

Study Note: This module should take around 5 hours to study.

Module 4: Trademarks

Objectives

After completing the study of this module you should be able to:

1. List and describe briefly those signs that may serve as trademarks.
2. Describe the two conditions for protection of a trademark.
3. Make a distinction between a **collective mark** and a **certification mark**.
4. Indicate the exclusive rights of a trademark owner.
5. Describe how well-known marks are protected under the **Paris Convention** and the **TRIPS Agreement**.

Introduction

Trademarks existed in the ancient world. As long as 3000 years ago, Indian craftsmen used to engrave their signatures on their artistic creations before sending them to Iran. Later on, over 100 different Roman pottery marks were in use, including the FORTIS brand that became so famous that it was copied and counterfeited. With the flourishing trade in the Middle Ages the use of trademarks increased.

Today trademarks (often abbreviated as TM in English) are in common usage and most people on the planet could distinguish between the trademarks for the two soft drinks Pepsi-Cola® and Coca-Cola®.

The growing importance of trademarks in commercial activities is due to the increased competition among companies undertaking trade in more than one country. Trademarks have been used to simplify the identification by consumers of goods or services, as well as their quality and value. Thus, a trademark may be considered as a tool of communication used by producers to attract consumers.

In this module you will learn what sort of signs can be used for trademarks and what characteristics they must have. You will be able to distinguish between a collective mark and a certification mark. This module will also explain how well-known or famous marks are given special protection under the Paris Convention and the TRIPS Agreement.

Trademarks

I would like you to begin by listening to the first audio segment describing what *trademark* means and its characteristics.

Audio Segment 1: *So, could you tell me what a trademark actually is?*

A trademark is basically a sign that is used to distinguish the goods or services offered by one undertaking from those offered by another. That's a very simplified definition, but it does explain essentially what a trademark is. *What sort of characteristics should a trademark have?*

There are basically two main characteristics for a trademark: **it must be distinctive** and **it should not be deceptive.**

Therefore a formal definition of the term trademark could be:

“A trademark is a sign that individualizes the goods of a given enterprise and distinguishes them from the goods of its competitors”

A trademark may consist of words, designs, letters, numerals or packaging, slogans, devices, symbols, etc.

The Coca-Cola Company ®

PepsiCo, Inc. ®

It is necessary to say that a service mark is similar to a trademark, differing only in that the latter protects goods, while the former protects services. Generally speaking the term trademarks includes both trademark and service marks.

The next audio segment will offer you some descriptive examples of trademarks.

Audio Segment 2: *Could you now give some examples of the sort of signs that we can think of?*

Well, there are word marks, consisting of words, letters, numerals, abbreviations or names for instance, surnames. We need only think of a famous make of car, Ford – named, of course, after Henry Ford, who built the first one; then there is WH Smith, the booksellers and so on. We find many names used as trademarks. We also find abbreviations such as IBM, but trademarks can also be made out of devices or figurative elements, like that of the Shell oil company.

So when you say device, you mean things like the Shell logo?

Yes, I do but that is just a two-dimensional device, whereas trademarks can also be three-dimensional – consisting of the packaging of goods or the goods itself. Then of course, other features of trademarks can also be protected.

We are also, especially in recent times, seeing a new kind of trademark coming on the market. This is the hologram mark. If you look at a credit card for instance, you will see a small image that changes according to the angle from which you look at it. There are such things as sound marks: an advertising jingle can serve as a trademark. There are even smell marks in certain countries, where a particular scent could be protected as a trademark. So there is a wide variety of signs that can be used as trademarks, but always on the same two conditions: the mark must be distinctive and must not be deceptive.



To sum up, the following examples may help you to know what trademarks (including service marks) are:

Words: 'Apple' for computers; Deutsche Bank for a bank,

Arbitrary or fanciful designations: Coca-Cola, Nikon, Sony, NIKE, Easy Jet.

