Novagraaf
A NovumIP Company

Best practices in trademark management

A practical guide

About Novagraaf

For more than 130 years, Novagraaf has been helping iconic brands and innovative organisations around the world drive competitive advantage. One of Europe's leading IP consulting groups, Novagraaf specialises in the protection and global management of IP rights, including trademarks, patents, designs, domain names and copyright. Headquartered in the Netherlands, Novagraaf has 17 offices worldwide and a powerful network of more than 330 specialists. A NovumIP company, Novagraaf is unique in our ability to provide tailored legal expertise, efficiency-gaining administrative services and proactive commercial insights across the full life cycle of clients' IP rights.

Find out more at **www.novagraaf.com**

How to develop a corporate trademark strategy that will support and build your business

Corporate approaches to IP management have varied considerably over the years, driven in part by changes to business structures and practices, as well as to stakeholder understanding of the role and value of intangible assets. While this white paper could lead you through a long list of recommendations, of 'dos' and 'don'ts', and of lessons learned over this time, it is arguably more valuable to look forward – to take a look at how businesses operate today and the challenges they are likely to face in the future.

Corporate success today is driven more by IP rights than tangible goods. Indeed, in a recent study, 'Intangible capital in global value chains', the World Intellectual Property Organization (WIPO) estimates that more than a third of the value of manufactured products sold around the world comes from 'intangible capital', such as branding, design and technology. This is twice the value of tangible capital, such as buildings and machinery, underscoring the growing role of IP in the world's economy. Clearly, if a business wishes to thrive, locally or globally, it needs to identify, protect and export its IP.

This white paper will provide an overview of the ways in which companies can use their trademarks to support and build their businesses, as well as outlining common pitfalls in trademark management programmes and how to overcome them.
We hope you find the advice helpful. Please do not hesitate to contact us if you have any questions on the points covered. You can also sign up to future white papers and articles on trademark management by emailing marketing@novagraaf.com.

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PART 1: Setting the strategy

If a trademark strategy is to support your overall business goals, today and in the future, you first need to step back and assess whether your trademark activity is aligned with your business and product strategies. Of course, this is easier said than done, as this requires stakeholders to:

- Define goals in corporate identity and product development over the coming 5-7 years, so that the IP strategy can be aligned to those plans, as closely as possible;
- Set priorities in terms of the material and geographical scope of anticipated business development, such as defining the top 20 countries of interest for key brands, as well as assessments of competitors and their IP strategies;
- Assign an adequate budget to the IP activities needed to support those plans;
- Endorse the strategy throughout the business (the 'top-down' approach);
- Set up processes to achieve product alignment, namely:
  1. Alignment with the marketing and communication team on branding elements;
  2. Prioritisation of activity in terms of product campaigns;
  3. Trademark protection that supports the geographic scope/market for each product; and
  4. Trademark protection that supports the evolution of the product over time.

Trademark heads also need to consider the above in terms of their existing trademark portfolios; for example, in terms of gaps in protection and renewed rights that may no longer be in use (*see 'Part 3: Audits and valuation' for further guidance here*).

Sound like a lot to do? Trademark protection is unlimited in time and not subject to secrecy. Take the time you need to define a phased-out protection strategy and registration programme.

Don't lose sight of the other 'soft IP' family of rights that are also at your disposal. What cannot (or does not need to) be protected by trademarks may be protectable through other IP rights. Industrial designs, copyright and domain names should also be used to create a network of legal protection.

Preparing for future challenges

While it is important to identify, protect and enforce the IP rights that already exist in your business, it's just as crucial to identify those rights that will become important in the future, even if the law often seems to be lagging some way behind when it comes to facilitating their protection.

Non-traditional trademarks are a good example of this. Even traditional businesses are calling on once unusual forms of branding, such as colours, smells and jingles, to differentiate themselves from their competitors. As a result, non-traditional trademarks have risen in importance, and need to be taken into consideration when building an IP strategy.

