

MODULE

02

Trademarks and Industrial Designs

MODULE 02. Trademarks and Industrial Designs

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INTRODUCTION

New goods are appearing on the market daily. What do you pay attention to when you're going to buy an article? What is it that makes you buy it? Good overall impression, a good brand, attractive design. No one can deny that those are key points that affect customers.

For a corporate marketing strategy, the brand and design should be developed to attract customer's attention and should be legally protected. It is extremely important. Many products that are not attractive to consumer can be seen in the shops. In this module, we're going to look at the importance of trademarks and designs and how to use them in your marketing strategy.

LEARNING OBJECTIVES

1. You understand the basics of trademarks and industrial designs and their impact on business.
2. You know how to create a trademark and how to use and manage it within your business.
3. You know the role played by designs in reinforcing brand power and you know how to apply it to your business.
4. You know the importance of legally protecting your trademarks and designs and the steps to be taken in case your trademark or design is infringed.

LEARNING POINT 1: Trademarks and Industrial Designs for increasing the power of marketing

1. The value of a brand

All of us are exposed to hundreds of trademarks everyday. These are seen on most products, on accompanying product literature, and on product packaging. As consumers, we take many decisions, sometimes consciously but mostly without even realizing it, based on the goodwill and reputation of trademarks.

The "value" of a brand has different interpretations:



Let's see how your business may do so and benefit from brand proposition to develop a strategy to develop brand preference, brand loyalty, and brand equity.

(1) Recognition and Brand Loyalty

Over time, a consistent good experience with a product translates into brand preference. This helps to keep alive a business's image in the mind of its consumers. If consumers are happy with its products, they will develop trust in its brand and may become, over time, loyal consumers for all its products.

(2) Image of Quality

- a. Many consumers buy a brand and not the product to which it relates.
- b. When a consumer comes across two otherwise identical products in the market, his choice will invariably move to the branded product of a business that promises a higher quality.

c. This would keep or further enhance the brand's leading position in the relevant markets.

(3) Image of Size

a. A strong brand may project the image of a large and established business to its consumers.

b. So, when a business succeeds in creating a positive brand image and brand preference among consumers, the business appears to be much bigger than it really is.

(4) Image of Experience and Reliability

When experience with a brand indicates that the business owning it has, over time, consciously used its resources to implement a coherent business strategy, it reassures the consumers that such a business is, and more likely to remain, a more reliable and trustworthy business than others.

| Learn more: Interbrand 100 Top Global Brands Survey (2006) | | |
|---|--|-----------------------------------|
| Rank | Brand (Country of origin / Sector) | 2006 Brand Value (\$ millions) |
| 1 | COCA – COLA (US / Beverages) | 67.000 |
| 2 | MICROSOFT (US / Computer Software) | 56.926 |
| 3 | IBM (US / Computer Services) | 56.201 |
| 4 | GE (US / Diversified) | 48.907 |
| 5 | INTEL (US / Computer Hardware) | 32.319 |
| 6 | NOKIA (Finland / Telecom Equipment) | 30.131 |
| 7 | TOYOTA (Japan / Automotive) | 27.941 |
| 8 | DISNEY (US / Media, Entertainment) | 27.848 |
| 9 | MCDONALD'S (US / Restaurants) | 27.501 |
| 10 | MERCEDES (Germany / Automotive) | 21.795 |

2. Creating Brands through Trademarks

In common usage, a 'trademark' is often referred to as a 'brand.'

By enabling companies to differentiate themselves and their products from those of their competitors, 'trademarks', or simply 'marks', play a pivotal role in the marketing strategies of companies, contributing to the definition of the image and reputation of a business and its products in the eyes of consumers.



- (1) A positive image or reputation of a business creates a relationship of trust. The trust so developed provides the basis for developing a loyal clientele and enhancing a business's goodwill in the long term.
- (2) Often satisfied consumers develop an emotional attachment to a mark. They perceive products/businesses bearing the mark as sharing a brand identity or image, which reflects a set of desired attributes, benefits or values.
- (3) The brand may also define the cultural image, personality and type of consumers linked to the product sold under that mark or brand.

More Reference 1-1: Basics of trademarks

1. Definition

A 'trademark', or simply a 'mark', is a sign capable of distinguishing the goods or services produced or provided by one enterprise from those of other enterprises.