Names: Ford, Peugeot, Hilton (hotel)

Slogans: 'Fly me', for an airline;

Devices: the star for Mercedes Benz, the flying lady for Rolls Royce

Number: the 4711 cologne

Letters: GM, FIAT, VW, KLM

Pictures or symbols: Lacoste (small crocodile)

In the first audio segment, the speaker also mentioned two of the characteristics a trademark must have. Firstly it should be **distinctive** and secondly it should not be **deceptive**. To learn more about these two requirements listen to the next two audio segments.

Audio segment 3: *Can you give me an example of how a trademark is distinctive?*

To be distinctive it must by its very nature be able to distinguish goods and services as I mentioned just now. I think a good example would be the word “apple”. While “Apple” is a very distinctive trademark for a computer, because it has absolutely nothing to do with computers, **it would not be distinctive for actual apples.** In other words, someone who grows and sells them could not register the word ‘apple’ as a trademark and protect it, because his competitors have to be able to use the word to describe their own goods. **So in general terms a trademark is not distinctive if it is descriptive.** It is descriptive if it describes the nature or identity of the goods or services for which it is used. But a trademark can also be deceptive, namely when it claims a quality for the goods that they do not have.

Audio segment 4: *Could you give me an example of a trademark that might possibly be deceptive?*

Typically a deceptive trademark would be one that says that the goods for which it is used have certain qualities when they don't. An example would be the trademark “Real Leather” for goods that are not made of genuine leather.

One of the key points raised was that when assessing the distinctiveness of a sign for a TM it has to be judged together with the goods or services it is to be associated with.

Self-Assessment Question

SAQ 1:

Do you think the made- up word, "FRUMATO", would make a good trademark for a drink made from a mixture of fruit juice and tomato juice?

Type your answer here:

[Click here for answer](#)

SAQ 1 Answer:

Looking at the specification of the goods the derivation of the mark is obvious; it is the combination of the words FRUIT and TOMATO. It is not a word that exists in any dictionary and it is not one that would naturally occur to other traders to use. Therefore it can be said to tend to be distinctive. There is, however, a cautionary tale of the **Boots Pure Drug Company**. They marketed a tonic medicine made from extracts of liver and iron and made up the word **LIVRON** to indicate it. Unfortunately, a rival pharmaceutical firm had a manufacturing facility in the French town of Livron. The use of this made-up word was **refused**.

Self-Assessment Question

SAQ 2: Bearing in mind the two requirements of being distinctive and of not being deceptive, match the following possible trademarks with the explanations given with regard to their suitability, or failure to be registered as trademarks.

- | | | |
|----|-------------------|-----------------------|
| 1. | MOOTEL | Portable cowsheds |
| 2. | SWISS FLAG | Wrist watches |
| 3. | GOLD CAP | Whisky |
| 4. | FYNPOWDA | Cleaning preparations |

- A** Descriptive of a common trait among like products, but could, given long and widespread usage, result in public awareness and association of a particular trader's goods bearing this descriptive trait. Were no other trader to use a similar item, this mark may acquire distinctiveness in fact. And this usage may make this mark acceptable in jurisdictions where usage is a factor in the determination.
- B** Humorous and unique: Distinctive and strong possibility of registration. This mark should have a high likelihood of being registered, if no opposition appears successful.
- C** Misspelling a directly descriptive aspect in a laudatory sense; totally lacking in distinctiveness. This mark fails.
- D** The use of certain criteria in a mark is generally forbidden in many countries; in conformity with the Paris Convention, one such criteria is the use of national flags or emblems. (gift answer!) As a representation of that symbol is inadmissible, so too would be words unmistakably describing such an emblem. This mark fails.

Type your answer here:

[Click here for answer](#)

SAQ 2 Answer:

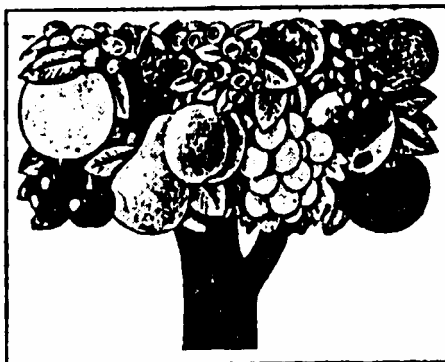
The answers are: 1-B; 2-D; 3-A; 4-C.

