

Trademark wars are more than a David and Goliath battle

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Trademark disputes don't often make headlines in New Zealand but when they do, the story, or public perception of it, tends to be the same.

In one corner, there's a large business with a well-known brand, over-reacting to a bit of competition and throwing its weight around. In the other, a smaller trader, complaining that the bigger brand is trying to use its trademark to crush the little guy.

We do not have to look far for recent examples. Earlier this year Sanitarium, owner of the trademark "Weetbix" came under fire after a Christchurch retailer complained it had unfairly prevented it from importing the UK breakfast favourite "Weetabix".

Spurred on by the hashtag [#freetheweetabix](#), mainstream and social media featured commentary critical of Sanitarium's decision to bring trademark infringement proceedings.

This week, the High Court held that Sanitarium's trademark had been infringed.

Again, many in the court of public opinion likened legal action to enforce trademark rights to corporate bullying.

Putting aside the rights and wrongs of the South Island cereal wars, viewing trademarks as tools of oppression reserved for big corporations is misconceived.

Trademark protection is available to businesses of all sizes and there are very good reasons for traders to use that protection.

According to the Best Global Brands list published by global brand consultancy Interbrand, in 2017, the Apple brand was worth US\$184,154m (\$283,719m).

Google trailed in second place with a brand valuation of US\$141,703m. Hard to believe but once upon a time, Google were the little guys too.

It is surprising then that while businesses do not think twice about precautions to safeguard physical assets, the same protective instincts do not always extend to intellectual property rights, including trademarks.

This is regrettable because putting some early effort into choosing and protecting a trademark is one of the simplest and most cost-effective ways to avoid a dispute later on.

When selecting a name for a new business, the rule of thumb is to go for something distinctive rather than descriptive and the name should not conflict with someone else's.

A search to check the preferred name (or anything confusingly similar) is not already taken must be a pre-requisite to making a final decision.

The next step should be to apply to register it as a trademark which brings many benefits.

The registered owner is deemed to have the exclusive right to use the mark throughout New Zealand in relation to all the goods and services it covers; the owner's rights are on a publicly searchable register, which may have a deterrent effect on copy-cats; and it has the right to sue under the the Trade Marks Act 2002.

All of which brings us back to legal proceedings for trademark infringement. Contrary to the caricature of plaintiffs as trigger-happy corporate giants with more lawyers than sense, a business does not usually embark on legal action without careful consideration.

Infringement proceedings tend to be costly and they can result in a public backlash and negative headlines if the rival trader finds a sympathetic ear in the media.

However, when a business has carefully chosen and invested in its trademark and built goodwill in it, it makes sense to protect it from harm, both financial and reputational. It is often the risk to reputation that is the key motivator.

It symbolises the very identity and values of the business.

An owner will usually perceive these are under threat of dilution by the infringing activity and, as such, its principal objective is to prevent that conduct from continuing.

The existence of such legal remedies for trademark infringement inevitably serves the interest of all brand owners.

However, the trademark system also has wider economic benefits.

Providing legal protection for brands incentivises businesses to invest in building goodwill and reputation by producing high quality goods and services.

The positive flow-on effects for the economy are illustrated by a recent study by the European Intellectual Property Office, which concluded industries that make intensive use of trademark rights contribute 21.2 per cent of employment and 35.9 per cent of GDP in the EU.

Trademark protection also has a consumer welfare aspect. Trademarks are "badges of origin" for consumers, a sort of guarantee to indicate that a product or service comes from a trusted, reliable source.

Regulating their use (and misuse) helps to protect the buying public from confusion and, at worst, physical harm.

At the extreme end of the spectrum, counterfeit products can pose an active risk to health.

Last month, the BBC reported hundreds of thousands of pounds of counterfeit cosmetics had been seized in the UK, some of which contained chemicals such as highly toxic mercury and the illegal levels of the skin-whitening agent hydroquinone.

In New Zealand, the risk posed by trademark infringement tends to relate to misleading the public, rather than physically endangering them.

Nevertheless, there is a clear public interest in protecting consumers from wasting money on a product or service because they are mistaken or confused about its origin.

Taking all of this into account, surely it is time to revisit the way we report on, and react to trademark disputes in this country.

The recent coverage of Burger Fuel's success in forcing a copy-cat Indian burger chain to rebrand is a good start.

While tropes such as David and Goliath are easy and familiar, the reality may well be, and often is, far more complex.

This article appeared in the [NZ Herald](#) (online).

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