2. Character

- (1) Generally, a mark is a visible distinctive word, letter, numeral, drawing, picture, shape, color, logotype, label or a combination of one or more of these. The design of a logo may be an abstract design, stylization or simple reproduction of everyday objects or images. It is possible to get trademark rights over common words or phrases under certain circumstances.
- (2) An increasing number of countries consider a single color, a three-dimensional sign (shape of a product or packaging), an audible sign (sound), an olfactory sign (scent or smell), a moving image, a hologram, a taste or a texture of a product to be a mark.

3. Protection

A mark is protected by its registration as a mark under the relevant trademark law or, in some countries, also through its use as a mark in the marketplace. Even where a mark is protected through use, it is advisable to register it as a mark as such registration provides stronger protection in case a dispute concerning a mark requires intervention of other persons or a court of law.

<Requirements for registration>

- The trademark must be distinctive. For a mark to be considered distinctive,
- It should either be inherently distinctive or
- It should have acquired distinctiveness through its use as a mark in the marketplace, which helps it to acquire a secondary meaning as a mark.

The initial registration of a mark is generally valid for 10 years. It may be renewed indefinitely provided the renewal fee is paid in time. Trademark rights may therefore continue indefinitely, as long as the mark is neither abandoned by the trademark owner, nor loses its distinctiveness in The marketplace as a trademark by becoming a generic term.

4. The trademark owner has the following rights.

- Trademark rights are territorial in nature. In the relevant territory, a trademark owner has the exclusive right to use the trademark on or in relation to products and to authorize others to use it in like manner on mutually agreed terms and conditions that generally include a recurring payment.

- The owner may enforce the exclusive rights in a mark by taking recourse to a country's judicial system.
- The court may, at the request of the owner, prevent any person from attempting to copy or copying a mark thereby free riding on its reputation or goodwill by selling competing, related or counterfeiting products.

3. Strengthening Brands through Industrial Designs

Attracting a consumer in a crowded marketplace is always a challenge, even for products based on market-leading technology. The brand or mark plays an important role. But often it is the external appearance that may first catch the eye of a potential consumer. Good design often wins passionate brand loyalty as in the case of Apple's iPod.



Design savvy businesses integrate design fully into the product development process, so that aesthetic considerations are taken into account alongside the engineering aspects of the new or improved product. They also protect the distinctive appearance of their products by registering the design. This is true of a very wide range of products, including high-tech products, such as cars, washing machines, mobile phones, and so on. In a well designed product, there is harmony between its functionality and its form, with both adding to its value.

More Reference 1-2: Basics of industrial designs

1. Definition

An industrial design is generally the ornamental or aesthetic aspects of a product. It may consist of three-dimensional features, such as the shape or configuration of an article, or of two-dimensional features, such as

images, pictures, drawings, and so on that rely on patterns line or colors.

2. Character

(1) Industrial designs are relevant to a wide variety of products of industry, fashion and handicrafts from technical and medical instruments to watches, jewelry, and other luxury items; from household products, toys furniture and electrical appliances to cars and architectural structures; from textile designs to sports equipment. Industrial design is also important in relation to packaging, containers and “get-up” of products.

(2) In the recent past, design protection has been extended in many countries to electronic desktop icons generated by computer code, type faces, the graphic display on computer monitors, mobile phones, and the like.

3. Protection

<Requirements for registration>

- It must be new or novel.
- It must be original. (created by the designer and is not a copy or an imitation of existing designs)
- It must have an individual character.

The term of protection for a registered industrial design may vary from one country to another, and it varies from 10 to 25 years. In most countries, protection of industrial designs requires registration in a particular class but the protection is not limited to the goods in that class of goods. In some countries, mostly in Europe, a copyright-like protection is also available to unregistered designs.

4. The industrial design owner has the following rights.

(1) An industrial design provides its owner the exclusive right to prevent unauthorized copying or imitation by third parties.

(2) This includes the right to exclude all others from making, offering, putting on the market, importing, exporting, using, selling, or stocking for such purposes by others of product in which the design is incorporated or the which it is applied.

LEARNING POINT 2: Building the Brands

1. Basic rules for selecting a mark

A brand identity should clearly support business goals and objectives. Are there any basic rules to build a new brand? While selecting or creating a new mark one has to consider a wide range of issues that may be linked to factors such as the relevant languages, culturally determined meaning of colors, technical requirements for printing or digitizing a mark, and, of course, all the legal requirements that arise out of the relevant trademark law(s) and practice(s) in the relevant territory or territories.