Trademarks can also be dependant on images or designs or indeed the combination of images and words. For example the Logo of the Open University in the UK is:



Self-Assessment Question

SAQ 3: What do you think of the suitability of the following design for beverages made from fruit?



Type your answer here:

[Click here for answer](#)

SAQ 3 Answer:

A fruit tree, such as an apple tree, by itself, is descriptive and not distinctive; one could argue that all apple growers could use such a symbolic design. However, the tree shown in the symbol has many different fruits, which does not occur in nature. Grapes, pears, oranges, peaches, cherries are all shown in an unique fashion; this symbol rises to the level of distinctiveness necessary to gain registration. This is a very good example of how inherently non-distinctive elements can be combined in such a creative way that the totality becomes distinctive.

To get a trademark known and respected requires considerable investment and usually quite a period of time. Therefore, it is in the interest of everyone seeking to use a trademark to make sure that it is protected as a valuable piece of intellectual property. Listen to the next audio segment to hear how this protection is achieved.

Audio segment 5: *Obviously, companies spend a lot of money on establishing their trademarks. But how can they prevent other people from using them?*

Well of course they have to rely on trademark laws, but the most common way of protecting a trademark is to have it registered in the Trademark Register, and a great many countries make this a condition of trademark protection. It must first be registered, and once it has been registered it is protected, and its owner is entitled to prohibit others from using it. Registration is not the only way of protecting a trademark, however: unregistered trademarks are also protected in some countries but it is a less reliable form of protection. This is because an unregistered trademark is not protected until it has acquired sufficient distinctiveness and a reputation in the marketplace, which can take considerable time after the initial launch.

So if you have an unregistered trademark that has been around a long time and everyone knows it, it would in some countries qualify for a measure of protection?

That's right. However, if you start marketing your products under a new trademark that nobody knows, that trademark will be very vulnerable. It is possible to call on the protection conferred by the laws on unfair competition, but there too the most important thing is that the mark must have acquired a reputation.

Self-Assessment Question

SAQ 4: What were the main methods mentioned that a company could use to protect its investment in a trademark?

Type your answer here:

[Click here for answer](#)

SAQ 4 Answer:

The speaker mentioned that the basis of trademark protection is in the laws of the country or region. Registering the trademark is often required before it can be protected but also it could become protected in some instances as a result of prolonged usage.

Trademarks typically identify individual enterprises as the origin of marked goods or services. Some countries provide for the registration of collective and certification marks, which are used to indicate the affiliation of enterprises using the mark, or which refer to identifiable standards met by the products for which a mark is used.

Collective marks usually belong to a group or association of enterprises. Their use is reserved to the members of the group or association. A collective mark therefore distinguishes the goods or services of members of the association from those of other undertakings.

The function of the collective mark is to inform the public about certain particular features of the product for which the collective mark is used. An enterprise which uses the collective mark may, in addition, use its own trademark. Example: in an association of architects or engineers, a member may use the logo of the association as well as the logo of the enterprise.

A certificate mark is a mark indicating that the goods or services in connection with which it is used are certified by the proprietor of the mark in respect of the origin, mode of manufacture of goods, quality or other characteristics. The certification mark may only be used in accordance with the defined standards. Example: ISO 9000.

The main difference between collective marks and certification marks is that the former may be used only by particular enterprises, for example, members of the association which owns the collective mark, while the latter may be used by anybody who meets the defined standards.

Some companies have successfully established, via their trademarks or service marks, worldwide renown. Subsequently, consumers can, without effort, recognize and identify their goods and services, their qualities and their features without referring to the location of the company in question. These trademarks are called well-known marks or famous marks. Examples: Sony, Versace, Louis Vuitton, etc.

As you know, there may be companies which intend to take unfair advantage of those well-known marks by creating marks that are similar or that would create confusion with the well-known ones, thus misleading consumers.

