



Your TRADEMARK Is At Peril!



By Stanley Yap

Imagine someone told you this after a long toil from work, tired. To begin with, you were a successful businessman with 100% commitment as part of your own futuristic business advancement scheme. Statistically, your current business standing could not have achieved where it was today without constantly nurturing this promising enterprise with years and years of hard labour and practice. So far your monthly sales turnover was good, and demand was on the rise coupled with total improvement on quality of your goods and services. Everything was rosy. Or so it seemed. Some organizations had just been found hijacking your trademark. This was true peril in real time. Just an unintentional oversight in trademark maintenance can cost a whole world to you and your business, if at all.

The Ultimate Trademark Checklist

Trademark is an intangible capital asset of your company ie. Value of which you will enter into your book of accounts. Goodwill generated from your goods or services will be transferred to your mark and eventually through to your customers. Your trademark is one which will directly influence on your customers' decision making. Which is why you will find the below information summary useful to explain how and why further protection should be accorded to your trademark(s):-



(i) TRADEMARK RIGHTS AND OVERSEAS EXPANSION

1. Trademarks are territorial rights and are valid only in the country or region in which they are registered (unless the mark is considered well known).
2. A trademark should be protected through registration in target countries. When filing a trademark, bear in mind possible future product expansion strategies.
3. Use the six-month priority period when applying for protection abroad.
4. Use the Madrid system for simplified international trademark filing.
5. Choose a local language mark and register all variations. Consult language specialists and be sure to select a strong mark that has resonance with the local consumers.
6. Monitor carefully for infringing marks. Carry out an exhaustive search for foreign marks that both sound and look similar to your mark, or have the same meaning. Search also for prior registered domain names.
7. Become familiar with the local trademark system. Do not assume that the trademark law in the foreign country is the same as the law in your home country. Know the pitfalls of the local system, and use lawyers that you trust. Ensure that you know the answers to questions such as: Is it a "first to file" or "first to use" country? Does the trademark office perform a relative examination? How is the system of oppositions? How long does it take before a mark is registered? Do you need to get approval for trademark assignments or licensing?



(ii) GOOD PRACTICES IN TRADEMARK MANAGEMENT

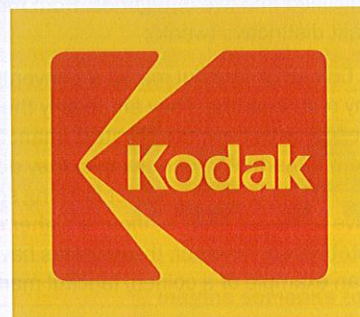
SELECTING A MARK – What should be kept in mind when selecting or creating a mark?

Select a strong (highly distinctive) mark. Proposed marks can be classified into five categories, from most distinctive (strong) to least distinctive (weak):

1. Coined or fanciful marks are invented words or signs without any real meaning. They are legally the strongest trademarks as these marks have the greatest chance for receiving registration. From a marketing perspective, they do not give the consumer any hint as to what product is being sold and greater effort may have to be put (that is, incur a higher cost) into advertising. Once established, however, these marks have enormous power. Kodak is an example of a coined/fanciful mark.
2. Arbitrary marks are words or signs that have a meaning but the meaning has no logical relation to the product they advertise. They may also require heavy advertising to create in the minds of consumers the association between the mark and the product. But, like coined or fanciful marks, they generally receive registration. The Apple computer trademark is an example of an arbitrary mark.
3. Suggestive marks are those that hint at the nature, quality or attributes of the product, but do not actually describe these features. Such marks have a low level of distinctiveness. In some countries, a suggestive mark may be considered too descriptive of the product, and therefore may not be registrable as a mark. Since the mark describes the product, or its features, others cannot be stopped from using the same words to describe their products. For example, the mark "Sunny", if used for marketing lamps, would hint at the fact that the product is meant to bring light into your house.
4. Descriptive marks have little distinctiveness and accordingly are not eligible for protection, unless it can be shown that their distinctive character has been established through extensive use in the marketplace.

