



Drive to protect assets grows in age of intense brand rivalry

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Rochester Business Journal

December 14, 2012

The need to register trademarks and copyrights continues to grow in the age of brand rivalry and intense competition for customers' money.

Rochester companies have been vigilant about protecting their assets, as have companies nationally and globally. The oft-cited example is Coca-Cola. When consumers reach for a can of Coca-Cola, they have certain expectations for the soda they will be drinking. The red and white Coca-Cola logo has become one of the most recognizable in the world, reports show, and the brand's value has been estimated at \$67 billion.

By definition, a trademark is any word, name, symbol or design that a company uses to distinguish its product or service from all others. A registered trademark gives the business exclusivity of the brand, allowing the company to protect its brand identity and thus its profits. Anytime a business develops a product that gives it a competitive edge in the marketplace, experts say it is in the firm's best interest to consider registering a trademark.

Paul Nunes, a commercial litigator and partner at Underberg & Kessler LLP, says the government came up with a brilliant piece of legislation in the trademark law.

"It's really a consumer protection law written to protect consumers from getting the wrong thing," he says.

The government frowns upon consumer fraud and the problems that arise when other companies try to defraud customers by developing a similar-and usually inferior-product. While trademarks protect brand identity, they also protect consumers from the companies that try to enter the marketplace by infringing on a successful brand.

According to Nunes, the government realizes there will be infringement attempts but does not have enough policing resources to protect consumers. By issuing a trademark, the government deputizes a company to do that for them. It is up to the owner of a trademark to police its own mark and prevent infringement on the brand. Businesses are willing to do this to protect their bottom line.

"Companies don't want their trademark to be diminished in any way, and if someone is infringing on your product, you are losing profits," Nunes says.

Unfortunately, receiving a trademark does not always deter others from infringement by developing a similarity to another company's brand. A good example of this is knockoff merchandise, like designer handbags, which led to a recent crackdown on retailers accused of selling such items at the Rochester Public Market and other venues.

Even though businesses with the trademarked brand lose profits when consumers purchase these knockoff items, consumers lose, too, when they believe they are receiving genuine products instead of substandard items. This product infringement defrauds and confuses consumers, which is exactly what the law governing trademarks has been enacted to prevent.

Consumer confusion was the basis for the "W" case. The case began in 2008 and involved one of Rochester's grocery chains-Wegmans Food Markets Inc.-and the Walgreen Co. of Deerfield, Ill. Walgreens claimed that Wegmans' "W" was similar to that in the Walgreens logo.

The suit claimed that Walgreens had been using its "flying W" logo since 1951. Wegmans countered that the grocery chain had been using "W" logos since the 1930s. Walgreens claimed that Wegmans' use of the "W" could cause consumers to mistake one company's products for the other's. Much of this concern centered on Wegmans' in-store pharmacies selling much of the same merchandise as Walgreens. The case was settled out of court, with Wegmans agreeing to stop using the "flying W" as of June 30, 2012.

Stephen Salai, a partner with Harter Secrest & Emery LLP, says that while some infringement cases can take years, litigation sometimes is necessary to prevent the dilution or loss of distinctiveness of one's brand.

Salai's firm was involved in a case between local wine companies, Arbor Hill Associates in Naples and Victor's Constellation Brands Inc. Each company made a product with a registered trademark containing the word "Arbor," but AHA's "Arbor Valley" was more of a classic table wine compared to Constellation's less expensive, fruity-tasting wine. Yet AHA claimed the similarity was causing customers to be confused as to which wine was which.

There are too many infringement cases to count; competitors are continually infringing on the trademarks of others, Salai says. The same is true with respect to registered copyrights, which also grant exclusive rights in the marketplace and can lead to legal action against infringement.

But trademarks and copyrights are not the same thing. While a trademark technically refers to a brand associated with the sale of tangible goods or services, a copyright is the unique expression of an idea-not the idea itself. In other words, a copyright protects works of authorship in a variety of forms. These can include songs, photography, movies, manuscripts of books, websites, musical compositions and architectural works, among other things.

As with trademark owners, copyright owners who do not police their copyrights face similar economic losses and consequences, says Carol Maue, partner at Boylan Code LLP.

"Expressions of ideas may have come from years of investment and money on the part of the owner," Maue says. "So it makes sense to keep a keen eye on infringers who may try to 'replicate' or 'share' your creative expression."

Some individuals and companies try to benefit from another's creation. There have been many attempts to replicate everything from novels to famous paintings by duplicating explicit features of these original expressions. The same is true for bootlegged DVDs sold on the streets of New York City and downloaded songs from the Internet. Done without permission, attribution or payment, this can constitute copyright infringement.

"A registration of a trademark or copyright is always a good idea, because it enhances the enforceability of the copyright or trademark and affords additional legal remedies that are not otherwise available," Maue says.

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