

Trade Mark



Making It Work For Your Business

Table of Contents

1.0 Trademark – *Making It Work for Your Business*

1.1 What is a Trademark?	2
1.2 Why is a Trademark so Important to Your Business?	3
1.3 Why is Trademark Registration an Investment and Not an Expense?	4
1.4 The Eight Ways to Leverage on Trademark for Your Business	5
1.5 Successful Malaysian Trademarks that Have Made Waves Locally and Abroad	11

Chapter 1

Trademark – Making It Work for Your Business

1 What is a Trademark?

Every person or object needs a name for the purpose of identification. A product or a service is no different.

Ask a Cola drinker which brand he prefers, and the response is likely to be either 'Coke' or 'Pepsi'. In the market for the Cola beverage, these are the two most distinctive names with the most widely-recognized logos.

In other words, these are the two best-known Trademarks in the world of Colas. Another term for trademark is brand, as commonly used in marketing or by laypeople.

A trademark is therefore a word, a logo or a combination of both, that serves to identify a product or service to its consumers. For example, at Intellect Worldwide, the trademark under which we sell our IP services is the combination of our whirlwind logo, and the word 'Intellect' accompanied by the tagline 'Your Trusted IPeople'.



2 In some instances, you may also come across the term 'service mark'. A service mark is essentially a trademark that is used to identify a service. Therefore, you may also call the combination of our whirlwind logo, the words 'Intellect' and 'Your Trusted IPeople' our service mark since it is services, and not products, that we are selling.

Do note that for convenience, in this Booklet we will only use the term 'trademark' in relation to both products and services.

1.2 Why is a Trademark so Important to Your business?

Let's go back to the Cola example. Perhaps you really did put this booklet down for a while and asked someone which brand of Cola they preferred. We are still sure that their answer was either Coke or Pepsi.

Why not any other names, like Ezy Cola, for example?

This brings us to the issue of why, and how, a trademark is such an important aspect of a business. It serves to identify your products or services from your competitors, but beyond that, you also need to have a trademark that will **distinguish** you from them.

And your trademark, when properly nurtured, will not only distinguish you from your competitors – it will also make sure that you **stand out** in a crowded marketplace of almost similar products, each with their own strengths and weaknesses.

The success of certain makes of budget MPVs despite the competition is one good example.

When a prospective car buyer has exhausted himself comparing the pricing, looks, fuel consumption, engine power and technology between a Perodua and a Naza, what will be the final cut that leads him to his decision?

It's the trademark, and the feelings and image associated with it.

1.3 Why is Trademark Registration an Investment and Not an Expense?

We are not suggesting that having a unique and attention-grabbing trademark should override the importance of quality and pricing.

However, the fact remains that after a savvy business owner has given his all to ensure superior quality and reasonable pricing, what's left to be done is to ensure that his Trademark stays on top of the market recognition rung.

Therefore, it is very important to get your trademark registered as this is the most effective way of establishing your exclusive rights to it.

And we consider trademark registration an investment, because these exclusive rights do not only protect your revenue stream, they also open up a host of income generating possibilities for your company.

3 Generally, the cost of getting a trademark registered in a single country is only a tiny fraction of the potential returns it can generate. For example, there are companies who invested a few thousand ringgit to get their trademark registered and consequently earned millions of ringgit in the form of trademark licensing royalties.

ii) Trademark registration is also a form of insurance against infringement – documents to prove the registered or registration pending status of a trademark are proof of your rights to support your case in the event of a legal infringement action.

iii) Trademark registration plays a crucial role in business expansion. For example, in many jurisdictions, it is mandatory for a company to have a registered trademark in order to apply for a franchise status.

iv) A well-recognised trademark is a form of intangible asset for your company because it is equivalent to a valuable brand that adds value to your company's worth. This, in turn, contributes to positive Investor Relations and public relations that will ultimately bring a positive impact to your company's bottom line.

v) Once attained, a trademark registration is valid forever provided that it is renewed periodically e.g. every ten years in Malaysia. This means that you would have rights to the trademark that can be passed from one generation to another!

1.4 The Eight Ways to Leverage on Trademark for Your Business

'What's in a name?' many have asked. Having discussed the above, our answer to that question would be: 'Tremendous potential!'