In the luxury and the FMCG sectors, anti-counterfeiting efforts also need to be stepped up, as the trade in fake continues to explode online. If companies are to avoid spending all their time and efforts fruitlessly chasing infringers online, they need to revisit their anti-counterfeiting strategy and invest in online enforcement *(download our anti-counterfeiting white paper at publications.novagraaf.com for more advice)*. Image search and data clustering tools, as well as technology to capture and track infringing information, will become key tools in years to come.

Key geographies

Geographically, three main jurisdictions should attract most companies' attention in addition to their local markets: the People's Republic of China, the US and the EU – not forgetting Brexit.

The People's Republic of China is too important a market for most businesses to overlook, and anyone wanting to penetrate this market needs to adapt. Overconfidence in their brand equity has wrong-footed a number of luxury companies, who

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paid the price for not transliterating Latin names into Chinese script (the dispute between Michael Jordan and Qiaodan Sports Company illustrates the importance of transliteration). Companies also need to watch out for counterfeiting, particularly by Chinese manufacturers and intermediaries, although progress is being made, e.g. in terms of challenging bad faith trademark filings, in the country.

On the other side of the globe, any IP strategy needs to address the US separately. The national rules and practices there are like no others in the world. They deserve not only attention but also specific budget for overcoming hurdles, such as the need to adapt the specification of goods/services to the local practice; to provide the correct evidence of use to obtain registration; and/or to file adequate and timely Declaration of Uses for keeping a trademark registration alive.

Closer to home, the final provisions of the EU's trademark reform came into effect on 1 October 2017. Alongside reform targeted at bringing more uniformity to IP practices across the EU, the EUIPO also introduced several important initiatives (see page 14).

Finally, it's impossible to consider trademarks in the EU without mentioning Brexit. Now that the Brexit transition period has officially begun (ending 31 December 2020), it's crucial for businesses with a presence or activity in the UK to identify any rights that may be impacted by the country's exit from the EU. Although EU trademark and design rights will be cloned automatically (and at no charge) to equivalent UK rights at the end of the transition period, there are still steps that brand owners will need to take.

For further guidance, please download our 'Brexit and IP Checklist' at publications.novagraaf.com.

Insights

Common traps and how to overcome them

An IP strategy that is fit for the future also needs to take into account common challenges and pitfalls in the IP registration, enforcement and monetisation processes. Here we cover some of the most common traps when implementing your trademark management strategy and processes, and provide tips on how to avoid or resolve them.

TIP 1: For international applications, choose your basic country carefully

Companies that operate globally should consider the following:

- Using a Madrid Agreement country can help reduce official fees
  When starting your procedure with a national basic application in one of the countries which joined the Madrid System at the time of the Agreement (first wave of countries) rather than the Protocol (second wave of countries), the official fees will, for some of the designated countries, be lower (as no individual tax is applied). This is particularly relevant for filing campaigns that have a broad material and geographical scope (classes/countries).

- Filing your basic application in a more 'discreet' or 'easy' country of origin can help to keep a filing project/campaign confidential
  Should your competitors watch your new applications in your home country carefully, protecting a confidential project before it is ready to be made public can be tricky. Using a different country of origin, especially for global companies with several entities throughout the world, can help maintain confidentiality until you wish to disclose your new product or brand.

- Choosing a basic country where examination on absolute/relative grounds is more/less strict can be a tool in your protection strategy. Examples of interesting points to consider here are:
  - Some countries have a tougher view on absolute grounds of refusal; obtaining a guarantee that your 'weak' mark is registrable in the country of origin where a strict approach is adopted can reduce the budget and time involved in managing refusals;
  - On the other hand, if you wish to delay resources needed to address refusals (for example, to obtain a second round of financing or need to delay spending), you may want to start your registration process in a less strict country of origin. In those territories, your basic application should easily proceed through registration, including for International Registrations. Refusals would then come from the designated countries over the next 12-18 months; and
  - Some countries do not conduct an examination on relative grounds; this may also be a good criteria when choosing your country of origin.

