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Services

Sladen **delivers**  
Legal **innovation**

# Why register a trade mark?





**Do not go where  
the path may lead,  
go instead where  
there is no path  
and leave a trail.**

Ralph Waldo Emerson



# Who really owns your business name?

Every business creates an image to portray its brand values and purpose – quality and prestige, reliability, competitive pricing, community support. This image is most often communicated to customers through a business name, a logo or something broader. But what ownership do you actually have over these assets?

A business name or company name alone will not protect your brand. A registered trade mark will.

## **Why bother with a trade mark? I already have a registered business and company name.**

It's a common misconception that registering a business or company name means that you own that name.

Business name registration is required when a person trades under a name other than his or her own or a company name. It does not give you any proprietary rights over that name. A competitor may still register a similar or even identical name as a trade mark.

Did you know that ASIC does not check the trade mark database for potential conflicts when registering a company name? For example, our registered business name "Sladen Legal" would be useless in preventing a competitor from registering "Sladen Legal" as a trade mark.

A registered trade mark provides the owner with exclusive rights over the trade mark and also places you in the best position to enforce your rights.

Only a trade mark registration can provide the protection that your business and brand require.

## **What can I protect?**

It's not just about protecting your business name – protection can be much broader. You can potentially register anything used to indicate the origin of goods and/or services – any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent.

## **I've used my business name for 20 years... What's the worst that can happen?**

*In 1982, Luda Productions began making sheepskin boots under the branding UGG AUSTRALIA. Luda registered the business name "Ugg Australia" and changed its company name to Ugg Australia Pty Ltd, in the mistaken belief the brand would be protected.*

*17 years later, the American company Deckers applied for an Australian trade mark containing the words "Ugg Australia". Registration was granted. Deckers used its trade mark registration to prevent Australian retailers (including Luda) from calling their sheepskin boots 'Ugg'. At this point, Luda had two options – it could either change the brand it had developed for 20 years, or challenge the exclusive right Deckers had been afforded by registering the trade mark.*

*Luda learnt the hard way. If Luda had filed a trade mark application in 1982, it would have gained the brand protection it thought it had and would have been in a position to prevent Deckers from entering the Australian market. Instead, Luda had to divert resources away from building its company, to defending its brand.*

Reputable trade marks carry significant purchasing power and generate immeasurable consumer loyalty. The goodwill captured in a trade mark often forms a primary business asset and an asset worth protecting. It's not only conglomerates that need to protect their trade marks. In a competitive market, all businesses benefit from trade mark protection. We can help implement that protection.

# Reward for your branding efforts

## Branding can be expensive. You want to know before implementation that your concept is original and unlikely to infringe an existing brand.

We have extensive experience working with businesses to determine the best way to protect their brand – working out which trade marks will provide them with the broadest protection and optimising the benefits of registration.

### In brief

If you have not yet done anything to protect your trade marks, you're not alone. On average, only 15.6% of businesses have. But compare this to businesses with 200+ employees, where 51.5% of them are active in the trade mark space. Do you want to be vulnerable like other small businesses? Or do you want to take your business to the next level?

### A valuable business asset

A trade mark registration is a valuable asset which can be transacted like any other. Your exclusive rights allow you to generate revenue through a licence arrangement, or to ultimately sell the trade mark.

As your business grows, others may be interested in adopting your brand. A franchise arrangement with the right protection in place can pay dividends for your hard work – as demonstrated by the Boost Juice case study on page 7.

Registration also places your business in a great position for future sale – purchasers need confirmation that the brand (and business) they are buying is yours to sell.

### Certainty

Searching or applying for a trade mark will let you know if the path is clear to use the trade mark you have in mind. The Trade Marks Office is a national body, so registration provides you with Australia-wide rights, regardless of where you operate or the size of your business.

Trade mark registration provides you with an absolute defence to an allegation of trade mark infringement when used in relation to the specified goods or services.