Therefore, when you raid your mental faculties in search of a catchy, easy-to-remember name, logo or tagline to identify your product/service, do bear in mind that your 3-second inspiration could well turn out to be a global marketing phenomenon, just like what happened to the ubiquitous Nike Swoosh. (This logo was designed in 1971 by Caroline Davidson, a freelance graphics designer who was paid USD35 for her work¹.)

In view of such possibilities, taking some steps to ensure that your trademark is properly nurtured and utilized is definitely, to put it mildly, worth your while.

These are the steps we recommend, as a result of our experience, analysis and privilege in witnessing many of our clients grow from being small start-ups to nationally and internationally recognized brands.

1.4.1 Begin with choosing the right trademark.

While there will never be a hundred percent guarantee as to which mark will work best, following some basic guidelines in selecting a trademark will be helpful. As a general rule, avoid terms that are descriptive of your product or service e.g. 'Superior Mix' for a pancake or pastry mix, or 'Beautiful' for a cosmetics range. Other terms to avoid are geographic terms and surnames.

The type of trademark that usually receives the widest scope of protection are **invented** words that are freshly coined and have no meaning e.g. and 'Kodak' for cameras and 'Microsoft' for computer software.

Before you get a new trademark registered, it is highly advisable that you get a search conducted and evaluated by an experienced registered Trademark Agent to ensure that your proposed trade mark is available for registration and meets the criteria for registration.

In our 15 years of experience in trademark and IP consulting services and prosecution, we have found that the adage 'great minds think alike' often rings true! Therefore, a trademark search is very important as it helps you to discover if there are any other parties who already have the rights to the same trademark or potentially conflicting trademarks.

1.4.2 Get the trademark protected.

Once you have selected a trademark, protect it from infringement and safeguard your rights as the owner by getting it registered.

Trademark registration is territorial by nature. This means that your rights to your trademark are only protected in the country in which it has been registered.

Some owners approach the Intellectual Property Office in the particular country directly to register their trademarks, and some engage the services of their trade mark agent or lawyers. However, the most common and advisable path is to engage a professional Intellectual Property (IP) consultant with the necessary expertise, experience and network to ensure that your trademark registration matters are carried out efficiently, leaving you free to concentrate on building your business.

A good IP consultant is one who would not only keep you constantly up-to-date with the status of your trademark application, but also provide you with value-added, strategic advice on how to leverage your wealth through proper exploitation of your Intellectual Property rights.

In IP consultation, it is imperative that the advice and strategies given are anchored in sound legal, technical and business sensibilities – therefore do look out for a well-experienced firm with an all-round staff of legal, technical and business professionals.

1.4.3 Exploit your trademark to attract revenue.

Having established the rights to your trademark through registration, you are now at the liberty to explore the endless possibilities of revenue generation.

The image, quality and popularity associated with your trademark will form a major contribution to your company's goodwill, so you would probably want to invest into building your brand image and creating market awareness for brand recognition.

Once your brand is in demand, you can begin to exploit the rights to your trademark. Registered trademark owners often earn royalties by licensing their trademark rights to other parties e.g. distributors of their products, or even other companies who wish to be publicly associated with their brand to increase their own goodwill. Such royalties can be a very lucrative passive income that substantially improves your company's financial performance.

Having a well-known and established trademark can also attract investors to your company, or you may find yourself receiving very attractive offers from large corporations who are interested in acquiring your business!

1.4.4 Maintain your trademark through proper use.

A trademark registration is meant to be valid indefinitely; however this validity has to be maintained through proper use of the trademark.

How can the exclusive rights to a trademark be lost? We will discuss the three most common ways in which trademark rights are lost:

- **Abandonment**

You lose them if you intentionally ‘abandon’ your trademark – ceasing to use it without any intention to use it again.

- **Naked licensing**

This term refers to the practice of licensing your trademark to other parties without controlling the nature and quality of the licensee’s products or services that they are selling. If the nature and quality of those products are inconsistent with the standards that your trademark is supposed to represent, you would be at the risk of losing your rights to this trademark.

- **Genericide**

Another way of losing trademark rights is through genericide – as has happened to cellophane, thermos, aspirin and the elevator. Many are surprised to know that these terms started off as trademarks, only to become common nouns in the English language!

How does genericide happen? A trademark will gradually deteriorate into a common term if the way it is used by the general public is not controlled.