If a trademark is to be used internationally, it may be a major practical challenge to create or select a mark that has no meaning or does not have a negative meaning or connotation in any of the relevant languages. To prevent loss of time or money this challenge must be resolved much before advertising the product. In fact, given the fairly long time taken to 'clear a proposed mark' and to register it as a trademark, this process is normally begun at an early stage of the product development process.

While there are no hard and fast rules for creating or selecting a word to be used as a mark, the following five-point checklist is a useful way to start.

(1) Legal Requirements

Verify whether the proposed mark meets all the absolute grounds or legal requirements for registration as a mark.

(2) Language requirements

Make sure a proposed word mark is easy to read, spell, remember, retrieve, and is suitable for all types of advertising media. It should not be generic, laudatory or descriptive of the product in relation to which it is to be used.

(3) Trademark search

Do a trademark search to make sure that it is not identical or confusingly similar to existing marks in the relevant category of products. It is generally advisable to do this for at least three different proposed marks. This includes searching all the relevant trademark databases; searching dictionaries for similar looking or sounding words in all the relevant languages; and looking at marks in use in the relevant markets, including well-known marks.

(4) Connotation

Make sure the proposed marks do not have any undesirable or negative connotations in any of the relevant languages in the domestic or export markets.

(5) Domain name

Confirm the availability of the corresponding domain name (i.e., Internet address).

More Reference 2-1: Easily accepted words marks

1. Coined and arbitrary words

(1) Coined words

The most usual choice of words registered as marks are meaningless, invented words, or so-called coined words. A famous example is KODAK.

(2) Arbitrary (or fanciful) words

Like a coined word, an arbitrary word used as a mark does not describe or hint at any attribute of the product in question. For example, ELEPHANT for marketing mobile phones, RAINBOW for a travel agency, or CHAOS for a washing machine.

On the other hand, using a coined or arbitrary word as a mark generally requires high initial advertising investment to create consumer awareness about the link between the product and the mark.

2. Suggestive words

A suggestive word, when used as a mark, hints at the product or at

some attribute(s) of the product. This makes it easy to use it in any form of advertising. Also consumers more easily remember a suggestive word than a coined or arbitrary word. Airbus, Nescafe and SWATCH (Swiss Watch) are examples of suggestive marks.

2. Branding strategies

As a lot of expense may be incurred in creating, registering, using, monitoring, and protecting a mark, therefore, would you recommend the use of one mark for all products of a business or a new mark for each new product introduced by a business or some else? The answer to this question would depend on a range of factors, such as the type of the product, the nature of competition, the marketing strategy of a company and that of its competitors. So, for good reasons, different businesses adopt different branding strategies for marketing their products. The same business may vary its strategy over time and even at a given point in time it may adopt varying strategies for different market segments in the same country or for markets abroad.

(1) Multi-brand strategy

Some businesses follow a multi brand strategy marketing two or more similar and competing products under different and unrelated brands.

For example, Guangdong Kelon Electrical Holdings, a Chinese company, follows a multi brand strategy for marketing its refrigerators and air conditioners. For refrigerators, Kelon is the high-end brand, Ronshen is the middle- to high-end brand, and Combine is the low-end brand. The company has three assembly lines, and advertises the three brands separately.

Another example is Nike, which started as a shoestring operation in 1964 under the name Blue Ribbon Sports, has rapidly grown and taken the mantle of the industry's No. 1 from Adidas. It recently has made several acquisitions that allow the company to market to discount shoppers under

the Starter brand; "lifestyle" consumers in the middle-market channel under the Converse sneaker brand; and keep its core premium customers with the signature Nike brand.

(2) Family brand strategy

A family brand is a brand which is used on a group of products of a given company. A family brand may be the corporate brand or there may be number of family brands under a corporate brand. The product group may or may not be all of those businesses' product line. Good examples include brands in the food industry, including Kellogg's, Heinz and Del Monte.

Learn more: Combination brand names or secondary brand identification

The use of a family brand saves money on branding but may also create problems if one of the products gets bad publicity or is a failure in a market. This can damage the reputation of a whole range of brands. So, it may be better for individual members of the family to also carry individual brands to differentiate them from other family members. Thus, you would have combination brand names or secondary brand identification. Often companies may maintain their family brand name on all their products while also applying an individual brand name to each product line.

