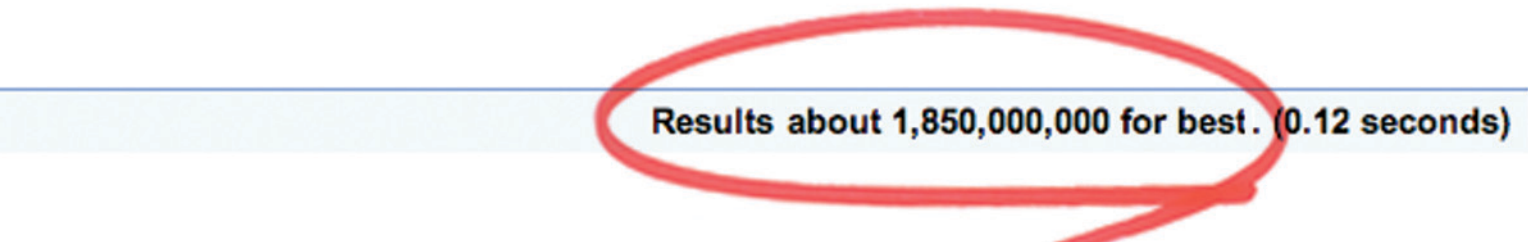
Avoid Branding and Marketing Mishaps — an Overview

By Andrea Anderson



THE WORKLOAD OF marketing departments has increased dramatically. Fifteen years ago the internet was brand new, there were no blogs, no Twitter, no Facebook and no YouTube. Marketing through these new media channels requires a level of responsiveness and innovation that simply did not exist in the marketing world fifteen years ago.

Now, under pressure, many marketing departments rush to implement their latest initiatives without adequately considering the legal implications of their actions. The result can be liability, as well as less effective branding and marketing efforts. This article suggests some strategies to avoid these kinds of problems.

BEFORE ADOPTING

Brand names that have little or no connection to the products or services they identify, like GOOGLE and APPLE, are the strongest and most easily protected trademarks. This means that competitors have to stay away from these marks and should not be able to adopt brand names that are similar. Trademarks that incorporate laudatory terms like (BEST, GREAT) are weak and less valuable.

Similarly, terms that are commonly used in the industry or terms that describe the company's products or services, like "ORGANIC" or "HEALTHY" are also weak and ultimately less valuable as trademarks. Whenever possible, your marketing department should select unique and distinctive brand names, as these have the greatest brand equity potential.

Before adopting a new brand name, companies should work with their legal team to obtain a search of U.S. Patent and Trademark Office records, as well as common law sources, to determine if the mark they have selected could infringe existing rights of a competitor. This precaution can help avoid the legal fees and business disruptions associated with infringement claims.

Most companies undertake these searches in conjunction with major new branding initiatives, but secondary brands, such as model names, often are adopted without prior search. These secondary brands and model names can be a source of infringement liability, just like major brands. Therefore, even if you do not expect to widely promote a model name or secondary mark, it is prudent to obtain a trademark search before adopting it.

That said, obtaining comprehensive searches for every one of the company's model names and secondary brands can be cost-prohibitive, particularly if the company frequently changes those model names or secondary brands.

One cost-effective solution is to obtain "knock-out" or "preliminary" searches for model names. These searches cover

only the records of the U.S. Patent and Trademark Office, combined with a brief internet search. While these minimal searches cannot uncover every potentially problematic mark, they will reveal obvious infringement risks.

REGISTER IMPORTANT BRAND NAMES

As important as it is for the company to avoid infringing the rights of others, it is just as important that it protect its own brands. Brand owners should register all of their significant trademarks with the U.S. Patent and Trademark Office. Even though trademark rights in the United States arise from use of a mark rather than registration, federal registration of a trademark provides important legal benefits, such as nationwide rights, even for marks that are used only in a limited geographic area.

Perhaps the most important benefit of federal registration is that it puts competitors on notice. Upon encountering your federally registered brand name in a trademark search, competitors should be disinclined to adopt a similar mark. After all, in this economy, what company is interested in buying a lawsuit?

For many companies, it is not economically feasible to federally register every brand name or model name that they use. A good rule of thumb is to register all primary brand names, as well as model names that have the potential for building real brand equity. For example, while a golf equipment company might not register the model names for its balls, gloves, and bags, it should register the model name of its best selling driver, particularly if it has the potential to be a market leader.

REGISTER ALL PRIMARY BRAND NAMES, AS WELL AS MODEL NAMES THAT HAVE THE POTENTIAL FOR BUILDING REAL BRAND EQUITY.

Most companies understand that their marketing claims must be factual and accurate. However, even claims that are technically accurate can subject your company to liability if they are misleading to consumers. For example, the Federal Trade Commission has determined that consumers interpret the phrase "please recycle" on a product to mean that a product is recyclable. Therefore, a "please recycle" notation on a product or packaging could result in liability for deceptive advertising if the product or packaging is not entirely recyclable.

To avoid liability for false or deceptive advertising, it is important to seek legal review of all claims (other than sheer puffery) about the attributes of your products, including any environmental or "green" claims.

"NEW MEDIA" MARKETING.

This precaution applies to claims made through all media, including traditional print and broadcast advertisements, promotional materials and websites, as well as new media outlets like Facebook, Twitter and the company's blog. While all the rules for traditional media marketing apply in new media settings, these new channels present their own set of legal issues. A current hot topic is the use of consumer generated content in marketing strategies.

Under new Federal Trade Commission guidelines, when "influencers" and bloggers receive compensation from a company, including free products, they must disclose the compensation to their readers if they choose to write about the products in their blogs, tweets, or posts. Failure to disclose this compensation constitutes deceptive advertising.

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To limit their exposure, companies that provide free products to bloggers and social media influencers should consider the following procedures:

- Inform compensated bloggers and reviewers of their obligations.
- Monitor their claims.
- Educate their outside advertising or PR firms.
- Educate their employees (who can subject the company to liability for deceptive advertising if they fail to disclose their employment relationship when discussing the company's or its competitors' products in social media settings).
- When using uncompensated blogs and posts, secure written consent from consumers whose comments are to be republished. The consent should include a license to publish the content, as well as permission to reveal the identity, screen name, or user ID of the consumer, if the proposed ad will include them. It may also be necessary to obtain permission from the social media site on which the content was posted.

In all likelihood, adopting the measures suggested in this article will not lighten the work-load of your overtaxed marketing department in the short term. But long term, implementing sensible legal policies can help reduce the company's exposure to infringement and false advertising claims. More important, it can help create stronger brands and more effective marketing initiatives.

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