

## Reasons Why Trademarks Are Important to Your Business

The purchasing decisions of consumers are constantly influenced by trademarks. As a business person or corporate executive, it is important to have a solid understanding of why trademarks are so important to effective commerce.

### 1. Trademarks make it easy for consumers to find you.

- Trademarks help you distinguish your products and services from those of competitors and help identify you as the source.
- Trademarks indicate a consistent level of quality of your products and services.
- Awareness of your brand and the goodwill embodied in your trademark can often take decades to establish.
- Aggregate cost of advertising, promotion, marketing, and sales efforts can easily reach into tens of millions or even billions of dollars, depending on the product/service.
- Differentiating your product/service from competitors is increasingly difficult to achieve, especially over a protracted period.
- Trademarks are the most efficient commercial communication tool ever devised to:
  - "cut through the clutter";
  - capture the consumer's attention; and
  - make your products/services stand out.

### 2. Trademarks help prevent marketplace confusion

- Trademarks protect the consuming public by preventing confusion as to the source of goods or services.
- If the product made under a brand turns out to be defective, consumers have accurate information about the source of a product and can return it to the manufacturer or supplier for a refund.
- Trademarks give consumers the ability to protect themselves by relying upon known brands of products or services.

- Trademarks provide consumer convenience by allowing consumers to identify (by word, logo, slogan, package design, or other indicators of origin) which product or service they would like to purchase or to avoid purchasing.
- Trademarks provide consumer convenience by allowing consumers to base their purchasing decisions on what they have heard, read, or experienced themselves.
- Trademarks motivate companies to provide a consistent level of quality, helping the consumer to decide whether to purchase a desirable product or service again or to avoid an undesirable one.

### 3. Trademarks are a very economically efficient communication tool

- Trademarks dramatically reduce the costs of decision-making by allowing consumers to rapidly select the desired product or service from among competitive offerings.
- Trademarks can wrap up in a single brand or logo intellectual and emotional attributes and messages about your:
  - Company;
  - Reputation;
  - Products and services; and
  - Consumers' lifestyles, aspirations, and desires.
- Trademarks can work effectively across borders, cultures, and languages.
- Famous marks can be recognized as brands even when the native population speaks a different language and reads a different alphabet (i.e., the McDonalds "arches" logo, the NIKE "swoosh" logo).

### 4. Trademarks are your most enduring assets.

- Trademarks are one of the few assets that can provide you with a long-term competitive advantage.
- Trademarks are usually the only business asset you have that can appreciate over time.
- Trademarks are leverageable - they provide value beyond your core business, and can pave the way for expansion (or acquisition, if desired) of your business.
  - Brand Expansions:
  - KELLOGG'S - from "ready-to-eat cereals" to "snack bars and breakfast bars"
  - ARMANI - from "runway apparel" to "perfumes and eyewear"

- VIRGIN - from airline services to entertainment media and carbonated drinks

5. Trademarks support stronger sales volume, stronger margins, and can provide price maintenance legally.

- It is often difficult to see significant differences among competing products.
- Your brand can be the critical factor in driving the consumer's purchase decision.
- The price variance among competitive offerings can also be substantial, often by 100% or more in the same setting, such as a newspaper. Once again, your brand can make the difference.

6. Trademarks are relatively inexpensive to protect

- Once you have successfully registered a trademark, it has a potentially infinite lifespan with the filing of renewals. Renewals can be filed every 10 years after registration in the U.S. so long as the mark is being used in commerce (there are certain exceptions to this use requirement that will not be discussed here).
- COLT (first registered in 1889))
- QUAKER (first registered in 1895)
- PEPSI-COLA (first registered in 1896)
- MERCEDES (first registered in 1900)
- Trademarks share attributes with other forms of property, like real estate, as they can be:
  - Bought and sold ("Assignments")
  - In the acquisition of a business
  - In the acquisition of a specific product line
  - Pledged (as security, like a mortgage)- to secure loans to a business
  - Licensed (like renting or leasing)
  - Character merchandising
  - Sports endorsements and sponsorships
  - Co-branding promotions, sweepstakes, contests.

7. Trademarks allow businesses to most effectively utilize the Internet

- Trademarks are often the "top-of-mind" address for an Internet user seeking information about a company and its products/services.

- Higher traffic on a website translates into higher rankings on search engine results, bringing even more traffic.
- As a result of the importance of the Internet to marketing, it is crucial to obtain desirable domain names at the same time that a trademark is adopted.
- The Internet also has the potential for widespread unauthorized use of your brand, requiring vigilance to police both proper use of your brand and infringements of it:
  - META tags
  - Embedded or hidden text
  - Counterfeits and design knockoffs
  - Gray market goods

#### 8. Trademarks are very effective against unfair competition

- In the United States, deceptive and misleading advertising is prohibited by: Consumer protection laws; Unfair competition laws; and The U.S. Trademark statute.

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