More Reference 2-2: Co-branding

Brands are often not used alone but in combination. There are various ways of doing so. Sometimes two companies come together in a joint Venture that uses the two brands together.

For example, MARUTI and SUZUKI are used together for cars in india. This is an example of co-branding where two or more brand names are used in support of a new product, service or venture. This may also be done after mergers or acquisitions of companies.

More Reference 2-3: Generic brands



A mark may have become generic having lost its distinctiveness or it continues to be a functioning brand. It cannot be both. Indeed, this combination of words is an oxymoron.

The term generic brand is used by many in marketing circles to refer to what may be considered to be poorly differentiated marks, targeted towards consumers that do not necessarily care about a brand name. Generic brands are also called Savings brands.

Example

Sunmark (generic brand) Pregnancy Tests



This Sunmark generic pregnancy test is simple to use, produces results in just 3 minutes and is far less expensive than name brand pregnancy tests. The twin pack of these pregnancy tests is less than the price of some single packs.

3. Product extension and branding

Many businesses use an existing brand for a new product to save time and money. Product extensions are new products or services introduced under an established brand name either in the same (line extension) or a new (brand extension) product category.

(1) Line Extension

An established brand name is used to enter a new market segment in the same product class. A new variation of a product or service sharing the same essential characteristics as the parent, but offering a new benefit, such as flavor, size, package type, etc.

(2) Brand Extension

An established brand name is used to enter a completely different product

class. A new product or service that is related to an existing brand, but that offers a different benefit and/or appeals to a different target segment.

The above two terms are used often in ambiguous ways. For example, sometimes a brand extension is defined as a product line extension marketed under the same general brand as a previous item or items in the same line. To distinguish the brand extension from the other item(s) under the primary brand, one can either add a secondary brand identification or add a generic. Thus, an Epson FX-85 printer is an extension of Epson that used the secondary brand of FX-85, while Jello Instant Pudding is an extension of the Jello brand that uses a generic term. A brand extension is usually aimed at another segment of the general market for the overall brand. Other examples of such brand names include Microsoft XP and Microsoft Office in personal computing software and Heinz Tomato Ketchup and Heinz Pet Foods.

From a trademark perspective, using a secondary brand identification may have cost implications if the extension is treated as a new mark or requires a separate trademark registration. Many trademark offices allow variants of a trademark to be included in a single registration, whereas others require a new application for registering it as a new mark when the modification is considered to be significant. Ordinarily, adding a secondary brand identification would be seen by most trademark offices as a modification requiring a new registration covering the secondary brand. So, perhaps, making use of a generic as an additional phrase may be considered if cost considerations are becoming predominant.

On the positive side, a brand extension may symbolize stability and quality, and thereby give credibility to the new product. In short order, you evolve from a single-product company to a firm that offers a family of related applications. By sending a signal of strength to your competitors, it would make them think twice before competing with either your flagship application

or your brand extensions. This would happen particularly if they see that you have a well-rounded family of brands that is making a splash in the marketplace. On the negative side a brand extension may blur the identity or image of your brand if the extension confuses to wonder as to what the parent brand represents.

Learn more: Parent brand & Sub-brand

1. Parent Brand: A strong brand that has the capacity to:

- (1) stand alone to represent a core product or service;
- (2) support allied products/services by sharing its brand identity, directly or through endorsement.

2. Sub-Brand

A product or service that has:

- (1) a persona and brand values that separate it from the parent brand.
- (2) its own brand identity, which is proprietary and can be trademarked.

LEARNING POINT 3: How to protect trademark and industrial design

1. The value of registration

(1) Trademark

It is true that unregistered marks are also protected as marks. So, registration of a mark is not essential for its use as a trademark, especially in a common law country. In addition to, or in the absence of, common law, the law of unfair competition may be relied upon to protect unregistered marks. However, in both these situations the protection is weaker than that of a registered mark.

In a dispute concerning an unregistered mark, two points have to be proved, by abducing convincing evidence, which are not required to be proved for a registered mark. Firstly, the ownership of the mark has to be proved. Secondly, it has to be proved that the claimed mark actually functions as a mark in relation to the goods or services in question.

For a registered mark, both these are presumed to be true. So, in a dispute concerning a registered mark, it is much easier to succeed in an action for trademark infringement, which is brought by the trademark owner against others that use an identical or confusingly similar mark for the same or closed related goods and services. That is, in litigation, registered marks are more potent weapons than unregistered marks.

