on hit is uncovered, it may be better to rebrand now rather than later (once your client receives a harsh cease and desist letter or court summons).

If the brand quickly becomes highly successful, it could gather sufficient recognition and goodwill, even nationwide or internationally, such that infringement occurring very soon after the launch could be shut down.

Moreover, for business or marketing efforts occurring over the Internet, any mistakes or poor brand marketing could likely be fixed promptly.

[10] *See* 19 C.F.R. §§ 133.11-.15.

And most of the tips in the prior section apply here. Thus, even when the pressure is on or time is of the essence, at least several steps can be taken to lower the brand owner's exposure and strengthen its potential brand power.

V. THE LAUNCH BEGINS

A. The brand might not be used properly.

Once the client has launched the brand, proper usage becomes a significant part of building the brand. Proper use helps maintain distinctiveness in the marketplace, avoids confusion and loss of sales, brings in repeat business from brand loyal customers, and can be a significant corporate asset, as trademarks can last forever if used properly. Improper use of the brand may result in the brand losing protection – *e.g.*, becoming generic. To avoid that situation, the client should follow some basic rules of brand usage: do not use the brand name as a noun or a verb, only as an adjective in conjunction with a generic noun (*e.g.*, the Kodak camera, not the Kodak); always use consistent presentation of the brand name (for example, do not use plural or possessive forms or any other variation of the brand name itself; if you need to pluralize, do so to the generic noun following the brand name); never add prefixes or suffixes to the brand name to create a new word; always distinguish the brand from surrounding text, whether through different size, style, color or other quality; and consider using the word "brand" following the brand name to emphasize that it is a trademark.

Make sure the client understands proper usage of the ® designation, or the ™ or ℠ designations (including in foreign jurisdictions where relevant), the reasons for using such designations (giving proper notice to bring suit and obtain damages), and the consequences of improper usage, such as allegations of fraud and denial or cancellation of registration. Proper marking and use also puts others on notice and can help prevent others from diluting the brand by selecting the same mark.

B. The brand's success is spawning imitators that do not flatter the client.

In addition to ensuring proper usage after launch and obtaining an adequate Internet presence, it is important for your client to implement a monitoring and enforcement scheme to prevent and tackle unauthorized use by third parties. The level of enforcement effort required depends on a number of factors, including whether the mark in question is truly an asset to the client's business worthy of protection, or whether it is just insurance – a means of identifying the client's products that minimizes the risk of infringing someone else's rights. In any event, failure to enforce can lead to decreased value of a mark, such as by a loss in the distinctiveness in the mark or – in more limited, extreme circumstances – a loss of rights in a mark, for example through genericide or laches (great delay that can effectively preclude bringing a trademark claim). A failure to monitor a licensee's use of the mark can also cause a loss of rights in a

mark, placing the mark in the public domain.

Monitoring is typically the first step in enforcing the mark. Monitoring can be country specific or worldwide. It could include, among other aspects, review of publication of trademark applications in relevant jurisdictions; review of other publications that give notice of potential mark usage; monitoring of activities on auction sites, blogs or other websites; and monitoring of domain names incorporating variations of the brand name.

Regarding domain names, where a party has registered an infringing domain name in bad faith, it may be guilty of cybersquatting. Additionally, there may be instances of typosquatting, keyword sales and diversion, and phishing, which should be promptly addressed to avoid loss of rights, sales, distinctiveness or goodwill. Several services, for an annual fee, will monitor the internet for possible infringement of the client's brand name. The client may also do this in-house, through the use of free websites that can point the client to unauthorized online use of its brand.

Trademark counsel, of course, enjoy enforcing trademark rights, but also must act as business advisors. To that end, counsel should discuss with the client potential public relations ramifications of enforcement actions to determine whether they are worth pursuing.

To foster such a discussion, ask yourself and the client these questions: Can the client live with its mark on the Internet? Is the usage actually that damaging to the client's product, brand, IP, business or reputation? Is the web content in question the type that has a long life, or might it be deeply buried on the web site after another day or two? Is it likely to confuse the client's customers regarding the source of the usage? Will the enforcement efforts be highlighted, like on <www.chillingeffects.org>? Will there be fan backlash? Is the adverse party a sympathetic one, like a well-intentioned fan or a student? Is there a more palatable alternative to taking legal action, such as rewarding those parties who voluntarily cease usage of the mark, or finding some way to undercut the validity or effectiveness of the unauthorized usage?

The answers to those questions could ultimately play a role in devising an enforcement strategy. Regardless of the strategy used, the bottom line is that having some kind of enforcement program is essential to maintaining the value of even a recently launched brand. After all, a good deal of thought, effort, and resources has been expended on the brand launch, so the brand owner and its counsel should protect this investment by following through and supporting the brand.

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