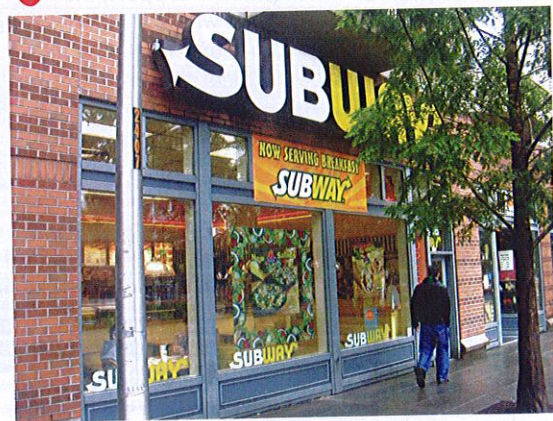


*Stan*  
2011

By Stanley Yap

I would like to share with you a little something known as Trademark. But I insist to let you know what actually happened to me as I write. Just as I had finished penning down my last thought here, I could not decide the right title for this issue's column! Shame on me as I used to write a lot more back then. I tried using "Trademark - Making It Sell" to see if it fits the bill. It turned out the entire meaning of trademark fell out of sense after reading it all over again. And finally I changed it again. The reason why is apparent. Please read on...



**Trademark Signed**

Trademark is a different kind of signature that you use in and out of your business. It is used just in the same way as a signature showing the evidence of (1) the provenance of a document, it shows your identity; and (2) the intention of an individual with regard to that document, it shows your consent. Therefore, a trademark is an important intangible asset in the game of business.



So, a mark brings out your business identity, origin and style. Like when you see the word "SUBWAY" printed on a copper plate it means there is an underground station near where you are standing; whereas if you see a fancy coloured "SUBWAY" stretched across a green background, the first thing you can think of is a list of juicy Subway sandwiches. A mark is not just a mark but a distinctive idea which conjures up unique images (forms), experiences (service), feelings (environment) and emotions (feedback) about a certain thing or product represented by the relevant mark.

Let's assume you have already registered your trademark. As a director of your own company you have never thought of putting your business trademark at the bottom of a document being necessary (whenever you execute it you sign it); nor do you put your trademark on a cheque issued out to someone to show who the issuer is. A trademark distinguishes your services from another but your hand signature distinguishes you from another signatory!

The meaning of a trademark is non-exhaustive and such is evidenced by the definition provided by Section 3(1) of the Trade Marks Act 1976 as "a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof." Hence it is vital to take into account all the different facets of what constitute a trademark, i.e., shape, colour scheme, meaning of words, font styles, whether the letters are stylised or otherwise, and whether it is verbal or object or combination of both etc.

(1) A signature (from Latin: signare, "to sign") is a handwritten (and sometimes stylised) depiction of someone's name, nickname, or even a simple "X" that a person writes on documents as a proof of identity and intent. The writer of a signature is a signatory. Similar to a handwritten signature, a signature work describes the work as readily identifying its creator.

**Trademark Selected: Suggestive vs Descriptive**

Think STRATEGIC! Most people select generic names because they think the name immediately communicates the type of goods or services the business provides. The truth is, however, that a generic name is never a good brand name. A generic name means if you are selling toys, you call your shop Toy Shop and likewise if you sell burgers and fries you label it as Fastfood Restaurant. There is nothing stopping you from using these names as they bring out the right messages but they run the danger of being too "descriptive" and ends up being utterly common. You need to sound suggestive without being sounding too descriptive.



Mercedes-Benz



How actually to sound suggestive isn't hard after all. Refresh your mind with these famous marks/brands like McDonalds, Starbucks, Coca-cola, Mercedes Benz, Ford, Exxon and 7-Eleven. These names were not descriptive at all (Not to mention their logos and signs)! They were meaningless once. Now they mean something to us. And then now all this trademark infringement talks. But why bother if words themselves carried no meaning at all? Why do we protect a word or mark that carries no literature significance?