Further, at common law, a trademark covers only the geographic region in a country where the goods are sold or the service is provided under it. So, someone else in another region may use the same trademark as long as the two territories do not overlap. If a common law trademark owner chooses to expand into another region where an identical or similar trademark is being used by someone else, then other person might be able to stop the common law trademark owner from using the trademark in that region, even if the common law trademark owner was using the trademark from an earlier date. However, in the case of a registered mark, the registration covers the whole country or region for which it is registered as a mark. It must be noted, however, that a well-known mark is deemed to be registered in all classes of goods and services even if it is not registered in any of these.

(2) Industrial Design

Design registration makes business sense when it improves the competitiveness of a business and brings in additional revenue in one or more of the following ways:

- a. By registering a design you have a greater ability to prevent it from being copied and imitated by competitors, and thereby strengthen your competitive position.
- b. The exclusivity provided by registration contributes to obtaining a fair return on investment made in creating and marketing the relevant product, and thereby improves your profits.
- c. Industrial designs are business assets that can increase the commercial value of a company and its products. The more successful a design, the higher is its value to the company and its brands.
- d. A protected design may also be licensed (or sold) to others for a fee. By licensing it, you may be able to enter markets that you are otherwise unable to serve.
- e. Registration of industrial designs encourages fair competition and honest trade practices, which, in turn, promote the production of a diverse range of aesthetically attractive products.

2. Basic steps for registration

(1) Trademark

The actual steps taken by a trademark office to register a mark vary from country to country but, broadly speaking, all trademark offices follow a similar procedure:

a. Application

A duly filled in trademark application form, along with the prescribed minimum documents is submitted to the national trademark office, which is set up and functions in accordance with the provisions of the national trademark law.

b. Formal examination

Trademark office examines the application to make sure that it complies with the administrative requirements or formalities such as whether the application fee has been paid and the application form is properly filled in.

c. Substantive examination

- All trademark offices are required, under their respective trademark law, to examine whether a proposed mark complies with the requirements of all the absolute grounds under which certain types of marks are always refused registration. These grounds vary from one country to another.
- In addition, in many countries, the applicable trademark law requires the office to verify if the proposed mark is in conflict with an existing mark on the register in the relevant class(es) of goods and/or services. This is known as examination on relative grounds. The principal factors considered by the trademark examiner or attorney in determining whether there would be a *likelihood of confusion* are: (1) the similarity of the marks; and (2) the commercial relationship between the goods and/or services listed in the application.
- To find a conflict, the marks do not have to be identical, and the goods and/or services do not have to be the same. It may be enough that the marks are similar and the goods and/or services related. If a conflict exists between a proposed mark and a registered mark, the trademark examiner will refuse registration on the ground of *likelihood of confusion*. If a conflict exists between a proposed mark and a mark in an earlier filed pending application, the trademark examiner or attorney will notify the applicant of the potential conflict. If the mark in the earlier-filed application gets registered, the registration of the later-filed conflicting mark will be refused on the ground of *likelihood of confusion*.
- The registration of a mark may also be refused, depending on the exact provisions of the relevant trademark law and examination

guidelines for the trademark examiner or attorney, if it is considered to be, for example, in conflict with a well-known mark or is a generic term, descriptive, deceptive as to the nature of the goods or place of its origin, primarily merely a surname, or ornamental.

d. Publication and opposition

In many countries, the proposed mark is published in an official gazette or journal so that any third party may oppose its registration within a specified period of time. In other countries, a proposed mark is published also or only after it has been accepted for registration, with the possibility of subsequently filing a petition, within a specified period of time, to cancel the registration. If the mark is not opposed or if the oppositions are unsuccessful, the mark is then registered.

e. Registration

Once it has been decided that there are no grounds for refusal, the trademark is registered, and a registration certificate is issued that is generally valid for 10 years.

f. Renewal

A registered mark may be renewed indefinitely by paying the required renewal fees. However, a registration may be cancelled for some or all the goods or services if the mark has not been used for a certain period of time as specified in the relevant trademark law.

More Reference 3-1: Trademark search

Millions of trademarks are in use all over the world. A lot of new marks are registered everyday around the world. Therefore, it is becoming more and more difficult to find a new mark, especially a word mark, which is not identical with, or similar to, an existing mark in use on identical or related products. So, before using or planning to register a mark, you should clear a proposed mark by doing or getting done a proper trademark search.

