

# Combating Counterfeiting by Building a Strong Brand Identity

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## Introduction

In today's global marketplace, it is hard to underestimate the impact counterfeiting has on companies – both in reputation and in dollars. Analysts estimate that a full 25% of global Internet commerce today involves counterfeit products. The magnitude of the counterfeiting problem is staggering, is experienced across virtually every industry, and poses not just a risk to corporate profits, but a very real risk to consumer health and safety.

For any company, strong and enforceable trademarks are one of the most effective tools for staving-off challenges from infringers and counterfeiters.

Trademarks are a shorthand way of communicating to consumers the reputation of your brand and your company. Market analysts estimate that the consumer goodwill associated with brand identities account for an average of one-third of shareholder value. Strong brand identity is also critical for capturing modern marketplaces – such as social selling and online platforms. Unlike patents, trademarks can remain in force for as long as they are in use, and can differentiate a product from a competitor for the life of the product.

This article will discuss how to create and enforce strong and protectable brands that will help maximize your product's position in the marketplace.

## Select Strong Trademarks

When creating or selecting a new brand name, companies should start with selecting trademarks that are inherently considered protectable and registrable. Trademarks fall along a spectrum of distinctiveness that determines the amount of protection they will receive. Ideally, newly created brands should be either (1) coined trademarks — consisting of words or symbols invented solely for the purpose of serving as a trademark; (2) arbitrary trademarks — consisting of words or terms in common linguistic use that do not describe or suggest any characteristics of the products or services with which they are used; or (3) suggestive trademarks — which require the consumer to exercise some thought or imagination to determine the nature of the products or services with which the mark is used.

If at all possible, avoid descriptive terms — those that describe a feature, ingredient, function, or another characteristic of the products or services with which the mark is to be used. The law presumes that such descriptive terms must be available for all to



use to describe their products and services fairly and accurately to the public. Thus, such brands require much more effort and expense to differentiate from competitors, and are less likely to become strong brands.

## Think Beyond the Word

People usually think of trademarks as the name of a product, and perhaps an associated logo. However, trademarks can also take the form of anything that identifies and distinguishes the source of a product from those of competitors, such as a slogan/tagline, a color, or a smell.

Trade dress is the overall commercial image of a product or service, and can consist of non-functional elements such as a product configuration or shape, inner and outer packaging, labeling, color, and even texture.

Market research suggests that consumers react strongly to such "nontraditional trademarks" —i.e., trade dress, color, package design, etc. -- and that use of these types of marks can create even greater brand strength and product loyalty than traditional logos and brand names. Such nontraditional trademarks can also be available for trademark registration, which improves the owner's ability to preclude others from using confusingly similar designations.

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### **Start Early**

One of the easiest ways for companies to ensure that their brands have the potential to become "strong" is for the marketing and legal departments to collaborate on selecting new trademarks early in the product development cycle. The earlier a brand name is selected, the more time the marketing department has to conceptualize promotional strategies surrounding the name, the more time there is to obtain buy-in from the business as a whole, and the more time the legal department has to perform critical trademark clearance procedures and implement filing strategies.

Selecting a brand name too late in the cycle often pits legal and marketing departments against one another, as the marketing department's mandate to bring a product to market overrides the legal department's responsibility to clear a trademark for use and registration.

### **Trademark Clearance**

Once new names have been created by marketing, an important step is to obtain an appropriate trademark clearance evaluation, typically conducted by an experienced trademark attorney. The legal standard for trademark infringement is likelihood of confusion by consumers, which requires a nuanced multi-factored analysis. Complicating the clearance process, in some jurisdictions – including the U.S., trademark rights are acquired through use versus registration. An appropriate trademark clearance evaluation considers all of these factors when evaluating the availability of a mark for use and registration.

### **Invest in Targeted Protection**

Once you have selected and cleared brand name options, and perhaps accompanying trade dress, seek to register these source indicia as soon as possible. Although there is no time bar to filing for trademark registration, trademark rights – particularly in countries outside of the U.S. – are often determined on a first-to-file basis. Failing to file for trademark protection in such countries can have costly results: having to change a trademark late in the product lifecycle; having to pay infringers for the right to register your mark abroad; or weakening of the mark due to use and registration by infringers.

### **Proactive Enforcement**

Although no brand is 100% immune from the impact of infringement and counterfeiting, the extent of loss your brand suffers at the hand of bad actors will depend on a number of factors, including how you interact with the global marketplace and the checks put into place that make it possible to track and evaluate the impact and source of infringement. The companies that are most successful at trademark enforcement and anti-counterfeiting initiatives make sure their efforts are enterprise-level undertakings, coordinated across business units.

### **Conclusion**

Through a thoughtful, targeted approach to trademark selection, registration, and enforcement that involves the marketing, strategic, and legal arms of the business, companies can lay the groundwork for creating strong, memorable, and enforceable brands that contribute to shareholder value and reflect the goodwill of the company for years to come.