- Another common trap in international registrations relates to unanticipated costs linked to refusals. To overcome this:
  - Plan approximately 50% of filing budget for addressing refusals in years two and three;
  - Expect that an International Registration starting from a European country will very likely trigger refusals over the description of goods and services in the major designated countries, such as the US, South Korea, Japan and China. While it is possible to adapt these descriptions for each designated country before receiving a refusal, in our experience that it's a better use of resources to wait until the refusal is known to its full extent. In other words, a more efficient solution is to reduce spending prior to the refusal, but to plan an appropriate budget to address refusals.

TIP 2: For US registrations, applicants will need to be able to show use in commerce

Applicants can preempt a number of the common traps involved in the US registration process by ensuring that the following are in order in advance before filing their applications:

- Product alignment before filing: ensure with product development that the brand is actually ready to enter the US market or determine the target date;
- Determine basis (foreign registration, intent of use, use in commerce): a limited number of choices is open to applicants when filing a US application. The choice will depend on your strategy when approaching the US market and whether the brand is mainly filed for defensive or offensive reasons. Your IP counsel will help you in making the right choice;
- Specify the list of goods and make services precisely as the USPTO allows and requires precision in the specifications in a way not used by any other country;
- Collect use samples as these will need to be filed with the USPTO during the registration procedure, depending on the basis you have chosen (see above); and
- Budget according to US procedure, as there are several opportunities for incurring costs: two potential refusal rounds, submission of use samples, allowance and publication, all requiring assistance of a US attorney.

TIP 3: Plan properly for transliterations

Common traps for protecting marks in countries where a different script is used include both the likelihood of insufficient legal coverage in the local market if you cover your marks only in Latin characters, and the challenge identifying and fighting pirates registering local nicknames for the brand. To avoid and resolve these issues:

- Evaluate business needs and practices for each specific product/service;
- Understand how customers perceive your mark (including nicknames and phonetic versions) in those markets;
- Work closely with marketing department to determine needs and effective use in order to ensure that your mark is still valid after the grace period;
- Work with local distributors/representatives on transliteration(s); and
- Register several variations for defensive purposes.

Applicants can preempt a number of the common traps involved in the US registration process by ensuring that [US-specific requirements] are in order in advance before filing their applications.

PART 2: Choosing the right model: outsourced, in-house or hybrid?

As set out in Part 1 of this white paper, companies need to build a trademark strategy that not only covers their current business reality, but also enables it to grow and thrive in light of the future challenges them are likely to face. However, creating a future-proof IP management structure is only the first phase of the much more demanding process of implementing such a strategy. Here, challenges relating to the management not only of IP workloads, but also of IP suppliers, IP records and quality control, will become key.

Facing reality

Time and budget are both limited resources for the modern-day IP department. But even if a corporate IP department is able to manage the full life cycle of IP rights on its own, a number of organisational questions need to be addressed centrally and supported throughout the entire company if they are to succeed.

More practically, therefore, companies need to develop the right mix of legal service and formality providers that will enable their in-house IP person or team to provide efficient solutions in light of the resources available, while also ensuring they don't lose oversight of the entire portfolio.

In my experience, the following three models can prove to be successful in this regard:

- **Fully outsourced:** The ideal model when the person responsible for IP is combining this responsibility with other roles, and for smaller/mid-size companies without full IP capabilities. In this case, a service level agreement (SLA) on service expectations and price is ideally discussed between the company and its external counsel, and the entire IP legal services and administrative formalities, as well as the related data, is managed externally. The company's IP manager provides guidance as to the company's strategy and business decisions, and fulfils a liaison role between the external IP counsel and his/her company. In certain instances, the external IP counsel may also second a member of its team into the business to help to set up processes and procedures.
- **Hybrid:** There are several hybrid solutions possible, the main two being: (1) split of services between the in-house team and one central external supplier; or, (2) split of services among various external suppliers such as high-end legal services on one hand and low-cost formality management companies on the other. In such instances, it is essential that the company's IP manager provides clear guidance as to each stakeholder's role and responsibilities. The main trap of such hybrid solutions is not to have one centralised data management solution, as this can lead to the stakeholders losing sight of the portfolio as a whole when addressing strategic questions. In the hybrid scenario, the main role of the in-house IP team is to conduct the orchestra in order for everyone to play in tune.