### Why is it important to investigate availability before use?

#### An example from the fashion industry

*Ksubi is one of Australia's most recognised fashion labels. But it has not always been called 'Ksubi' – it originally went under the name 'Tsubi'.*

*The problem was, the name Tsubi didn't sit well with US shoe label Tsubo, who disputed the use of 'Tsubi' on the basis it infringed its registered trade mark rights. Tsubo had registered its trade mark two years prior to the launch of Tsubi in Australia.*

#### Why trade mark registration was important

*The two parties were able to negotiate a settlement. However, the practical outcome was that Tsubi changed its name to Ksubi.*

*A basic trade mark search would have revealed to Ksubi that Tsubo had a registered trade mark. It's best to choose a clear brand name from the outset. The rebrand reportedly cost Ksubi up to \$1 million.*

Trade mark registration can be viewed as a form of insurance – a small outlay so you are covered if your trade mark is infringed. When utilised properly, registration can build your business and its value.

# Holding your market territory

## It's tough to carve out your market and develop the space you operate in. Trade mark registration will help you hold your ground.

If a third party copies your trade mark, it can be flattering – it means you have a trade mark worth copying. But it doesn't make business sense to let them do it. A registered trade mark helps you prevent this kind of activity.

### Exclusivity

A registered trade mark will provide the exclusive right to use that trade mark Australia-wide – as long as the use is in relation to the specified goods or services. This means that if you have a great branding idea, you can prevent other businesses from adopting it (innocently or maliciously).

A registration will also block later filed applications that are similar and ensure that competitors can't legitimise knock-offs or copies of your trade mark. If you know of someone using a similar trade mark, it's important you get in first!

### Ease of enforcement

A registered trade mark owner is in the best position to stop a competitor using similar branding in the same field.

There are many ways to enforce your registered trade mark rights, from opposing registration of similar marks to initiating court proceedings for trade mark infringement. You can rely upon the registration as prima facie evidence that you have rights, without necessarily having to prove that consumers are misled or confused as to the origin of the goods and services.

### Even if I have protection, isn't it expensive to enforce?

Preventing third party imitation is never free, but registration facilitates a simpler and cost effective process to enforce your rights.

### An example from the fashion industry

*Best & Less is a retailer of clothing, footwear, manchester and homewares in Australia. It has exclusive use of the trade mark "MANGO" in relation to clothing.*

*The owners of clothing brand MNG have international registrations for "MANGO" in relation to clothing. MNG sought to register the trade mark "MNG by Mango" in Australia. The Trade Marks Office objected, but MNG were able to overcome these objections. Best & Less initiated opposition proceedings in the Trade Marks Office.*

### Why trade mark registration was important

*The Hearing Officer found that MNG was only looking to use the "MNG by Mango" trade mark to establish its "MANGO" trade mark in Australia. Best & Less successfully opposed the "MNG" application in a comparatively quick and cost effective way, and retained the exclusive use of "MANGO" in relation to clothing.*

Disputes are part of doing business but it's how you handle them that impacts the costs involved. A registered trade mark can give you the upper hand, allowing you to assert your rights when the time comes.

# Where to from here?

## Understanding the importance of trade mark registration is the first step. What now?

The process is ordinarily straight forward. There are some critical steps we take to maximise your scope of protection, which include identifying the key trade marks of your business and preparing a filing strategy. Identifying the correct specification for the application is pivotal in getting the right protection for your business. This is where our experience counts.

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### In brief

In the modern global marketplace, Australians need to look beyond our shores for competitors entering the market. In 2012, non-residents accounted for 34% of trade mark applications in Australia. Americans were the biggest filers, with 11.6% of applications. We can assist in protecting your business, so it's not threatened by overseas competitors using your name or mark in Australia.

### Which trade marks should my business register?

The protection needs of every business are different and it's important not to overspend or underspend on trade mark protection. Our experience allows us to develop the right strategy for your business – whether that be applying for your business name, logo or for a range of product names. We take into account where your business is at now, and where it is headed.

The question to ask yourself is – would I care if someone else used my brand name on similar goods or services? If the answer is yes, you should seriously consider trade mark protection.

