



THE BRAND, THE WHOLE BRAND & NOTHING BUT THE BRAND – protecting your most important business asset in the Digital Age

I have been on a mission of late, seeking to educate members of the events industry of the need to take active steps in protecting one of the most important assets any business can have – its brand. Building brand equity for entities in the events industry is something that any small to medium enterprises (SME) should focus on and most do! Whether your business be in venue management, event management, conference planning or one of the many suppliers to this most dynamic industries - your brand is a key to building and maintaining your business. However, on the flip side to this brand equity coin; there is not much point investing in your business brand if you fail to take steps towards protecting it. With the Coca Cola brand (just the brand ie trademark) valued at US\$67.5 billion (*Interbrand Survey 2005*) the need for protecting brand assets, whether your company is large or small, is self-evident.

An effective brand protection strategy should be part of a broader risk management approach and encompasses both external protection through systematic trademark registration and being aware of the potential assaults on your brand via the internet and other digital media as well as assessing the need to protect a brand internally by getting contractual documents right, being aware of copyright and related issues, and protecting confidential information. These are just some areas we should be looking at to keep what I call the “brand rustlers” at bay.

What is a brand?

A brand may be just about anything that can be used to distinguish goods or services of one business or trader from those of another. Most often we think of logos or names but given that the statutory definition of a trade mark includes a sound, colour or even scent – the options for brand builders are quite extensive. Many people tend to focus on brand protection narrowly by confining their approach to the question of “trade mark” registration and rightly so given the importance of a registered trade mark to any brand protection strategy. But while having a registered trade mark is fundamental, it is only part of a comprehensive brand protection strategy.

To many lawyers the term “brand” is often used in the sense of a trade mark. Registration of trademarks in Australia falls under the *Trademarks Act 1995 (Cth)* (“Act”). Under the Act a trademark 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*”. The Act defines what constitutes a “sign” to include the following or any combination of the following, namely “*any letter, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent*” – see section 6 of the Act.

Trademark registration forms the apex at the top of the triangle in relation to an effective brand protection strategy. Registering a brand as a trademark under the Act provides an all important entry level of brand protection which cannot elsewhere be gained. This includes both marketing collateral in hard copy form as well as an SME’s digital brand protection strategy over the internet and related electronic media. However, this is not the whole story and any business distributing products or services via the internet to overseas markets should seek legal advice on registering its brand as a trademark in other international jurisdictions.

A balanced *costs versus benefits* assessment of registering a trademark clearly favours registration. The costs are minimal when viewed in terms of potential asset value. There are 42 classes of goods and services in which a trademark can be registered and ultimately, it may be a commercial decision by an entity based on legal advice as to where a mark is registered (Australia and/or overseas) and how many classes a mark is registered in.

The benefits of registration for the purposes of brand protection far outweigh the costs. Some of the main benefits are that trademarks give statutory protection; they are easy to enforce; they give the owner exclusive right to use that name to distinguish its products or

services and those of others; and provide the customer with an indication of the origin and quality of the goods or services being purchased.

It is possible to have an unregistered trademark but this may ultimately require suing under the common law action of “passing off” or under the *Trade Practices Act* which can be expensive, time consuming and stressful.

Myths about registered business names

There are many myths about business names and brand strategies which need to be dispelled. A business name does not provide the protection of a trademark; in effect it provides no protection at all and the consequences of relying solely on a registered business name is misguided, misinformed and ultimately a doomed approach to effecting a brand protection strategy. There have been many cases where an enterprise has spent thousands of dollars investing in a brand based on a business name only to be informed that the business name infringed a registered trademark and were required under threat of legal action to ‘cease and desist’ from trading.

Case study #1 – a Brisbane woman sought to start up a new events business. On learning that it would cost over \$1,000 to obtain registration of a trade mark, her accountant advised her that a cheaper option was to register a business name on the basis that this would achieve ‘protection’ for her trading name for less than \$100. She commenced trading and several months later received a letter threatening her with legal action for infringing a trademark with the same words. She was faced with either resisting the legal claims or adopting a new trading name – she decided on the latter course at considerable cost.

Case study #2 – a new Sydney home mortgage business registered its company name (also its trading name) with ASIC believing this was sufficient protection for the word which constituted its name. After 6 months of operation it received a ‘cease trading’ letter from another company that used the same name and held a registered trademark. The first company was forced to re-brand at the cost of over \$50,000 and faced demands of \$25,000 to cover legal costs of the other company.