Companies need to develop the right mix of legal service and formality providers that will enable their in-house IP person or team to provide efficient solutions in light of the resources available

- **Fully in-house:** Some (usually larger) corporations choose to centralise IP management in-house and to use external suppliers where required (e.g. in foreign countries where the company has no domicile), but only as purely administrative executants, what we call point-to-point solutions. In such models, partners are usually chosen as part of a "low cost" approach, and the company needs to keep in mind that: "what you get is what you pay for".

Success factors

Selecting from the models outlined above is a question of finding the right balance for your company. The chosen model may also evolve over time, as a company grows or expands into new markets. Success is often based on the ability to communicate openly on expectations, both internally and externally. Very often, IP managers seek "an agency to manage the complexity of the work"; however, there are often many hidden needs behind such a broad statement and, if all parties' expectations are not clearly identified and addressed, the outsourced solution can lead to mutual disappointment. This is also the case when moving from one model to the next: discussing your plans with your partner(s)/counsel(s) and examining what solutions they offer is a good way forward here. Switching suppliers can be complex for companies, especially when the portfolio grows. The exercise should be based on solid reasoning and processes: switching for the sake of it can lead to a loss of focus on the company's portfolio management.

It's also important to keep in mind that there is no "one fits all" solution. Whichever model you choose, success or failure will likely be dictated by:

- The existence of a fit-for-purpose IP strategy;
- Centralisation of and easy access to core data;
- Clear determination of the responsibilities of (or shared by) stakeholders; and
- Acceptance of the model chosen and willingness to work with it.

Planning ahead

IP departments and their suppliers also need to keep one eye on the future. A model that works today may no longer meet in-house department needs as their company evolves or expands into new markets and geographies. For example, companies that despatch their work to foreign agents (using the hybrid model) may find as they grow that they begin to lose oversight of what's happening with their IP portfolio externally. Centralisation of core data will help to tackle this in part, but it may soon become preferable to use one main supplier to coordinate activity – rather than trying to keep on top of the activity of their agents in different jurisdictions themselves. Managing suppliers (such as multiple foreign agents) in-house may appear to be the 'cheaper' option, but is often more expensive in reality. A centralised model that utilises via one main supplier provides greater oversight and strategic clarity, better record management and the opportunity to be proactive rather than reactive when enforcing and exploiting the full potential of IP.

Find out more about the different IP management models available, and also how IP management tools can help you to manage the correspondence, documents and costs of managing trademarks globally, email customerservice@novagraaf.com.

PART 3: Audits and valuation

If a corporate IP department is to fully reap the rewards of its brand creation and IP protection exercises, it first needs to put certain building blocks in place. As we have written, this should include setting the strategy (see Part 1) and identifying the best model for IP management success (see Part 2).

Once a company has put in place the management process behind its portfolio and codified it wherever possible, it will be freed up to concentrate on delivering its overall IP strategy. For trademarks, this delivery model will typically incorporate five key stages:

1. **Creation:** Business strategy and brand guidelines drive choices on trade names, branding options, trademark architecture, geographical scope, filing strategy, evaluating risks and budget.
2. **Protection:** The IP management model provides the process to file trademarks, manage refusals, handle oppositions, and follow-ups up to registration.
3. **Management:** The IP model also dictates the management of asset and data administration including all changes in ownership and renewals, monitors for potential infringements and enforces IP rights.
4. **Audits:** Portfolios should be audited regularly to assess their value in light of the costs involved in growing and maintaining the rights that they contain. This can help to identify, for example, trademark rights that are not being used, as well as gaps in protection, which might leave a company exposed.
5. **Evaluation/monetisation:** The results of the audit will also help to drive commercial discussions on topics such as licensing, franchising, sale of IP, spin-offs and joint ventures.

It is the importance of the auditing and evaluation process that will be covered in this section of the white paper, as well as related advice on why and how to value trademark portfolios.

Why undertake an IP audit?

