



# 7 – TRADEMARKS AND BRANDS

## 7.1 Introduction

### The importance of trade marks in advertising and marketing

Trade marks are crucial in advertising as they act as a 'badge of origin' for consumers.

A trade mark is a way of identifying a unique product or service, and it can be the most valuable marketing tool for a business. Sometimes referred to as a brand, a trade mark is an identity - the way a business expresses to their customers who they are or what they sell or produce.

Trade marks also provide an essential tool to prevent unfair competition between businesses. Most are familiar with Apple's registered trade mark "iPhone" and other "i" related branding. Apple is well known for aggressively working to stop other companies taking a free ride on the popularity and success of its products by unfairly leveraging its branding and variants of its product names and to prevent its branding falling into general usage.

### Defining a trade mark

Under the *Trade Marks Act 1995 (Cth)*, a trade mark is defined as:

*'... a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.'*

This not only covers words, phrases, slogans, numbers, aspects of packaging, but also logos, 3D shapes, sounds, colours, images, moving images and scents.

You will sometimes see the phrase "device marks" used, which refers to logos, pictures and particular stylised versions of words, as opposed to registration of a simple

word itself. In terms of a Perrier bottle, the circular logo with Perrier displayed in that particular arching script may well be registered as a device mark, as well as the basic word mark for "Perrier".

A trade mark must be registered in order for the owner to benefit from the rights that are granted on its registration, an unregistered trade mark can be enforced, but usually with more difficulty and expense, using the laws of passing off and/or consumer protection law (see the separate Guidelines on these topics).

## 7.2 Trade Mark Registration

### Why register a trade mark?

A trade mark registration, whether for a business name, brand name, product name, logo, slogan or other trade mark (**Mark**) provides a business with the most effective form of protection against a competitor making improper use of its Mark - it acts as proof of the owner's entitlement to the Mark.

Whilst a Mark might be capable of being protected through other areas of the law, such as passing off, consumer protection, copyright or design, registering a trade mark has a number of important advantages for the owner of the Mark, including:

- If a third party believes that it has a better right to a Mark than the owner, it will have to apply to IP Australia or the courts to have it declared invalid and will have a number of costly procedural and evidential hurdles to overcome
- The registered trade mark symbol ® indicates to the world at large that the Mark has achieved registration and, accordingly, the Mark will be protected under the *Trade Marks Act 1995 (Cth)*
- If a Mark has not been registered, it is a criminal offence to use the ® device, although the designation ™ can be used for an unregistered Mark

An action for trade mark infringement can be brought without proof that the proprietor has suffered any damage to the reputation in its Mark, or that members of the public are confused as to the origin of the goods. This is a key advantage to a registered trade mark, as opposed to an unregistered one.

Filing an application for a registered trade mark means that the details of the Mark are kept on a central register with IP Australia providing a public warning of an interest in the Mark to the world.

### Trade mark classes and specifications

When a trade mark application is to be filed, the applicant needs to 'classify' the goods and services in connection with which they intend to use the Mark. This is then the

basis for the 'specification' or detailed list of those goods and services within each of those classes.

You can apply to register a Mark for every conceivable use known to man but this would be an expensive process as there is a cost for each class, and this also increases the likelihood of a third party objection.

Registration in one class only costs \$330, and each additional category costs a further \$330. There are also initial application fees of \$250 per class selected.

The origins of registered Marks date back to the 13th century England and well known trade marks today, like OXO, go back to the beginning of the 20<sup>th</sup> Century.

All conceivable goods or services have been categorised into 45 classes of goods and services for trade mark purposes.

For this reason different owners can have the same trade mark but registered in different classes e.g. Panda WWF, Fiat PANDA cars and PANDA puffs all co-exist, but come from different sources for different types of products.

#### **Trade mark application examination**

The Mark will be examined to check that it is distinctive, not descriptive or laudatory, and not likely to be required by other traders to describe their products.

In addition, IP Australia will conduct searches of its trade marks register to see whether there are any similar Marks which are already registered and any such prior registrations may automatically block any new applications by third parties.

If, having examined the application, IP Australia is satisfied that the Mark is capable of being registered, it will proceed to the next stage in the process, which is the opposition period. At this stage, third parties who believe that the Mark being applied for is too close to their existing Mark can object to the new Mark being registered.

#### **Are there other systems for filing trade marks?**

Intellectual property rights are territorial in nature, so separate searches and applications are usually needed in each country where protection is sought i.e. those where the owner of the Mark wants to conduct business. However, there are various international arrangements that can simplify this procedure.

