

## Businesses and their brands in the time of Covid and beyond

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The COVID-19 pandemic has caused great upheaval to the world's health and unfortunately its effects continue to ripple across the globe. The global economy is also potentially facing the threat of a recession worse than the Great Depression of the 1930s.

During times of sudden change like the present pandemic, the last being the GFC, it is crucial for businesses to take stock of their key assets, including arguably their most valuable asset - intellectual property (IP). This includes reviewing the protection of IP assets, their use and closely monitoring these IP rights for infringement by others. If IP rights are not properly looked after, businesses run the risk of losing their competitive advantage, and in the worst-case scenario, their business altogether.

A key IP asset for any business is its brand(s) (trade mark(s)). After all, a brand is the thing that distinguishes your goods/services from your competitors and at the same time sets a level of expectation as to the quality and/or characteristic of your offering. If your brand(s) are compromised or tarnished in any way it can cause much harm to your business and its bottom line.

It is a good time for a businesses to review their brand/trade mark portfolios to ensure that they have adequate registered trade mark protection to align with their commercial needs. This includes making sure brands are registered as trade marks in the first place, and to the extent they are already registered, that the registration aligns with their use (ie there are no gaps in protection). This is especially important if a business has made any change to the way in which it carries on its business, including locale (eg new countries) and delivery (eg online). For example, while having registered marks in New Zealand is fundamental, if your business is now trading in overseas markets or new markets, you should give serious consideration to expanding your registered trade mark protection into those markets.

Equally, if you are expanding your business and/or its product range (eg breweries and distilleries making hand sanitisers) and/or entering a new market, you need to make sure you have conducted trade mark searches to ensure you are not inadvertently infringing another party's trade mark rights. If a business does not take such steps it risks an expensive and time-consuming legal battle, given trade mark rights operate on a business sector and territorial basis.

If a business has recently discontinued use of its brands, whether by choice or otherwise, and it has registered trade marks for that brand, the business should also be aware that registered rights work on the use-it-or-lose it principle. Specifically, registered trade mark rights become vulnerable to removal for non-use after a defined period of time. In New Zealand, registered trade marks become vulnerable to removal for non-use after a continuous period of three years or more and similar timeframes apply in overseas countries. Non-use regimes do contemplate special circumstances for non-use, however, the extent to which the current pandemic amounts to special circumstances for non-use is untested under the current trade mark legislation (Trade Marks Act 2002). Businesses should therefore be mindful that they are maintaining use of their important brands/trade marks.

As well as monitoring their own use, businesses should also be closely monitoring the activities of other parties, especially if they operate in the online environment. It is easy for unscrupulous traders to either use your brands without authorisation and/or trade in counterfeit goods. This is especially the case in times of economic uncertainty.

Such activity risks harming consumer perception and the underlying value of a brand, can divert legitimate business away and ultimately cause significant financial loss to an organisation. Businesses should therefore be prepared to take decisive and swift action in the event they detect infringement.

As well as the usual legal channels to stop infringement, businesses can also include utilise complaints processes for online e-commerce platforms and social media. These processes are typically IP owner-friendly, low-to-no cost and usually achieve prompt remedial action (eg take down of the offending user accounts/pages in hours/days).

Businesses can also take proactive steps to reduce the risk of infringement online, which could include using clearing houses and registering user domain names, and/or account names/pages that align with their brands. Such measures are usually low cost, especially when compared to the costs of legal action via the courts.

From our experience, businesses that are proactive and take decisive action will send messages to infringers that their activities will not be tolerated and will actively deter repeat offenders. Put simply, infringers tend to be lazy and will simply move on to an easier target if their activities are challenged.

While COVID-19 poses significant risk and uncertainty to businesses, it is important to note that it also providing opportunity for businesses to change the way they operate, take stock of their IP rights and to implement strategies to protect and enhance IP rights. Businesses that do so will thrive beyond the dark days we are all facing and ensure their survival in the long term.

*This article was written by Hamish Selby, Sophie Thoreau and Emma Rehman for the NBR (June 2020).*

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