

NEWSSTAND

Watching Trademarks - Short Money, Large Returns

February 2009

Even in a down economy, businesses (both big and small) need to realize that it is still necessary to protect and grow their brands. Implementing a streamlined and thoughtful trademark watch program is a cost effective and powerful way for trademark owners to maintain brand strength and advance brand portfolios while still keeping an eye on the bottom line. Regardless of whether a company owns one, two, or hundreds of trademark registrations and applications, subscribing to a trademark watching service is a relatively inexpensive way to protect its brands against trademark dilution and infringement.

A variety of trademark watch services are available, covering as many jurisdictions as a subscriber needs. For U.S.-based trademark owners, the most common watch services provide alerts when potentially conflicting U.S. federal trademark applications are filed or published for opposition. This type of watch service costs approximately US\$400 a year per mark, and the watching service company will watch the mark across all classes of goods and services. Broader watching services can be put into place to include state trademark filings, U.S. business name filings and Internet term usage. Watch service companies provide e-mail alerts whenever a potentially conflicting mark is found. These communications can be sent either to outside counsel or directly to the brand owner for review and assessment. The electronic systems currently available for watches in the United States allow the person reviewing the watch to make notes, save comments and keep track of action items in searchable, secure databases.

A watch service is thus a tool to avoid disputes in the future. By monitoring newly filed applications, trademark owners have a chance to contact third-party applicants for potentially conflicting marks and attempt to resolve issues before they rise to the level of a formal trademark opposition or litigation. The searchable database provided by a watch service company also functions as a way to capture filings by different parties and may alert brand owners to trends in filings that would have otherwise gone undetected.

So, which trademarks should companies be watching? Every business has at least one primary or house brand — that name by which it is most widely known and that will be damaged the most if infringed or lost. If your company's house mark has value to you, it should be watched.

What if your company owns multiple brands that cover different aspects of its products or services? In such instances, creating a tiered structure of your company's trademark portfolio can be a very effective way to organize your marks and determine which ones to watch. By identifying the importance of each trademark and subsequently assigning it a tier, attention and resources are focused on those trademarks that provide the greatest value. For example, Tier 1 marks would be those that represent the core of your company's business, such as a house mark and the brands identifying your top products or services. These marks will generally be applied for or registered in the U.S. and possibly in other jurisdictions in which your company does significant business. Tier 2 marks, while still important, are those marks which are not as critical to your company's business. Tier 2 marks are often those for which registration may be sought in the U.S., but perhaps not outside the U.S. and these are marks that may not be part of a permanent branding strategy. Whether Tier 2 marks should be watched will also depend on the planned life span of such marks.

Finally, companies may have a list of Tier 3 marks, those for which registration is not sought, or at least not initially. For example, these are often names that come and go for products and services on a year-to-year or season-by-season basis. Tier 3 marks would also encompass taglines that are not part of a permanent branding strategy. In general, because of

their temporary or seasonal nature, there is generally no need to watch Tier 3 marks unless they begin to evolve into Tier 2 or Tier 1 marks.

As mentioned above, the cost of watching trademarks is relatively low, typically in the hundreds of dollars per mark on an annual basis, and watch notices are delivered electronically and can be easily reviewed by the trademark owner. Conversely, if watch services are not in place, brand owners face the possibility of having to oppose third-party trademark applications or petitioning to cancel a third-party registration, both of which usually cost thousands of dollars. Therefore, by spending a little and taking a proactive posture with respect to your company's brands, you can be in a position to ride out these financial times with your company brands (and your budget) intact.