Trademark searches must be made in three areas:

- 1 Firstly, in registers in all countries of interest for identical or similar marks for similar goods and services.
- 2 Secondly, in all the relevant marketplaces to verify whether an identical or similar mark is already in use for similar goods or services.
- 3 Thirdly, in domain names as a mark may be used in a domain name or the other way around, that is, a domain name may be used as a mark, or as a trade name, and thus become an obstacle for the proposed mark.

More Reference 3-2: Trademark renewal

1. If the appearance of a trademark has changed, it should be re-registered in its new version.
2. There is no restriction on modifying or adapting marks, but a business world have to consult with the trademark office concerned or a competent trademark professional in order to determine the cost and procedure involved in registering the change.
3. The modification of a trademark should suit the nature of the product and not simply be done for the sake of a modern look, as there is always a risk of confusing loyal consumers.
4. Nowadays, a number of variants of a trademark are offer created right from the start, for example, for use in different media. In response to such needs, in recent years, many trademark offices have permitted registration of variants of a trademark in a single registration.

(2) Industrial Design

The procedure for registering industrial designs is similar to that for trademarks,

but normally, the time taken for registering a design is shorter than for registration of a trademark. In most countries, design registration process is completed in three to nine months, whereas a trademark registration process may take any thing from twelve months to a few years if the registration is opposed.

a. Application

To register a design, you have to file an application at the national design office, along with copies of an adequate number of drawing and/or photographs that depict all the essential distinctive features of the design. The prescribed fee has also to be paid. You do not have to file a model, sample, or prototype of the design. However, in some countries the examiner may ask for a sample of the design to understand it better or to feel its texture or material. In some countries, you may be required to file, or have the option of filing, a written description or statement of novelty of the design.

b. Formal examination

All design offices undertake a formal examination to ensure that all the administrative formalities have been complied with.

c. Substantive examination

All design offices also conduct a partial substantive examination to verify if the proposed design is not be rejected on absolute grounds. Some design offices also do a full search against existing design registrations to check for novelty, individual character or originality. An increasing number of offices are accepting registrations without verifying its novelty, individual character or originality.

d. Registration

Design registrations are being granted rather quickly, within three to six months of filing the application for registration of a design.

e. Publication

Accepted designs are published in the design gazette or journal. In many countries, on the request of the applicant, a registered design is kept secret, that is, its publication is delayed.

3. Multi-protection

While a trademark and an industrial design are two distinct types of intellectual property, each is capable of providing significant commercial advantages to its owner. Both types of rights may be available simultaneously for a given product if it meets the legal requirements for protection under the respective laws.

(1) Design & Patent/Utility Model

Sometimes, it is difficult to separate the elements of functionality from those of the form of a product. Take the example of the shape of a vehicle, or the keyboard of a computer or laptop. How do you protect such composite designs, which are partly functional and partly aesthetic?

The industrial design law protects only the outward appearance of an article, and not its structural or functional features. Therefore, you should consider patent or utility model protection to obtain exclusive rights over the functional improvements of an article. In determining whether a design is primarily functional or primarily ornamental, the claimed design is viewed in its entirety, and not on a feature-by-feature basis. When a new product combines functional improvements along with innovative aesthetic features, it would be better to apply for one or more patents for the functional improvements and one or more design registrations for the aesthetic improvements.

Let us look at some examples. The radiator grille design at the front end of a car has functional aerodynamic features, but it also has aesthetic features and appeal that may be protected as an industrial design. Let us say you have designed a new or improved mobile phone. While a new or improved mobile phone may be the result of a technical breakthrough or significant evolutionary improvements to the electronic components that could be protected by one or more patents, the novel or original design of the digital

display or icons on the screen of the mobile phone may be registered as an industrial design.

(2) Design & Copyright

In some countries a design may be protected simultaneously by copyright law and by industrial design law. What does that mean? It is a very important and difficult question, which has to be answered frequently in the outsourcing of production to other countries and also in the context of exports.

Let us try and explain a complex area of law in a simple way. In many countries, one may obtain dual or cumulative protection for certain types of industrial design by copyright law as well as industrial design law [and not for others]. In some countries the two types of protection are mutually exclusive for all types of designs. In still others, the overlap or extent of dual protection varies considerably; for example, the copyright is suspended for the entire period during which registered design right subsists.