If you apply for a standard trade mark application in Australia and have been issued with an application number, one can also apply through IP Australia for international registration of the trade mark in certain countries under, and that are members of, the Madrid Protocol; this comprises the Madrid System, a system for international registration of trade marks. Additional fees are payable, depending on the countries selected.

Also, if an application is filed in Australia, then the applicant will usually have a 'priority' period of 6 months to assess whether to file applications in other countries. If he does so, then the applicant's foreign applications could benefit from the same application date as the Australian application.

Whichever system is used, it will usually take a minimum of up to 6 months and more commonly 12-18 months for an application to achieve registration. Once achieved, the initial registration lasts for 10 years in most jurisdictions, and is usually renewable thereafter for subsequent 10 year periods.

### **7.3 Trade Mark Searching**

#### **The importance of trade mark searches**

As a matter of course, well-advised businesses conduct a number of searches before adopting a new Mark or using a similar Mark in any advertising.

The purpose of a trade mark search is to ensure that there are no identical or similar Marks already on the trade mark registers covering identical or similar goods or services to those of the Mark (Earlier Marks). If there are, the proprietor of any Earlier Mark may be able to bring proceedings for trade mark infringement and/or passing off/breach of consumer protection law, in order to prevent use of the Mark and obtain damages. Businesses may also be able to prevent the sometimes significant cost of rebranding.

#### **What searches are needed**

A trade mark search only locates trade marks that appear on the register. The systems for company name and trade mark registrations are discrete, so it is entirely possible that a name which is identical or similar to the Mark is being used in an unregistered context, such as a company or other business name or as an unregistered trade mark, in which case it may be protected by the law of passing off and / or consumer protection laws.

Searches should, therefore, also be conducted for company names, domain names and product names online and in journals and trade directories in the relevant business sector.

- 1. Common law search:** The purpose of the common law search is to minimise the risk of passing off and breach of consumer protection laws. It consists of an examination of relevant trade directories, journals, telephone listings and Australian Securities and Investments Commission records to try to ensure that no business uses the same or similar name.
- 2. Domain name search:** before a Mark is adopted, the availability of appropriate domain names and social media pages should be ascertained, and the ownership of similar domain names or social pages checked.

3. **Search engines:** general searches on search engines such as Google are advisable to see what entries are retrieved.
4. **Non-Australia searches:** as each country is a separate legal jurisdiction with its own trade mark register, searches should be conducted in each territory in which the Mark is to be used.

#### **Cost and timing**

The cost and turnaround times of searches vary considerably depending on the type of search, whether the Mark consists of a word or a device and the number of classes of goods and services which the mark is searched. An initial screening search can usually be conducted the same day whereas the fuller searches can take up to a week.

#### **Searches and pitches**

Advertising agencies often fail to conduct the appropriate searches when pitching an idea for a new name, logo or slogan to an existing or potential client.

### **7.4 Trade Mark Infringement**

#### **Remedies**

Trade mark rights can be enforced directly by the owner by means of a court order, by Australian Customs and even the Australian Federal Police.

In an infringement case, the owner of the Mark is entitled to ask for an interim injunction which can immediately prevent the third party from using the Mark and seek damages and costs. A court also has the power to order the removal of the offending Mark from goods, and even delivery up and destruction of goods if the circumstances justify it. Depending on the type of court proceedings, the owner can ultimately ask for a permanent injunction barring a third party from using a Mark, as well as having the Mark amended or removed from the Trade Mark Register.

There are also criminal provisions which may restrain counterfeiting and can carry monetary penalties of up to \$55,000 and / or jail sentences of up to 5 years.

### **7.5 Recommendations**

It is essential to maintain the validity of a registered trade mark, even after registration, to prevent it from becoming 'generic' and thus no longer operating as a 'badge of origin'. Examples of Marks which have become generic are: linoleum, escalator and cellophane; but not Hoover, despite the urban myth.

A trade mark should also stand out from the surrounding text and against the background of packaging and advertising.

### **Guidelines for correct trade mark usage**

#### **Techniques which are commonly employed to achieve these two aims:**

- Use of a different style or 'weight' for the trade mark, such as italics, or bold type;
- Use of a different font or font colour for the trade mark;
- Use of capital letters to write the Mark;
- Always use the trade mark in the singular and never the plural;
- Never use a trade mark in the possessive; and
- Use the trade mark in association with a generic description of the product