A recent 2005 survey of over 260 SMEs conducted by the Advisory Council on Intellectual Property (“ACIP”) and IP Australia revealed many small businesses in this country are unaware that their business names do not provide the protection of a trademark. The key results of the survey was that:

1. 80% of businesses surveyed incorrectly believed registering a business name also provides trademark protection.
2. 50% of businesses were unaware that the same business name can be registered in different States.
3. 85% of respondents incorrectly believed business name registration stops other businesses from using the same name.

The digital age – online brand protection & abuse

The foundations of a successful online brand protection strategy operates by extension from taking the necessary initial steps set out above. Having in place the appropriate legal structures for protecting the brand of an SME forms the basis of dealing successfully with any online brand assaults, incursions or “rustlers”. Given that the internet is really a virtual and very important extension of an entity’s overall market positioning, it is important to recognize some of the challenges for brand protection in the digital age.

According to a White Paper released in 2004 by *NameProtect Inc* there are twelve readily identifiable online risks to brand holding companies and they include:

domain name abuse, traffic diversion, commercial trademark infringement, trademark dilution, offensive content, brand disparagement/feedback, claimed affiliations, affiliate/partner compliance, unlicensed/unauthorized sales, product counterfeiting, digital piracy and identity theft and fraud.

This list has been called the ‘dirty dozen’ and while the internet has expanded the power of brands and opened up new markets and business opportunities it is also dramatically increased the scope and impact of brand misuse, disparagement, infringement and outright fraud.

We will consider the following key areas from the ‘dirty dozen’ list:

Commercial trademark infringement (& passing off)

This category of abuse is readily familiar to trademark practitioners and includes trademark infringement and passing off. Web sites that deliberately pretend to be or impersonate well known brands online to commercially gain by trading on the company’s existing name and reputation engage in these activities. Such websites commonly use an existing registered

trademark (or copyrighted text) and images including logos of the company that they are pretending to be. They may even take an existing trademark and create their own which is substantially identical or deceptively similar to that of the one owned by the company. The common law action for passing-off is a potential avenue of redress for those unregistered trademarks. To the extent the Internet is simply a reflection of the commercial marketplace owners of registered trademarks need to ensure that their policing strategies extend to this forum.

Domain name abuse and cybersquatting

Since the mid 1990s the domain names space has been a large and consistent source of brand abuse since domain names form an important part of any company's online identity. Cybersquatting is the unauthorized registration of the domain names which often feature a brand name or a variation of a registered trademark. The Internet Corporation for Assigned Names and Numbers (ICANN) administers its Uniform Dispute Resolution Policy (UDRP) and regularly monitors the incidence of cybersquatting.

NameProtect reports that a high percentage of potential domain name abuse involves so called "inactive" domain names eg those domains that are registered but do not publish any accessible content. The type of enforcement action open to trademark practitioners often depends on upon the type of content associated with the potential domain abuse, including:

- Competitive commercial content
- Potentially offensive content eg pornography
- Non- competitive commercial offerings
- Non-commercial content directed at the brand
- Non-commercial content unassociated with the brand
- Inactive domain names not publishing any live content

Traffic diversion

NameProtect highlights that the basic theme of these practices involves leveraging the name recognition and goodwill of an established brand to drive web-site traffic or exposure to a third-party site. These sort of online traffic diversion schemes, unlike traditional cybersquatting, are constantly evolving and changing.

Trademark dilution and brand abuse

This US based concept that trademark dilution ie actionable trademark abuse can exist even in the absence of customer confusion is now well established in the USA, Europe and to a

lesser extent has also been recently recognized by the Australian courts. *NameProtect* observes that because of the predominance of brands on the internet, the potential for well known brands to become diluted or tarnished by negative associations is extremely high. It is noted of particular concern are online brand parodies which can present brand owners with difficult options in the face of freedom of expression laws. Commercial and non commercial parodies of brands abound on the internet ranging from “FedUp” (Federal Express); “Ghettopoly” (Monopoly game); “Absolut liver failure” (Absolut); “Starsucks Coffee” (Starbucks Coffee).

