

How to protect your name

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Starting and growing a new business is very exciting. However, to be interrupted by legal conflicts in the process is very costly and inconvenient. At the inception of a business, many entrepreneurs decide to start trading, without conducting available checks on trading names and registering their intellectual property rights, just to learn later that it may not be possible to obtain exclusive rights in their names and inventions anymore, or worse, that they are infringing on an unknown party's rights.

Small and large businesses should pay special attention to selecting a business name and trade mark/s and obtaining proper statutory protection for such names and marks, before adopting such names and marks for use in trade. If proper steps are not taken before adopting trade marks, entrepreneurs and start-up businesses are often hit hardest as legal costs to deal with such possible conflicts are high and usually unexpected.

Large and corporate businesses are usually more educated on these matters and most corporate businesses have large trade mark portfolios, because they have a larger budget and more product names to protect. Unfortunately, entrepreneurs and start-ups are often poorly educated on these aspects and can find themselves in a "David and Goliath" battle for survival, if they unknowingly adopt a business name or trade mark which is the same or similar to a product name or trade mark of a corporate business.

By way of example, we recently represented two different SME businesses incorporating the word "ORANGE" in their business names, domain names and trademarks against Orange Personal Communication Services. The latter is a large telecommunication corporation based in Europe which owns various trade mark registrations for the ORANGE element in South Africa on the Trade Marks Register. Orange Personal Communication Services attacked our clients' use and pending trade mark registrations on the basis that their names incorporate the mark ORANGE. Based on our advice, our respective clients conducted availability searches on the Trade Marks Register before applying to register their different brands incorporating the mark ORANGE. The ORANGE marks in the name of Orange Personal Communication Services were cited. Following litigation correspondence, our one client entered into settlement discussions resulting in our client agreeing to change its name to exclude the word ORANGE. Our other client's matter proceeded to a formal hearing before the Registrar of Trade Marks and we are still awaiting judgment.

The truly large corporations can often afford to instigate and pursue litigation as strategy to hinder new role players and exclude competition. This occurs because litigation, even if the law is on your side, creates uncertainty and unpleasantness. In practice, some of these Goliaths often litigate on might, and not necessarily on their right.

How then, can the start-up business avoid such legal battles and uncertainties? The best practice, before adopting a business name, trade mark, slogan, logo or domain name for use in trade, is to instruct a trade mark attorney to conduct an availability search of the Trade Marks Register. This is imperative in order to furnish you with an expert opinion as to whether your proposed mark is likely to be available for use and registration in relation to the specific goods and services of interest to you.

Although Cipro offers basic search and report services, it is best practice to obtain a full legal opinion on the availability of a mark in view of the following: possible obstacles, possible measures to try to avoid or overcome such obstacles, and proper filing recommendations.

The Trade Marks Register is divided into 45 classes, each class covering a specific category of goods and services. For instance, class 25 covers “clothing”, while class 35 covers “retail and wholesale services”. The classification of our Register is based on the Ninth Edition of the International Nice Classification which is generally reviewed and updated every 5 years.

The purpose of a trade mark registration is to obtain exclusive and monopolistic rights in your mark as represented on the Trade Mark Register. Such rights can endure for as long as the trade mark is renewed every 10 years from filing.

It should further be understood that the scope of a trade mark registration extends to the identical mark, and any mark which is similar thereto, covering the identical goods or services in the specification, and any goods and services regarded to be similar to those listed goods and services. Trade marks are compared on a visual, phonetic and conceptual basis and any one of these levels is sufficient. For example, if you have a registration for the trade mark BELLA-BO in class 25 for “clothing”, you could have grounds and remedies to object to the unauthorised use of the mark BELLE-BOU by a third party in relation to use of cosmetics covered by class 3. The reason for this is that the marks BELLA-BO and BELLE-BOU are visually and phonetically similar and that “clothing” and “cosmetics” are often regarded as being “similar goods”, as they are often sold to the same consumers, in the same chain stores, through the same trading channels.

Apart from searches on the Trade Marks Register, searches on Domain Name Registers and the Companies and Close Corporations Registers should also be considered, even if you are not considering starting a website or forming a company or closing a corporation at that time. The reason for this recommendation is that there is no cross-referencing between the Trade Marks Register, Companies and Close Corporation Registers and the .CO.ZA Domain Name Registers.

Theoretically speaking, even if you conduct appropriate searches on the Trade Marks Register, your proposed name may already have been registered as a domain name or company name. This could result in another business obtaining prior and vested rights in the name, and possible grounds to object to the registration of your trade mark on the Trade Marks Register. It is therefore not sufficient to start trading under a business name, thinking that you can obtain monopolistic rights in your name and have grounds to prevent others from infringing your rights, if you managed to register the name a domain name alone. Similarly, it is not necessarily safe to adopt a mark or business name, if you obtained a successful name reservation on the Companies and Close Corporation Registers. The lack of cross-referencing between these various relevant name registers, often leads to litigation and conflicts. To avoid these conflicts, it is best practice to check these various name registers, before adopting or registering a trade mark.

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