5. Generic signs are totally without distinctiveness and are not eligible for protection as marks

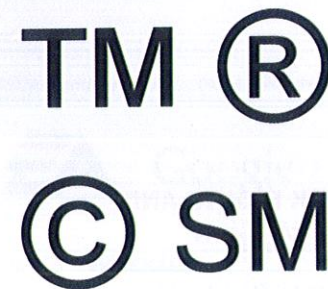
- Check (do a trademark database search) to ensure that no one else has registered either the proposed mark or a mark that is confusingly similar to it.
- Avoid imitating existing marks. A slightly altered competitor's mark or a misspelled, well-known or famous mark is unlikely to be registered.
- Check that the proposed mark meets all the absolute legal requirements for registration.
- Make sure that the mark is easy to read, write, spell and remember, and is suitable for use in all types of advertising media.
- Ensure that the mark does not have undesirable meanings or other connotations in your own language or in any of the languages of potential export markets.
- Check that the mark's corresponding domain name (i.e. Internet address) is available for registration.
- Protect figurative marks. When looking for a product, consumers generally tend to be drawn by colors and visual presentations; this is why many businesses decide to use a symbol, logo, design or shape as their mark, or in addition to a word mark. These elements may also be protected under industrial design or copyright laws.



(iii) GOOD PRACTICES IN TRADEMARK MANAGEMENT

MAINTAINING A STRONG MARK – Dos and Don'ts for Proper Trademark Use

Once a trademark is registered, it still needs to be maintained legally in the trademark register by paying renewal fees and its strength must be maintained in the market place by diligent use as follows:



- Use the® symbol to denote a registered mark.
- Distinguish the mark from surrounding text by using capital letters; by putting the font in bold or italics; or by placing the text within quotation marks.
- Use the mark consistently. If the mark is registered with a specific spelling, design, color or font, make sure that it is always used exactly as it has been registered. Do not modify the mark, for example, by using hyphenation, combination or abbreviation (e.g., "Montblanc fountain pen" should not appear as "Mont Blanc").
- Do not use the mark as a noun. Use the mark only as an adjective (e.g. say "Lego toy blocks", not "Legos").
- Do not use the mark as a verb (e.g. say "modified by Adobe Photoshop software", not "photoshopped").
- Do not use plural format for the mark (e.g. use "Tic Tac candies", not "tic tacs").
- Establish clear best practices and guidelines for use of the mark by employees, suppliers, distributors and consumers. Make sure the policies and guidelines are consistently followed by all concerned.

(iv) TRADE SECRETS MANAGEMENT

1. Identify Trade Secrets

i. Technical and Scientific Information

- Product Information
 - ▶ product specifications and characteristics, proprietary recipes, compounds, formulas
- Manufacturing Information
 - ▶ production techniques, processes and technological know-how
 - ▶ physical devices, or their service/maintenance manuals
 - ▶ methods, techniques, processes or designs for prototypes
 - ▶ blueprints, technical drawings, sketches, diagrams or engineering specifications
- Computer Technology
 - ▶ unpublished source and object code of software
 - ▶ software design documents
 - ▶ algorithms, formulas, data low charts



- Pending patent or utility model applications and laboratory notebooks
 - "Negative information": failed efforts and dead-end research
- ii. Strategy Information**
- Business, marketing or advertising strategies
 - Developed literary ideas; business methods or management routines that confer a particular advantage
 - Investment strategies
 - Market research or competitive intelligence reports
 - Agreements: containing details of confidential information about marketing, advertising rates, new product names or trademarks, designs or artwork for packaging, and so on
- iii. Financial Information**
- Cost and pricing information
 - Financial forecasts
 - Sales data and price lists
 - Salary and compensation plans
- iv. Commercial Information**
- Supplier arrangements
 - Agreements
 - Databases and electronic data compilations
 - Customer information
 - Personnel information

2. Take Steps to Protect Them

i. Employee-related

- Awareness creation/strong enforcement of breaches
- Confidentiality agreements/clauses and restrictive covenants (non-compete, nonsolicitation, and non-poaching)
- When hiring an employee from a competitor, ensure that misappropriation of trade secrets does not occur
- Staff manual to stress the importance of trade secrets and the procedures to be followed in order to protect these secrets
- Use confidentiality agreements for interactions with consultants, partners and contractors