While, of course, IP professionals understand that trademarks are valuable assets, the challenge comes in quantifying that value for the wider business and using it as a springboard for growth. Part of this is due to the difficulty of accurately capturing the value of a trademark or portfolio of trademarks to a business. After all, if you are unable to put a figure on the financial value that you derive from that asset, how can you convince colleagues elsewhere in the company to prioritise IP in their business or product strategies? The difficulty of truly capturing added value has led many organisations to consider trademarks to be a cost centre, rather than an asset that drives value and profit to the bottom line. This is despite the fact that it is possible to turn the cost of IP acquisition into a profit by realising the value of the resultant IP on the balance sheet.

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Before you can value or exploit IP, however, you need to first know what it is that you own and also verify that those rights are valid and enforceable; for instance, by checking that they are in use and their records (title) have been kept up to date. Just as importantly, audits will also identify any potentially damaging gaps in coverage, such as products or services that haven't been properly protected, geographical coverage that may be missing or, opportunities to update the existing portfolio in light of legislative changes (e.g. EUTM reform) or, even, political changes, such as Brexit *(for a step-by-step approach to auditing, see page 10)*.

Undertaking an IP audit will also enable you to consolidate your rights and agreements by providing you with a clearer picture of your IP assets, and their respective strengths and weaknesses. Similarly, it will provide the opportunity to refocus IP holdings in light of your future business strategy; for example, by ring-fencing key (or 'core') IP rights and identifying less strategic or unused rights that may no longer justify the renewal fee.

Other reasons to undertake an IP audit may include:

- The purchase and/or sale of (individual) business units (due diligence);
- Setting up a licensing programme;
- A substantial change in legislation (e.g. IFRS and SOX);
- An initial public offering; and
- The desire to centralise your assets.

4Ws: Who, What, What for, Where?

Novagraaf has developed a tried-and-tested methodology (the 4Ws) to undertake IP audits and measure trademark value, assessing the extent to which a company's core brands are strategically protected by trademark registrations in key markets and territories, as well as the comparable strength of those registrations.

The approach also covers such factors as scope of coverage, effective use of trademark registration systems, ownership and portfolio consistency. The service has been specifically designed to provide businesses with greater insight and clarity into the brand and trademark valuation process, via a robust and transparent methodology, and clear advice on how to identify and remedy the issues that may be undermining asset value.

Find out more by downloading our 'Best Practices in Trademark Auditing' white paper at publications.novagraaf.com.

Auditing portfolios: a step-by-step guide

Many companies estimate the health and relative worth of their IP portfolios based on size alone. However, those IP rights will be worth far less if the following checks and balances are not also considered. We find that many companies can reduce their spending on IP matters and ringfence the strength of their rights by auditing their IP portfolios, using the following three-step process:

STEP 1: Review your IP records and data for accuracy

The data in your IP portfolio needs to be accurate and up-to-date, otherwise you may find that you don't quite own the rights that you think you do. Taking the time to cleanse, update and rationalise your IP data can save you both time and money in the long-run, as it will identify potentially costly errors in the records.

The extent to which companies are diligent in the maintenance of IP and IP records can vary considerably. If a company has followed best practice, either as a matter of ongoing routine or as part of an acquisition or sale, then the portfolio should be in good shape. If rights have not been kept up-to-date, however, they are likely to be at risk in terms of validity and/or enforceability.

Updating records is, in general, a time-consuming and costly process, bound as it is by the cleanliness of the existing record and the vagaries of each jurisdiction's recordal system. However, there are steps that companies can and should follow to smooth the process and minimise the demands on their internal resources. To achieve this, the audit should ideally answer the following questions in relation to the IP assets being acquired:

- Exactly which entity is recorded as the owner?
- What is the status?
- Are the rights in force?
- Are licences in force and recorded against any rights?
- Are charges or other interests recorded against any rights?
- Do the registered rights match those used in the business?
- Are there any unregistered rights?

Obtaining the answers to these questions in advance enables effective planning for any record updates that are required.

STEP 2: Audit your IP portfolio for value and efficiency

The next step of the IP audit is to assess the value of your portfolio against the costs involved in growing and maintaining the IP rights it contains. It helps to identify, for example, trademark rights that are being renewed despite never being used, as well as gaps in protection, which might leave a company exposed.