In some countries, works of applied art or artistic craftsmanship are protected by copyright. For example, in the USA, the designs of products such as toys are considered to be works of applied art and hence are protected by copyright.

When both options are available, the first step, before taking any decision on how best to protect a design, is to understand the differences between these two forms of protection in that country and to see whether one or the other or both together would better serve the objectives of the business. The protection afforded by a registered industrial design is stronger, in that it covers even unintentional infringement. And the registration certificate is an important proof in case of its infringement. But registering a design may involve a significant financial and administrative effort, and it is of shorter

duration than copyright protection. So making a choice between copyright and design right is never automatic; in a given situation a decision should be made only after taking all the costs and benefits of both types of protection fully into account.

Until a design is registered, it is generally advisable to keep good records of every step in the development of the design. Signing and dating each sketch, and properly archiving these, may greatly help in case of infringement.

(3) Design & Trademark

Let us explain a little about when an industrial design can be also protected by or as a trademark. In other words, is it possible to have a dual design and trademark protection? You will recall that a trademark is a distinctive sign that serves to differentiate the products of one business from those of others. If the form, design or packaging of a given product is or becomes a distinctive feature of the product in question, then in some countries it may be protectable as a three-dimensional trademark or as trade dress under the trademark law.

The unique shape of a bottle of Coca-Cola and the peculiar triangular shape of the Toblerone chocolate bar are examples of three-dimensional marks or trade dress. The shape of the bottle of Coca-Cola was initially an industrial design and only later it was registered as a trademark in many countries. Rarely would a product be protected by a design right and by a trademark registration on the day of its launch or early on in its life cycle. Once a design acquires distinctiveness through its use in the market over a period of time, it may qualify for being registered as a mark. So, only at that stage an application for its registration as a mark should be filed. As design registration is for a maximum of 10 to 25 years, depending on the country, and trademark registration may be renewed forever, therefore, after

some time the design registration will lapse and only trademark registration may be continued indefinitely.

Therefore, many IP savvy companies take steps to use a particularly well-accepted new or original design in the trademark sense in their branding and marketing strategy to facilitate its eventual registration as a mark. So, one more reason for registering a new or original design as an industrial design is to protect it to the extent possible while it is in the process of acquiring distinctiveness through use, which is required for its eventual registration as a mark.

While an industrial design and a trademark are two distinct types of intellectual property, each is capable of providing significant commercial advantages to its owner. Both types of rights may be available simultaneously for a given shape if it meets the legal requirements for protection under the respective laws. It is interesting to note that, in many countries, computer or desktop icons may be protected simultaneously as industrial designs and as trademarks. For example, Sun Microsystems has registered the coffee-cup symbol for its Java product as a trademark, and also has a design registration for the coffee cup combined with the words "Java Workshop." This is done to take advantage of the stronger protection afforded by design registration, in addition to the weaker but longer term protection possible through its trademark registration.

LEARNING POINT 4: Trademark management

1. How to use a trademark

Improper use of a trademark may result in its loss that is, making it a generic term that is no longer distinctive of a particular manufacturer's product or

provider's service. In the past, this has happened to many leading trademarks, which became synonymous with the product. To avoid this, always use the trade mark in association with a generic description of the product.

This will ensure that consumers become aware of the trade mark nature of the mark, and do not consider it to be a generic description of the goods. This is especially important rule for patented products that are sold for a long period without competition. If this is not done, there is a real danger that once the patent expires, the trade mark may become a generic name.

For example, 'ESCALATOR' was once a trademark. However, its improper usage by the trademark owner and the public led to the term 'escalator' mean any moving stairs, and thus it went into the public domain. ASPIRIN, CELLOPHANE, FRIGIDAIRE, and GRAMOPHONE are other examples of well known trademarks that have come into common usage in such a way that they have lost their identification and differentiating function.

To maintain your trademark rights, all marks should be used regularly as trademarks, and exactly as they are registered. This helps to convey the key characteristic of a trademark or brand, namely, consistency. A key component of successful branding is consistency. A consistent image is everything. A brand is your business's philosophy or uniqueness that is instantly translated through a visual phrase or symbol. Used consistently, this symbol will provide immediate recognition, build employee pride and consumer loyalty, and position your business for success.