Please refer to the table below for a guideline on the do’s and don’ts when using your trademark:

Do’s	Examples
Always use the ‘TM’ or ® symbol	ABC™, ABC®
Always use bold, italic or capital letters to set your trademark apart from the rest of the surrounding words; or use quote and unquote marks	ABC , <i>ABC</i> , ABC, ‘ABC’
Always use the Trademark in the adjective form	<p>Example 1:</p> <p>‘Let me photocopy the document for you using our ABC® photocopier’</p> <p>Example 2:</p> <p>‘Can I know the price for an ABC ® photocopier?’</p>

	Example 3: This document has been scanned using the ABC® all-in-one printer and photocopier.
Don'ts	Examples
Never use your trademark in the verb form	'Let me ABC the document for you' This document has been ABC-ed.
Never use your trademark in the noun form	'Can I know the price for an ABC?'

1.4.5 Maintain your trademark through continuous use

The proprietor of a trademark may lose his trade mark rights if the mark in question is completely not used for a long period of time (for example three years or more) or the usage of the mark is discontinued with no intention to resume.

In most countries, the registration would be vulnerable to disputes and challenges if it has not been used in that country since the registration is granted.

Generally speaking, when two companies get embroiled in a dispute over a similar trademark, the one with the higher chances of winning the dispute is the party who is able to prove:

- a long, consistent usage of the mark; and
- a strong goodwill among the public (which can only be achieved through a long, consistent use!)

1.4.6 Maintain the presence and appeal of your trademark through effective branding.

One of the secrets of trademarks that remain popular over time and generate consistent revenue is their continually-felt presence in the market.

This strong and consistent market presence, on the other hand, is achieved through effective branding strategies.

An effective branding strategy is one that results in a positive market perception of your company and products/services. It also ensures that your brand stands head and shoulders above your competitors with a unique identity that easily sets you apart from the rest.

Branding should be a continuous effort, integrated into the daily running of your business – because in order for your brand to remain constantly visible and noticeable in the market, it has to be constantly revamped, renewed and be of relevance to current market demands.

1.4.7 Assert your trademark rights in the face of infringement.

Trademark protection through registration is not a guarantee that there will not be any challenges or threats to your rights altogether.

Rather, trademark registration is a shield that can help to ward off potential infringers, or when infringement does happen, act as a weapon that you enlist in your fight to protect your rights.

For example, there is a certain brand of personal care product marketed by a well-known multinational, which we would call 'Brand A', that is not marketed in Malaysia despite the availability of other brands from the same MNC.

In fact, Brand A tried to make inroads into the Malaysian market but was prevented from doing so by a well-known local manufacturer whom we will call 'Company X'.

This is because Company X, who is also involved in the manufacturing and marketing of personal care products, owns the rights to the 'Brand A' trademark in this country.

A number of factors contributed to Company X's success in protecting their exclusive rights to the 'Brand A' trademark in Malaysia, but the fact that they had earlier filed this trademark for registration played a very significant role.

And we are proud to be the IP consultant who has had the privilege of helping Company X to register their 'Brand A' trademark and subsequently defend their rights to preserve their market share and revenue stream against the threat from the multinational.

This shows that the bigger is not always the winner, especially when the smaller company has had the sensibility of protecting their Trademark from an early stage!

1.4.8 Monitor/police your trade mark

It is important that you monitor and keep an eye on other industry players from time to time. This way, you would know if any of your competitors are using trademarks similar to yours. Usually, this trademark monitoring and policing activities are carried out by the sales and marketing teams as they are the ones with the highest market and competitor exposure. Common methods are routine market surveys, Internet searches and news through the grapevine.

In addition, you would also need to keep track of newly approved trademarks that can be confusingly similar to your existing trademark portfolio. Most companies would engage the services of their trade mark agents to assist in performing periodic trademark searches to monitor the trademark register.

You may also choose to subscribe to a gazette watch service to ensure that you would be notified of any similar marks that are published in the gazette.

Failure to police your trademark rights can cause you to lose them!

Intellect Group of Companies

4 Successful Malaysian Trademarks that Have Made Waves Locally and Abroad

Let's take a look at the following brands that had their humble beginnings in Malaysia, whose owners had the business sensibility to file for trademark registration and the impressive growth that has since followed.

Pensonic®
Secret Recipe®
Spritzer®
Subzero®
Nelson's®
FOLLOW ME®
MUNCHY'S®

and many more. So, what's in a name – that it is worthy of legal protection?

The examples above, and the many others around us answer it all.

Reference:

¹'TheSwoosh' http://xroads.virginia.edu/~CLASS/am483_97/projects/hincker/nikhist.html

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