Affiliate/Partner compliance

The internet has provided a multitude of ways for major companies to leverage online partners, affiliates and distributors. Common forms of abuse of online affiliates and partners as cited by *NameProtect* include:

- Use of out-of-date or poor branding and product descriptions
- Erroneous pricing
- Association with offensive, unsavoury or related offerings
- Sale of grey market or counterfeit product
- Diversion to competitors
- Aggressive use of spam email, pop-ups, traffic diversion schemes or other objectionable advertisement activities

Unlicensed sales (Logo & Trademark theft)

This area of abuse involves the use of well-known logos and brand names on various goods such as toys, memorabilia and other products or merchandise without the consent of the owner. *NameProtect* notes that companies most susceptible to this online form of brand abuse are typically those that have successful trademark licensing programs in place eg sports franchises. Such unlicensed sales online can amount to a significant amount of lost revenue and can grow to threaten the very existence of a company’s legitimate trademark licensing efforts online as legitimate licensees are forced to compete with unlicensed operators (eg ‘Harry Potter’ coats from an unlicensed/unauthorised distributor).

Identity theft & fraud

Criminal networks are using the internet throughout the world to launch sophisticated identity theft and credit card fraud schemes. A key element in most of these schemes is the impersonation of a well known brand. One of the most pervasive examples of this is called “phishing”, in which criminals impersonate brands in spam email that lures customers to

bogus websites that look like those of reputable companies and are designed to deceive consumers into divulging credit card and other personal data. In the USA in 2003 there were over 60 million fraudulent emails in December alone and despite companies now taking proactive counter measures it is unlikely that this phenomenon will end soon.

Protecting the brand from 'inside' the business

There are three major areas which an entity can look at in terms of protecting its brand from inside the business: contractual documentation (terms and conditions documents), dealing with confidential information and the area of copyright (and independent contractors).

Terms and conditions documents form the basic contractual interface between an entity and its clients and/or its suppliers and are often referred to as the "fine print". These are essential documents in relation to protecting a brand and clarifying the commercial basis on which an entity conducts its business.

Some view terms and conditions documents as an unnecessary complexity which no one reads anyhow until there is a dispute. However, when viewed as a marketing and brand building tool, they provide a further step to enhanced brand protection as they serve to expressly clarify the commercial terms on which a business operates. Large companies ALL have terms and conditions clearly spelt out and when dealing with SMEs expect the clarity and protection of clearly drawn terms and conditions to be reciprocated.

Confidential information can take many forms. It can consist of financial reports and analysis, resumes, client reports, financial information, strategic business development plans, contents of business documents, including lists of customers or suppliers. In one sense there is no limit to the form that confidential information can take in relation to the operation of a SME.

In order to protect confidential information the courts have established a three stage test. First, the information itself must have a necessary quality of confidence about it. Second, the information is imparted in circumstances creating an obligation of confidence. Third, there must be an unauthorised use of that information to the detriment of the party communicating it.

Confidential Information

With technology being what it is now, the issue of addressing IP theft and confidential information to protect a brand has never been more pressing. After all, it is possible for an

executive or an account manager to leave an enterprise and take with him/her in a computer notebook 50% or more of the business in the form of confidential information.

“In light of technological developments, the fight for corporate goodwill between businesses and former executives when company client and supplier lists are in dispute is becoming one of the largest area of commercial disputes in the area of intellectual property relating to confidentiality and commercial law” said a leading IP lawyer recently.

As one judge recently remarked in a case on breach of copyright ‘thou shalt not steal’! In legal terms, confidential information can be protected against misuse or disclosure. It is recommended that enterprises pay attention to all confidential information that they have and take the appropriate steps to ensure that executives and account management staff have appropriate confidentiality clauses in their service agreements or contracts.

Copyright is an area of intellectual property law that increasingly commands our attention from a brand perspective. The function of copyright is that it offers protection and reward for “authors” in relation to putting an original idea into material form. Copyright is essentially a bundle of economic rights that belong to an author.

Copyright rights subsist in many types of works, including written works, pictures, photographs, music films and computer programs. The general rule is that ownership of copyright vests in the person who is the author of the work. If the work is jointly authored, then ownership of the copyright will also be joined. In relation to business entities under a traditional employment contract, copyright will generally speaking, be owned by the employer. However, this is in stark contrast when engaging an independent contractor under a contract for services. The starting proposition is that unless there is an express clause assigning any copyright to the principal then copyright will remain with the contractor or consultant. This distinction is very important when using contractors or consultants in brand building exercises.

In summary, for any business looking to consolidate its brand protection strategy it is important to follow these key steps:

1. Develop a brand protection/IP strategy as part of your overall business development and digital marketing strategy.
2. Register a trademark (and use it).

3. Take necessary steps to protect the brand from both inside and outside the business – being mindful of the sort of attacks that can come from the online world.
4. The brand is an asset and make budget allowance to protect it.

Remember, it's a 'new brand world' and all business entities in the events industry (whether large or small), brand managers and consultants should be aware of the need to not only build brands but to budget to protect them!

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