### I'm choosing a new brand name, when should I look at registration?

You should look at registration as soon as possible, but it is never too late to look at protecting your brand. Ideally, trade mark clearance searches should be conducted before a product or business launch and before you invest significant time and resources in developing your brand or product. Looking at your budget and business needs, we can decide together whether the time is right for a trade mark application.

### What do I do to kick-start the process?

The first step is to let us know that you are interested. We can arrange a meeting to discuss your business, the intended use of trade marks and your development plans and together we can identify the scope of protection you require.

### What should I consider at this point?

Thinking about the following questions is a great start:

- Which trade marks are you interested in protecting? Are there brand and product names that are important?
- What goods and/or services do you provide that relate to these trade marks?
- How are these trade marks used? On your website, product packaging, clothing, printed publications?
- What market/industry do you use the trade mark in?
- If on products – are these distributed in Australia or overseas? Where are the products manufactured?
- If in relation to professional services – are these services available internationally via a website, or face to face in Australia only?

## Case study

### Boost Juice

#### The background

In 2000, Janine Allis pulled together \$250,000 to open the first 'Boost Juice' store. She filed a trade mark application for the 'Boost Juice bars' logo. As the business grew, so did the value of the Boost brand. Soon Janine was in a position to expand.

#### Why trade mark registration was important

The registered trade mark placed Janine in a position to establish a successful franchise – essentially granting a licence to third parties to use the Boost business name and trade marks. It's risky business for a franchisee to adopt branding without registered trade mark protection. For Janine, the registration allowed her to commercialise her hard work – it was the business' primary asset.

The Boost Juice story is well known. The business model worked and there are now 300 Boost Juice stores in 14 countries. In 2010, a US private equity firm bought a majority stake in Boost Juice for a reported \$65 million.

## Case study

### Taco Bell

#### The background

In 1962, Glen Bell opened a Mexican food restaurant in California called "Taco Bell". A couple of years later, Bill Chilcote opened the first Mexican restaurant in Sydney – under the name "Taco Bill". Over the years, Taco Bill also operated under the name "Taco Bell's Casa".

Taco Bell came to Australia in 1981, opening a restaurant in Sydney. Neither party had a registered trade mark for the words "Taco Bell" or "Taco Bill" in Australia.

To prevent the entry of Taco Bell into the Australia market, Taco Bill initiated Federal Court proceedings alleging misleading and deceptive conduct and passing off. In doing so, it was required to establish it had a reputation in Sydney such that customers would be confused if Taco Bell was permitted to operate.

#### Why trade mark registration was important

Establishing a reputation in Sydney did not provide Australia-wide exclusivity. Had Taco Bill obtained trade mark protection for the words "TACO BILL" when it commenced operations, it could have used its exclusive rights to prevent Taco Bell operating anywhere in Australia.

Instead, Taco Bill waited until in November 1996 to file an application for "TACO BILL". By this time, Taco Bell had registered protection for "TACO BELL". As a result, the "TACO BILL" application received three Trade Mark Office objections, followed by 4 years of opposition proceedings.

## Case study

### Wow Factor-e

#### The background

In 2005, a local Australian business by the name of Wow Factor-e registered the trade mark "Customeyes & Lips". In 2009, cosmetics giant Revlon applied for the trade mark "REVLON CUSTOMEYES", the name of an eye shadow product Revlon sells around the world.

The Trade Marks Office objected to Revlon's application because of Wow Factor-e's registration. Despite Revlon's repeated attempts, it could not overcome the objections.

#### Why trade mark registration was important

Because Wow Factor-e thought to register its trade mark, it was in the box seat to prevent Revlon's trade mark being registered in Australia. It did not matter that Wow Factor-e was a small player in the market. Its small investment in trade mark registration allowed it to block the trade mark plans of a global giant.

**“The greatest danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it.”**

Michelangelo



Our  
Services

# Sladen **delivers** Legal **innovation**

At Sladen Legal, we offer a fresh approach – an approach that embodies the passion, dedication and entrepreneurial spirit that we share with you, our client.

For a more detailed overview of our trade mark expertise or any of our fifteen key service areas, please contact us on 03 9620 9399.

## Our Service Areas

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Asset protection

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