To undertake this part of the audit, we would first recommend:

- Reviewing your IP strategy to ensure that it takes into account your strategic business goals;
- Prioritising your IP rights (e.g. between 'core' and 'non-core'), and markets (countries and goods/services) based on current branding/R&D strategy and future plans;
- Auditing licensing and royalty agreements to ensure that the rights have been correctly maintained and the revenues received; and
- Reviewing your supplier list to see if it is possible to generate further cost savings by consolidating your IP portfolio with one provider.

STEP 3: Put a timeline in place for regular health checks

Completing an IP audit is only the first step in what should be a regular programme of portfolio reviews. By conducting audits at regular intervals (ideally at least every six months), you can ensure that your portfolio continues to evolve as your business does. It could also identify additional savings in the future by:

- Merging registrations;
- Allowing possible duplicate (local) registrations to lapse;
- Identifying unexploited rights that could be sold, licensed or allowed to lapse.

This last step will also be crucial in light of possible changes to trademarks, patents and designs in the EU in the future.

Additional benefits

If you are faced with budget cuts and don't know where to start, an audit is also the perfect opportunity to put in place a risk-based maintenance/abandonment strategy to drive IP creation and annuity payments.

Likewise, if you're finding it a struggle to manage your network of suppliers or need to reduce costs, an audit of the work you undertake and who actually carries it out, will provide the data and knowledge needed to begin to consolidate your network and approach (for additional guidance, see 'Part 2: Choosing the right model: outsourced, in-house or hybrid?').

Novagraaf regularly undertakes IP audits for customers, helping them to assess the efficiency of their rights, to identify gaps in coverage and to high-light areas where they could save costs. For more information about this service, speak to your Novagraaf attorney or email **customerservice@novagraaf.com**.

PART 4: Tackling key markets

A strategy for China

The production and trade of counterfeit goods in and from the People's Republic of China is the thorn in the side of many well-known brands, but it's not only the global giants that are affected. From rip-offs of fashion and beauty products to fake spirits and medicine, nearly every business could be impacted, particularly those that manufacture their goods in the country. What should they do?

To develop an anti-counterfeiting strategy that is appropriately targeted, brand owners first need to assess the threat by gathering intelligence on:

- The source of the goods, distribution channels (on and offline), ports of entry and local instances of infringement;
- The types and volume of products affected, estimated damages and desired benchmarks for reducing the impact.

While China isn't the only source or market for counterfeit goods, it is rightly on IP professionals' radar as a key country of focus for anti-counterfeiting and brand protection activity.

Tackling the threat

In any anti-counterfeiting and brand protection strategy that includes China, techniques to identify and prevent activity are of particular importance. For example, by:

- Ensuring key brand and product names are registered as trademarks, and innovative design features are registered as design rights, enabling owners to seek legal redress for any unauthorised use of those trademark or design rights (e.g. for the manufacture, distribution and sale of trademarked goods);
- Raising awareness of the issue in your business and its subsidiaries by educating staff, business partners and customers, and by providing specific training for those employees who are on the ground to help them recognise and report counterfeit products;
- Actively monitoring the online and offline market, recording, reporting and carefully analysing the findings in order to define routes of action that are proportionate to the threat;
- Working closely with law enforcement authorities such as the Border Force (customs) and local Trading Standards offices that have a statutory duty to enforce the criminal provisions of the Trademarks Act; and
- Taking enforcement action where appropriate.

For more tips and advice on developing an anti-counterfeiting strategy, please download our anti-counterfeiting white paper at publications.novagraaf.com..

If the manufacture of the fake goods is taking place in China, you will need to liaise with local agents or investigators and involve local police and authorities in order to target the manufacturer at source. This is not a simple task, and you're advised to consult your trademark attorney for advice and support on investigation, including trap purchases, trademark training, trademark records and legal representation in customs seizure proceedings.

The production and trade of counterfeit goods in and from the People's Republic of China is the thorn in the side of many well-known brands

Could the source of the fake goods be your own manufacturer?