Under most trademark laws, a mark that is not used for a continuous period of three or five years is liable to be removed from the trademark register. Of course, the exact meaning of 'use of mark in commerce or trade or business' is different in different countries. For example, in some countries, the mere use of a mark in advertising may be considered as use of mark.

2. Trademark audit

Given the considerable investment required for brand building a business ought to also periodically audit its efforts in doing so. This will help to verify whether all its activities are in conformity with the stated objectives and goals, and whether these were implemented in the most cost effective manner so as to derive the maximum leverage and greatest impact on consumers. So, like a patent audit, a trademark audit is done periodically to determine whether effective and efficient use of resources has been made. More importantly, the audit findings are used to guide the future efforts of the business to maintain and grow a cost-effective trademark portfolio.

A trademark audit entails at least a review of all the trademarks owned by a business, which of these are valuable, and what must be done to maintain all the trademark registrations in a timely and cost-effective manner. The cost of maintaining, policing and enforcing each mark should be evaluated against the benefits accrued before deciding which of the marks need to be renewed, or revitalized, or which ones may be abandoned, sold or licensed to others. When a product is not doing well in a market segment it may have to be repositioned in that or another market segment in the same or another market.

This may entail making modifications to its mark or creating a new mark to suit its new image. When a product fails or it has been decided to discontinue it, its mark may be abandoned, sold or licensed, depending on the available options and the business strategy chosen by a business.

A trademark audit may also evaluate the contribution of individual marks to the trademark portfolio or in building the brand strategy and brand equity of the business. In this manner, a trademark audit may contribute significantly to the efforts of a business to reevaluate its strategy in the use of its trademarks and to review its overall marketing policies, including pricing policies.

QUIZ

Q1. Identify the incorrect statement

- 1) A trademark is a sign capable of distinguishing the goods or services produced or provided by one enterprise from those of other enterprises.
- 2) Registration of a trademark is a compulsory requirement to protect its marks around the world.
- 3) Registration of a trademark is generally valid for 10 years, and it may be renewed indefinitely provided renewal fees are paid in time
- 4) A trademark provides protection to the owner of the mark by ensuring the exclusive right to use it to identify goods or services, or to authorize another to use it in return for payment.

Answer : 3)

Trademark protection can be obtained through registration or, in some countries, also through use. For example, trademark rights are initially created automatically by using the trademark in commerce in all common law countries, such as the U.S.A, UK, India, etc. Even though trademarks are protected through use, it is advisable to register a trademark, as registration provides much stronger protection and make it much easier for the trademark owner to prove its case in court.

Q2. Identify the incorrect statement:

- 1) Designers should file an application before the national office in order to register a design.
- 2) An industrial design provides its owner the exclusive right to prevent unauthorized copying or imitation by third parties. This includes the right to exclude all others from making, offering, putting on the market, importing, exporting, using, selling, or stocking for such purposes by others of product in which the design is incorporated or to which it is applied.
- 3) An industrial design may protect the structural or functional features of an article of manufacture.
- 4) In most countries, registration is compulsory to protect a creative design. However, some countries protect an unregistered design for a short period.

Answer : 3)

An industrial design protects the ornamental appearance of a goods, not its structural or functional features. An article protected under an industrial design law must be primarily ornamental and not primarily functional. Therefore, to obtain exclusivity over the functional improvements of a product, you may apply for a patent or utility model protection. However, in determining whether a design is primarily functional or primarily ornamental, the claimed design is viewed in its entirety, not on a feature-by-feature basis. It is often the case that a new product combines functional improvements with innovative aesthetic features. In such a case, it would be better to apply for the protection of both a patent and an industrial design.

Q3. Identify the incorrect statement:

- 1) A proposed word mark must be easy to read, spell, pronounce and remember.
- 2) A proposed mark should not be identical or confusingly similar to existing marks in the relevant category of products.
- 3) A proposed mark should be descriptive of the product or of one or more its key features so that customers are be able to easily associate the mark with the product
- 4) A proposed mark should not have any undesirable or negative connotations in any of the relevant languages in the domestic or export markets.

Answer : 3)

A mark which is descriptive of the product to which it pertains cannot help in differentiating it from identical or similar products offered by competitors in the market place. Further, monopoly over descriptive terms constrains the legitimate desire of competitors to use ordinary words to describe the characteristics of the products while advertising the products. The strongest marks are those which are coined or "fanciful" words followed by marks that use words that have a meaning which has no relation to the product they advertise.