To overcome this problem, the Paris Convention, the TRIPS Agreement, as well as many national laws, have provided for a special protection of well-known marks.

There is no straightforward definition of a well-known mark. What must be defined, however, are the factors to be considered in determining whether a mark is well-known or not. These factors include the degree of knowledge or recognition of the mark in the relevant sector of the public and the duration, extent and geographical area of any use of the mark.

Many companies wish to use their trademark in many different countries, so listen to the next audio to see if it possible to get worldwide protection for a trademark.

Audio segment 6: *Can you secure worldwide protection for a trademark with a single registration, or do you have to go to each country separately?*

Well, you do have to go to each country separately as, like all intellectual property rights, trademarks are territorial rights, which basically means that their protection is obtained by national registration. There are certain regional registration systems which make for easier registration of the trademarks and of course, there are also the international treaties, but **all these systems ultimately involve registration in every single country and indeed every single territory:** we should not forget that, while trademarks can be registered in countries, they can also be registered in customs territories, and there are some other territories that are not recognized as countries.

You said customs territories; what did you mean?

Well, there are certain territories that are not recognized as States and cannot for instance, become members of the United Nations. However, there is a certain administrative structure in those territories and the registration of trademarks may be possible. A good example would be Hong Kong, which has a trademark registration system different from that of the People's Republic of China. So, if I want to protect my trademark in Hong Kong I have to go through the local registration procedure.

So it is necessary to protect the TM in all of the countries that you would wish to use it in. Unfortunately, there are considerable differences between national systems.

WIPO has greatly contributed to efforts to make both national and regional systems for the registration of trademarks more "user-friendly" by harmonizing and simplifying certain procedures.

The Trademark Law Treaty (TLT) was adopted in 1994, and sets out the information nationals of one Member State must supply, and what procedures they must follow, to register trademarks in another Member State's TM Office.

Summary

“A trademark is a sign that individualizes the goods or services of a given enterprise and distinguishes them from its competitors.”

This section has covered the basics of trademarks. You have learned that a trademark is a word, a logo, a number, a letter, a slogan, a sound, a color, or sometimes even a smell which identifies the source of goods and/or services with which the trademark is used.

Trademarks are one area of intellectual property and their purpose is to protect the name of the product rather than the invention or idea behind the product. Trademarks can be owned by individuals or companies and should be registered at a governmental agency, which is usually referred to as the Trademarks Office. When a trademark is used in connection with services, it is sometimes referred to as a “service mark”.

Generally speaking, trademarks should be distinctive and should neither be generic nor merely descriptive of the goods or services they represent. For example, the word “vegetable” cannot be registered as a trademark of a supermarket, since it is certainly descriptive of items which a supermarket sells. In addition, it cannot be registered as a trademark for carrots, since it is a generic term for carrots. On the other hand, the word “vegetable” might well serve as a trademark for bicycles since it has little or nothing to do with bicycles.

Trademarks should preferably not be geographical or primarily a surname. Thus, “Paris” cannot serve as a trademark for perfume. In many countries, trademarks which comprise mere letters and/or numbers (i.e. the proposed trademark cannot be pronounced as a word or words or just has too few letters) or are surnames are considered to be indistinct.

In some instances, trademark registration can still be obtained for trademarks that are merely (i) descriptive, (ii) a surname, (iii) geographic or (iv) indistinct. Trademarks, also known as brand names, are part of everyday life. The average person sees or hears more than 1,500 trademarks each day! Just as your own name identifies and distinguishes you, the main purpose of a trademark is to identify the source of a product and to distinguish that product from products coming from other sources. For example, a trademark helps you to choose between Ivory soap and Dial soap.

It should be mentioned that collective marks and certification marks are also protected in a large number of countries.

Famous marks or well-known marks have also been granted a special protection.

Trademarks usually ensure a consistent level of quality – be it good or bad. A mark helps you to use your experience either to return to a desirable product or service or to avoid an undesirable one.

Legislative Texts:

- Paris Convention
- Trademark Law Treaty (TLT)
- TRIPS Agreement