When using intermediaries, be wary of common traps relating to misappropriation of designs and the resulting invasion of counterfeit products. To overcome this:

- Identify the main technical elements and protect respective IP (e.g. patents);
- Register designs before starting mass production;
- Use available copyright registration to add another IP right with unlimited validity to your portfolio;
- Include IP provisions in contracts with manufacturers;
- Mark genuine goods with IP rights registration numbers *(see our website for advice on marking products with patent/ design and trademark numbers); and*
- Register IP rights with Chinese customs.

Upholding brand rights in the Chinese market

The protection of trademarks in China can be challenging for many outside the country. Despite recent changes to provide overseas brands with greater rights in case of disputes, parties claiming infringement often need to pursue their cases to the highest courts in order to stop the infringing party.

Trademark watching strategies are crucial in such cases, not only by identifying infringement when it takes place (including in Chinese script), but also by collating the evidence needed to prove infringement.

Continuous and persistent enforcement is key to tackling counterfeiting. It sends a clear message to infringers and enables businesses to gain a clear picture of the threat, and the returns on investment in this area. From an online perspective this should also include:

- Notice and takedown actions;
- Cease and desist letters;
- Search engine de-indexing (preventing search engines from re-indexing infringing web pages);
- Requests to payment providers to suspend payment services to an infringing website; and
- Reporting of IP infringements to social media platforms for removal.

Is your trademark watching strategy effective?

Trademark watching is an important tool in the proactive monitoring of registered marks and devices. Here are 5 tips for getting started or revising your current strategy:

1 Get rights in place
Consider registering as a trademark any word, sign, symbol or graphic that you apply to your company, goods or services to distinguish them from those of your competitors; for example, a brand, product or company name, or logo. Registrations should cover all the countries and regions in which you trade, manufacture or transport your products.

2 Prioritise core rights
If your company owns a sizeable trademark portfolio and trades globally, it may not be possible or cost-effective to watch every trademark in every jurisdiction. Prioritise your efforts on core brands and core jurisdictions that warrant complete protection.

3 Develop a watching strategy
A trademark watching strategy should ideally cover all relevant trademark registers to identify potentially infringing applications. This will typically take one of three forms: Identical trademark watch, similar trademark watch or trademark watch with opinion.

4 Monitor your rights online
These days, your trademark watching strategy also needs to cover the web, including social media platforms and auction sites. Again, such services need to be designed with a company's core trademark rights in mind.

5 Create a response plan
To be effective, a trademark watching programme needs to be accompanied by an action plan for responding to infringement. Early detection is important if you are to file oppositions promptly, and when it comes to identifying and monitoring markets or brands at risk (for example, of counterfeit activity).

For further guidance, speak to your Novagraaf attorney or contact us at customerservice@novagraaf.com.

Time to update your approach to Europe?

Most businesses can make their European trademark registration and protection strategies, and budgets, work harder by taking some time to step back and examine their current portfolios. It is common to find, for example, doubling (and, in cases, even tripling) of protection when it comes to national/EU and international coverage. This adds to the cost of renewals and invariably also impacts budgets for the acquisition of future rights.

In some instances it is sensible to retain those double rights; for example, if your mark could be at risk of revocation actions on the basis of non-use. However, it is likely that you will also identify duplicate marks that could be allowed to lapse, whether immediately or following some work on seniority claims.

Depending on the age of the portfolio, European rights should also be reviewed in light of recent changes in EUTM law and practice. Marks filed before June 2014 should be considered in light of the EUIPO (then OHIM) Convergence Programme. More recent rights and future filing strategies are also likely to benefit from some examination of the recent EUTM reforms.

Recommendations from the Convergence Programme (CP)
A brief reminder of the key changes:
- Black and white registrations do not provide protection for colour elements which contribute to the overall distinctiveness of the mark (CP4).
- Lists of goods and services should be sufficiently 'clear and accurate' to determine the extent of protection of the trademark; class headings are interpreted literally, as per IP Translator (CP1-2).
- Non-distinctive wordmarks should be combined with graphic elements, so that the sign creates an overall distinctive impression (CP3).
- When a new registration shares a component with no distinctiveness with an existing registration, the assessment of likelihood of confusion will focus on the impact of the non-coinciding components on the overall impression of the marks (CP5).

