

Branding rights: trademarks in a branded world

For good or ill we live in a world where brand names sell goods. Protecting brand names or trademarks through registration is now crucial for companies wanting to maintain and expand their market share. But is this just a means of reinforcing the global domination of the rich world, imposing obligations on developing countries, or can it benefit them as well?

Elizabeth Solomon

On the cover of *Globalising Rights*¹ a scene, obviously from a developing country, features a young man painstakingly painting “Coca-Cola” on a wall. The picture speaks of the irony of economic development where brand name products symbolise the success of free trade for some and inaccessible lifestyles for others. In his introduction the book’s editor describes globalisation as a shorthand way of referring to a set of profound material changes that have had an increasing impact on relations between societies in the past few decades. He points to some of the identifiable features of these changes: the web, transnational corporations, satellite transmission, fibre-optic cables, easier and quicker travel, and the World Trade Organisation. He argues that with globalisation has come a transformation in how ideas travel and the nature of their final destination.

How does this relate to trademarks? It serves to emphasise the huge importance brand names play in a shrinking world. The author and journalist Naomi Klein, in *No Logo*, chronicles our journey into the “branded world” where the logo is a common language understood by everyone. She describes the shift in corporate marketing strategies: from promoting commodities based on the needs of the marketplace, to promoting a brand or trademark representing a lifestyle in order to create needs in the marketplace. In this way producers can control both supply and demand by manipulating consumer trends through the skilful promotion of a brand.

Trademarks have become more than a means of protecting market share. They have become an invaluable tool in claiming and creating markets. In the context of developing countries the most vexing issue is perhaps the imbalance created by the capacity of larger markets to control market trends aggressively through branding. Economists and social scientists say, however, that this concern must be viewed quite separately from the strict principles governing the registration of trademarks. So while the unfair struggle to capture markets, resulting from the promotion of trademarks, may be a form of “asymmetric globalisation” and may be considered detrimental to developing countries, the principle of registering trademarks is not in itself unfair.

©Jeremy Horner/Panos Pictures

Madagascar, Antananarivo. Brand name products symbolise the success of free trade for some and inaccessible lifestyles for others.

The rise of global branding

International trade has increased steadily so that few companies today can afford to rely solely on their home markets. Companies expand by penetrating established markets and by creating new markets for their products. Marketing the same product under different trademarks in different countries is inefficient and costly in terms of promotion, advertising and packaging. Global branding can reduce these costs and is becoming increasingly common. The more international a trademark gets, the greater is its value and the greater the need to protect the mark by registration on a worldwide basis. Trademark registration costs money. To reduce the cost the World Intellectual Property Organization (WIPO) has

initiated and promoted the Madrid Protocol, which establishes a system for the international registration of trademarks.

An international registration is issued by a central body (WIPO). This takes effect in all the countries designated by the applicant. It is in effect just a collection of independent national registrations all bearing the same number, but it reduces the cost of obtaining and maintaining the protection of a trademark across many countries. The problem is that for many developing countries intellectual property offices are understaffed and lack resources, so they have difficulty in accessing the Madrid Protocol. In any event the issue for them lies not so much in providing protection for their own trademarks, but in compliance with anti-counterfeiting regulations and in ensuring that regulations and penalties do not become too oppressive.

The Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) of 1995 provides rules, as its name suggests, for intellectual property rights in trade. It covers the basic principles of intellectual property conventions (prior to 1995); standards of availability, scope, and use of intellectual property rights; effective and appropriate enforcement; settlement procedures for multilateral disputes; and transitional arrangements for developing countries. The agreement is administered by the World Trade Organisation (WTO), which has the power to enforce it through administrative panels and mechanisms for resolving disputes.

The flourishing business of counterfeiting

TRIPS compliance is of great concern to developed countries. Trademark owners want to be sure that when their company makes an investment in a market, its valuable intellectual property rights will be protected. A recent report² on compliance indicates a general trend of strong compliance with the regime although “nearly every country surveyed had at least one area where TRIPS compliance was deficient and most had multiple areas”. The report says that many countries lacked protection for service marks and for non-traditional trademarks such as alphanumeric marks (using letters and numbers) and combinations of colours.

Looking at enforcement policies and practices, the report identified two problem areas: customs procedures and court authority. Many countries do not have a procedure that would allow a right holder suspecting the importation of counterfeit trademark goods to lodge an application with customs to stop the release of the goods. Many countries also have not allowed the courts to take measures on behalf of an applicant (*ex parte* measures) even where any delay is likely to cause irreparable harm to the right holder or where there is a demonstrable risk of evidence being destroyed.

Apart from the importation of counterfeit goods, in some jurisdictions the production of counterfeits of well-known brands is widespread. According to one study Thailand is a case in point³. Thailand's government and police authorities are consistently under heavy pressure from multinational companies owning registered trademarks because of a

perceived lax attitude towards adequate protection of intellectual property rights. While the problem of trade in counterfeit goods is not unique to Thailand, the study claims that trademark owners are justified in their assessment that counterfeiting of trademarked products is indeed rampant. This is despite one of the most aggressive legislative schemes to help enforcement in any country in Southeast Asia.

There have also been well publicised public education initiatives in Thailand to make people aware that trade in counterfeit goods has damaged Thailand's ability to migrate from a primarily agrarian economy to an industrialised economy that can compete in the globalised marketplace. Because of the very popularity of the brand names themselves, demand for counterfeit goods ensures that it remains a lucrative business.

Problems of enforcement

According to this study a trademark owner is entitled to take civil action under Thai commercial law against an infringer for use of his mark without authorisation. In a civil suit, an owner could request a permanent injunction against the offender and/or recover any actual proven damages. However, in practice, most trademark owners prefer to proceed under criminal law because of the uncertainty of outcome, costs, delays and difficulty in collecting court awards, associated with civil litigation.

A more popular approach is for a trademark owner to bring criminal charges against an infringer by either submitting a complaint directly to the court, or more commonly, lodging a complaint with police authorities. Penalties for forgery of a trademark registered in Thailand can include fines of up to 400,000 Baht (approximately €7,624) and prison sentences of up to four years. Penalties for imitation of a mark registered in Thailand are similar but less severe. As with all things, the difficulty in enforcement experienced by trademark owners must be balanced against ensuring that the penalties are proportional to the problem.

Reaping the benefits

An international symposium on Intellectual Property Protection, held in Cairo earlier this year (2003), called on non-governmental organisations, the media and educational institutions to play a part in raising awareness of the importance of trademarks, copyrights and patents. New multilateral enforcement mechanisms were discussed, including alternative procedures for resolving disputes. Most significant was the call for developing countries not merely to fulfil their obligations, but to develop new technologies and create new products in order to reap the benefits of the intellectual property system. ■

1. The 2003 Oxford Amnesty Lecture Series (in support of Amnesty International)
2. By the International Trademark Association TRIPS 2000 subcommittee
3. A paper prepared by Edward J. Kelly and David Lyman