

Brand protection

How to protect your brand in the international marketplace **Interviewed by Matt McClellan**

In today's global economy, protecting your company's good name is more important than ever. You've worked hard for customers to create a positive association with your brand, so if someone is putting your trademark on an inferior product and selling it, you've got a major problem.

Not only have you lost that customer, you've also lost other potential customers who are turned off by your brand based on the negative comments that came from the person who bought the counterfeit product.

"It's very important to police counterfeits because they cheapen the brand and create bad publicity," says Luis Alcalde, of counsel with Kegler, Brown, Hill & Ritter's IP, Litigation and International Business areas.

Smart Business spoke with Alcalde about how to protect your brand in the international marketplace.

Why is brand protection important?

A trademark or service mark owner has a legal obligation to take action against infringers. For example, when you file a trademark and you start using it to create an association with your products or services, someone else may start using the same trademark. If you know about it, but you don't do anything about it, and later you decide to take legal action, you could have waived your rights.

Trademarks have to be renewed after so many years, so failure to police or challenge infringements can create problems when trying to enforce or renew a trademark. There are technical, legal reasons to police your trademark, primarily to argue that you haven't waived your rights.

From business perspective, the reason someone creates a trademark is to create an association in the minds of your consumers with your product or service. Over time, these associations become more valuable. Whenever you walk into a McDonald's, you have certain expectations. Those expectations have been created over many years of associating the name with certain types of food and service. The only way to create that association is to put a lot of effort, time and money into making sure that your products or service lives up to the association you create.

What can happen when a company is not vigilant about brand protection?

Without any of the work the trademark owner has put into it, infringers place your trademark on their product and profit from it.



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In that sense, they are stealing your intellectual property. Beyond that, depending on the quality of the counterfeit, you may lose sales as well. In many places where counterfeit goods are sold, the vast majority of consumers know they are getting a fake. They never thought they were getting a real Rolex watch for that price, for instance.

The trademark owner who knows these cheap products are being made and sold may not be motivated to do much about it, because they are not losing a customer. Frankly, you have someone walking around advertising your product — not necessarily the way you want it advertised, because it may be poor quality, but it is still free advertising.

However, you still have to do some policing because of the legal aspect — so no one later claims you waived your rights. In that scenario, you may focus on the big infringers, like people selling a high-quality imitation that may cause you to lose real customers.

For instance, if a famous luxury brand is selling a handbag for \$2,500 and someone is selling a high-quality counterfeit bag for \$700 to \$1,000, that's different. Someone who can pay \$1,000 for a bag is a potential customer.

How can you address liability concerns?

The counterfeiting of some types of products, like automobile or airplane parts or

products that are ingested like pharmaceuticals, could lead to injury or death. In addition to the loss of brand image and the loss of consumers, you have the problem that these counterfeits can kill. That creates liability issues. Your company may get sued because someone says they drank your product and got sick, or the brakes they bought failed. You, as the manufacturer, need to find out if the offending product is legitimately yours. Companies have to continue to embrace anti-counterfeit technologies like smart tags, holograms, molecular marking and other tracking tools that identify legitimate products.

What steps can you take to protect your brand?

First, you need to make sure your trademarks are up to date and filed in every jurisdiction where you are doing business or intend to do business in the near future. The second step is to police the areas where you notice that infringement is taking place or where you think your customers would be buying. Many companies have enforcement programs in place. They hire private investigators or law firms to hunt down infringers. When they find these people, they have a procedure in place to bust these people and prosecute them — civilly, criminally or both.

Also, police the Internet: eBay, Alibaba, all the large Internet vendors. If you notice unusual drops in sales in certain areas, it may be due to counterfeiting issues. Be vigilant to your business and consumers. When you see infringement, whether it's on the Internet, the streets or with your own customers, find the source and take action.

Why is it necessary to be proactive when protecting your brand in the international marketplace?

The same legal issues of policing it and the same business issues apply internationally. There is no central trademark; just because you file in the U.S. doesn't mean you're protected anywhere else. Countries that are members of the Madrid Protocol allow filing with a single application in English. But many important and major countries or markets are not members of the Madrid Protocol. So, in many instances you have to file your trademark in the individual countries in which you want it protected. <<

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