As we set out in 'Part 3: Audits and valuation', portfolios require regular health checks to ensure that the rights they contain remain up-to-date both in terms of usage, and in light of updates to trademark law and practice. If you haven't already, review your existing EU trademark portfolio with the changes mentioned to help identify which elements of protection should be added to the current status of registered marks. In particular:

- Are your main logos protected in colour?
- Are the specific goods/services that apply to your business really covered by the wording used in the (maybe historical) EUTM registration?
- How well and differently are your 'weak' (e.g. potentially descriptive) names protected in light of the new EUIPO practice? Recent European case law has demonstrated that older registrations combining descriptive terms with another weak element (or logo) are entitled a level of protection; leaving some brand owners puzzled by the CP5 reform.

EUTM reform – the key provisions

The final provisions of the EU's trademark reform came into effect on 1 October 2017. Alongside reform targeted at bringing more uniformity to IP practices across the EU, the EUIPO also introduced several important initiatives; namely, (1) changes to the rules for graphical representation, which should give non-traditional trademarks a real chance to thrive; (2), the creation of a certification mark registration system, which will be of particular interest to industries where consumers are increasingly concentrating on quality, environmental and ethical issues; and (3) provisions to provide greater protection against counterfeit goods in transit. EU member states have three years to implement the changes into their national laws (ending 13 January 2019).

1 Graphical representation:

The criteria for EUTM registrability no longer includes the requirement for 'graphic representation', making it possible to file a trademark to protect a sign in any appropriate form. This enables IP owners to more easily register non-traditional signs (such as sounds, smells, holograms and multimedia), so long as they can be represented in a manner that is clear and precise (following the criteria set out by the Court of Justice of the EU in the Sieckmann judgement) and fulfil the general requirement of distinctiveness.

While the intention here is clearly to harness technological progress to share and compare non-traditional trademarks (think touch or smell trademarks) in the future, the main advantage of this part of the 2017 reform is, for sound trademarks, which no longer need to be represented in a graphical form.

An MP3/MP4 or other audio file can now serve as a basis to the application. Brand owners should think, therefore, about any other marketing assets that could be protected; for example, by creating/protecting a company jingle.

2 Certification marks

The new EU Certification Mark has been designed to deliver protection for 'quality' marks; in other words, marks that offer consumers a guarantee that a particular product or service has specific features or characteristics (quality, accuracy, mode of manufacture, etc), as opposed to non-certified goods and services which do not have those features or characteristics. This new category of marks, which did not previously exist at EU level, will be of particular interest for organisations and associations that aim to guarantee third-party goods. It is to be noted that the main criteria for filing such an application are: (a) that the trademark shall not be used by its owner but by the certified participants in the programme, and (b) that the filing needs to be accompanied by Certification Rules that include objective indications on the quality to be certified and the conditions that need to be met for third parties to obtain certification.

3 Anti-counterfeiting

Finally, the reforms afford trademark holders greater protection against goods in transit in the EU that infringe their trademark rights, e.g. counterfeit goods. The burden of proof has shifted, now requiring the goods' owner to prove that the trademark owner would not be entitled to prevent the trading of the goods in the country of final destination.

Looking beyond EUTMs – to the rest of Europe

Brexit has provided an important reminder that not all of Europe is covered by an EUTM. Once Britain fully exits the EU system at the end of the transition period, brand owners seeking to obtain UK protection as part of their European trademark registration strategies will need to include an additional UK registration. If they're not already, they should also include such registrations for other European, but non-EU, countries, such as Switzerland, which are often overlooked in European filing strategies. ■

For more information or guidance on developing a robust trademark filing strategy for key markets, including China and Europe, speak to your Novagraaf attorney or email us at customerservice@novagraaf.com.

About the author of this white paper

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Further information

The following resources were referenced in this white paper:

- Anti-counterfeiting strategies: A practical guide
- Best practices in trademark auditing
- Brexit and IP – A checklist

The above can be downloaded at **publications.novagraaf.com** or contact us by email at **customerservice@novagraaf.com**.