

The Art of Trademark Searching



As Skoda had to experience last year in India, to search if a trademark is available can be trickier than initially thought. MONTE CARLO has a lot of connotations with motor cars - but an attack on IP rights can come from an unexpected corner.

Last year the demand for trademark registrations at the World Intellectual Property Organisation (WIPO) grew by 5% reaching 56'200 trademark applications. Among the top 15 origin-countries, China's applications had an increase of 36.3% compared to the year before.

With the growing number of trademark applications, it is getting more and more difficult to find a name or a logo that is still available for use. In addition, trademark infringements are increasing as revealed in a study commissioned by Compumark Clarivate Analytics, based on a survey conducted among more than 300 trademark professionals in the United States, UK, Germany, and France.

Trademark owners are increasingly aware of the value of their trademarks and willing to defend their rights, even in countries where local companies traditionally would not fight severely to enforce their rights to keep exclusivity of their trademarks.

In India, Skoda was prevented from using its car model name MONTE CARLO as an Indian fashion company alleged infringement of its trademark rights over MONTE CARLO accusing Skoda of taking unfair advantage of its reputation.

Although cars and clothing are not related businesses and in normal circumstances the identical trademarks could co-exist, due to the wider scope of protection of well-known trademarks the fashion company had the right to prevent the use of an identical trademark by the car maker Skoda.

This example illustrates well that it is not sufficient to check if prior rights exist in the same or similar fields of business, but that the local knowledge of the market can be crucial to avoid bad and often costly surprises. This can happen in any country, not only in India.

In today's economic environment, trademark owners are well advised to understand the risks of introducing a new trademark into a market and how to minimize those risks to avoid finding themselves in a situation that at worst could threaten the existence of their business.

To make informed decisions it is worth to know what kind of consequences can arrive if the own trademark is infringing the rights of a third party. Below is a list of the major risks:

- **Business disruption.** If a preliminary injunction is granted a product may be withdrawn from the market within a short time frame and it can take years until the conflict is solved.
- **Damages.** The infringer can be ordered to pay damages (e.g. lost profits), as well as court and attorney's fees. Depending on the country these costs can be prohibitive. If the trademark is licensed the licensee may eventually request the payment of damages as well, as he has to discontinue the use of the trademark.
- **Costs.** Depending on the product, storage costs may need to be incurred until the courts decide whether the product can be put on the market again. At the end, an order to destroy the products may be the final court decision. Changes to product labelling and marketing materials may be needed to solve the conflict. This can be a costly exercise, in particular when several markets are involved. Further costs to develop a new brand have to be incurred.
- **Loss of investments and goodwill.** The threat of being infringing third parties' rights may not be immediately noticeable and an infringement notice may be served only after some years. The investments made and the goodwill built can be destroyed because the use of the trademarks has to be discontinued.
- **Loss of reputation** with consumers, retailers, cooperation partners, licensees, etc. In particular, in times of social media the loss of reputation is a threat that should not be underestimated.

Certainly not all trademarks will bear the same risks. The risk level will vary according to the type of trademark and its use. If it is a main brand with a considerable investment for its creation and introduction into the marketplace, the risks are higher and more attention needs to be devoted to minimize such risks. If the trademark will be used just for a short period in a promotional campaign, for example as a slogan, then the risks may be reduced and the costs to verify if it is available for use can be kept lower.

In a nutshell, to assess the need and the depth of a trademark search it is recommended to look at various factors.

But, how to proceed if the budget is small and trademark searches can be costly?

Before ordering a trademark search a cost-benefit analysis should be made. To prepare such analysis answering the questions below can be helpful:

1. Can we take the risk to change the trademark if someone claims prior rights?
2. What are the consequences for my business if a court orders to have the products withdrawn from the market?
3. Can I easily change my brand?
4. Is there a reputational risk that can damage my business if I have to change the branding?
5. What is the competitive environment? Are similar trademarks tolerated or is there a fierce fight over the exclusivity of the trademarks?
6. For how long will the trademark be on the market? Is it a main brand that will drive market success or is it just a trademark used on promotional materials with a short lifespan?
7. Do well-known trademarks exist that could hinder the use in an unrelated field of business?

Not all trademarks warrant the same approach and depending on the intended use a simple knock out search using freely available resources may be sufficient. However, if there will be a major investment to develop the trademark, conducting a thorough trademark availability search may be the best insurance for not compromising a successful launch and the penetration of the market.

Strategic management of intellectual property is increasingly important and professional trademark searches are a key element to it.

Quick read

- Trademark searches may seem easy, but the devil is in the detail.
- Risks may come from unexpected sources.
- A worldwide network of tested law firms is an asset in facilitating local expertise.

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July 2018