**Trademark for Business**

The reason is simple. It goes back to my first argument - descriptive names. The point is, you will face difficulties registering a trademark with the registrar if it is a common noun or verb in any established languages, i.e., "Western Restaurant", "Tuition Centre", "Swimming Academy", "Global Institute", "Professional Services", "Tempat Makan", "Penjual Kek", "Bahasa Cina", "Batik Melayu", "Restoran India", etc...

For example a wine merchant will need to be free to use the word 'wine merchant' otherwise it could not engage in its business activity. If the first person to use the word 'wine merchant' were able to stop everyone else using the term, then it would give the first-comer such a monopoly that they could stop all competition in the marketplace. This defeats the purpose what trademarks are designed to achieve. No one should be granted the exclusive right to a word that can be used to describe others business products or services as well.

It is human nature that we tend to copy others' business traits when the one being copied is seen as a perfect match or example to be modeled against your own. However, the peril is that if the other party's trademark has already been registered, and the nature of business you run is largely similar to his, then legal difficulty may arise. He or she can sue you under the tort of 'passing off' because you have used his/her trade name and you have been 'riding' on the good will of his/her business. There are tests to establish 'passing off' and this will be discussed in fuller detail in future issues.

In business, choosing a descriptive brand name inevitably means loss of some potential customers who are trying to find you may mistakenly find your competitor instead. You may be found guilty for being a copycat. You may also be subjecting yourself to the scrutiny of others if you have been found to be using the same name and operating the same business. Why invite all these troubles?

You do far better in the long run with a distinctive brand name than with a descriptive one. Once you achieve name recognition, trademark law will prevent competitors riding on the back of your success by using a name that is similar to yours.

**Branding for Franchise**

In a business franchise, a trademark is valid and it is used to enable identification of the Franchise System and those who are authorised to operate under the System. The testament of a successful franchise business is the appropriate use of a trademark that will go a long long way towards brand building. The Franchisor has to make numerous efforts to protect the business trademark in order to safeguard the goodwill of his business. The importance of safeguarding the Franchisor's trademark cannot be emphasised enough because a trademark can build or ruin the Franchise empire.

The Franchisor owns and protects the mark because he is the beneficial owner of the right to license others to use the Proprietary Marks in his business. The Franchisee is the receiver of the right to use the same mark but he does not own it. The Franchisor merely loans his rights of trademark to the Franchisee and that right is deemed returnable to the Franchisor once the Franchisee stops continuing his relationship with the Franchisor. What is borrowed has to be returned.

**The Ultimate Search**

This is the basic exercise every trademark aspiring businessman should do - the Search for availability of your trademark. Many business owners have underestimated the importance of performing a trademark search before using the mark as its own. The main reason of conducting an investigation is to navigate and find out if the proposed trademark has already been used by another person. If it hasn't, then it is perfectly safe to register the mark and go on with it. Otherwise, you will need to stop using the mark.



Likewise, in the virtual world of internet,

we often try to compare with singular names like Amazon, Yahoo, Dell, Facebook and Ebay because these are the online businesses that have prospered and entered our collective consciousness, while the numerous generic named businesses that came and went despite enjoying serious venture capital backing have faded into oblivion. All they have left behind are valuable names that may have changed hands several times by now, and are principally valuable for reference purposes.

Without sounding repetitive, I end this issue with a simple message: Trademark is the Identity Card of your business and it tags along wherever your business travels whether it is in real life or on the internet so much so that it must be given full attention and protection by those who know. That is why we are here to help.

Stanley Yap is the Company Secretary cum Business Developer of CM YAP Management Services (K.L.) Sdn Bhd., a firm that specialises in accounts, tax, company secretarial, franchise and trademark services with over 30 years of experience. More details at [www.cmyapmanagement.com](http://www.cmyapmanagement.com) or reach Stanley directly at [cmyapmanagement@gmail.com](mailto:cmyapmanagement@gmail.com) or 016-9578 785.

→ P 53