ii. Protection measures

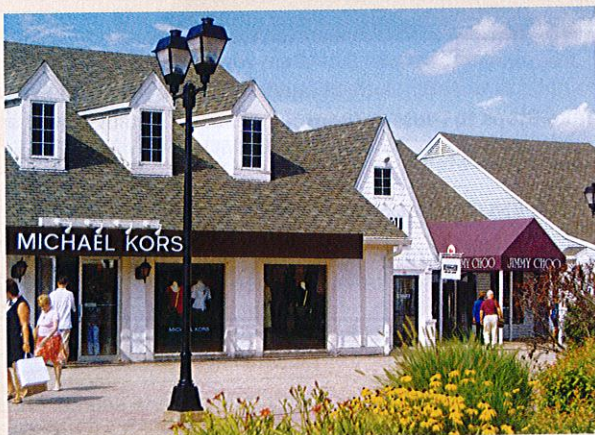
- Documents to be kept under lock and key
- Password protection, anti-virus software, firewalls in computers
- Disclosure on a "need to know" basis
- Security marking on documents: "confidential", "make no copies" and so on
- Care to be taken in the use of mobile devices (e.g. laptop computers, phones, USB sticks)
- Restriction of access; registration at reception desk/visitor logs/escorts; "keep out", "authorized personnel only" signs, access cards
- Access-controlled photocopiers, scanners, computers. Preference for use of shredders, as opposed to using waste bins
- Control measures for uploading information to the Internet

Q & A:

The following is a series of 5 thought provoking cases related to elements of trademark. Please take your time reading and figure out what procedures you might possibly take if you were in the characters' shoes. What if, you did not take any actions to register the trademark at all? Could there be a third party claim if the trademark was initially registered overseas just as you were registering the mark in Malaysia in the belief that no one else had registered in Malaysia? Tell us what you think if you know the answer by writing, e-mailing or by simply giving us a call!

Incident 1:

Mr Quek has been running his stationery production business in Kuala Lumpur for more than 30 years, and the business currently holds up to several thousand of clients. In view of the busy nature of his work, Mr Quek does not have time to register the logo for products manufactured by his company. His company's name has not been registered as trademark also.

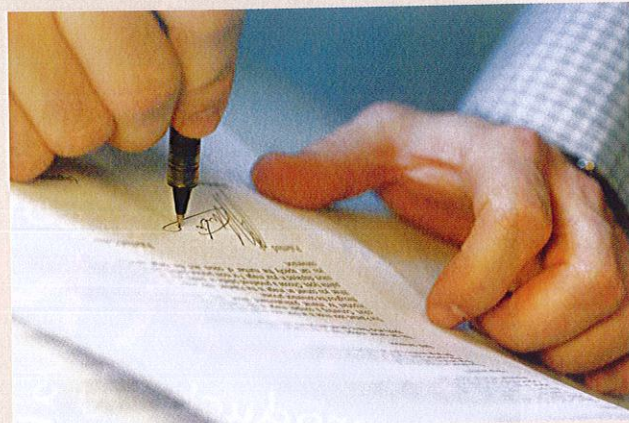


Incident 2:

Ms Priya is a full time housewife. Recently, she discovered a new chili sauce which has a unique mix of Thai and Malaysian sweet and sour chili flavours. She now plans to name her new food product "Homemade South East Asian Chili Sauce". The name occurs in English and translations of Tamil and Chinese. She wishes to know if she could successfully register the name in different languages as trademarks.

Incident 3:

Alex had his product names registered as trademarks 9 years ago. Due to the deterioration of his fashion business he now decided to turn a blind eye to all of the registered marks. One year later, he wished to continue in operation by producing and retailing the fashion outfits designed and owned by him. In the event that others imitate his fashion designs and use them for business, does Alex still reserve any proprietary claim to any of the trademarks concerned?



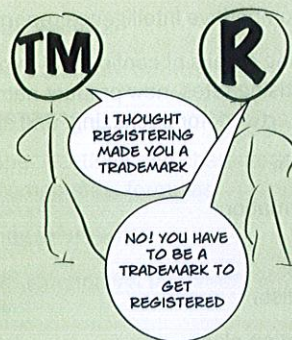
Incident 4:

Mr Faisal runs an F&B business in Sabah. He now owns a total of 3 outlets. One day, just as he is having a walk in the city centre he notices a restaurant which shares similar name as his shop, at the same time as seeing the shop abuzz with patrons. He feels strangely uneasy. What should he do?

Incident 5:

During a recent Trade Expo, a Malaysian Professor, one Mr Yingtip noticed a trade exhibit which he liked very much, especially the eye catching mark attached to the product. Upon his return to his office, he is determined to register the mark he had seen for future use. He knew the mark was foreign in origin. Furthermore the mark came from a branded manufacturer overseas. Can he register that mark in Malaysia?

The UnRegistered



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