

ACC Nonprofit Organizations Committee
Legal Quick Hit

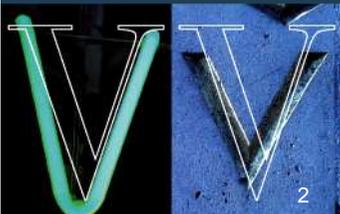
Top Five International Trademark Pitfalls for Nonprofits

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Framework for Understanding Pitfalls



Pitfall #1: Not Valuing “Brand Value”

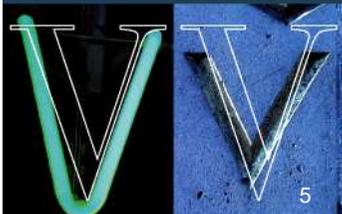
- “Brand Value” considers
 - (1) the **performance** of the branded products or services;
 - (2) the **role of the brand** in the purchase decision process; and
 - (3) **brand strength**.
- “Brand Strength” considers factors like:
 - **clarity, differentiation, and consistency**
- Interbrand: founded in 1974; 40 offices in 27 countries; helps create and manage brand value
 - known for **Best Global Brands** report



Framework for Pitfall #2

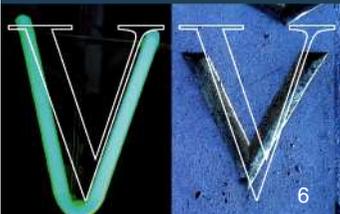


Pitfall #2: Not Acting Like a Strong Brand

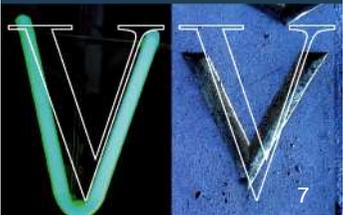


What do the Top 100 Brands Have in Common?

- **Acronyms** are increasingly popular (30% of top 25)
- Other elements that are both distinctive and **differentiating**
 - The majority use distinctive *stylization* or **designs** as part of the brand (approx. 80%)
 - The majority use **color** as part of the brand (approx. 70%)
- **Consistency** and **clarity** in use of brands
- **Social media** presence / performance

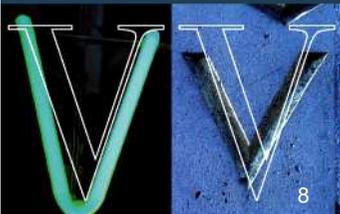


Framework for Pitfalls #3-4



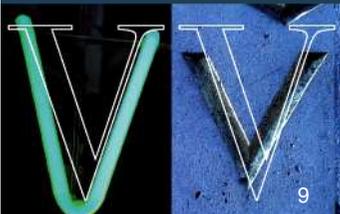
Pitfall #3: Not Staying in Control of Trademark Registries

- The problem of “first to file” countries
 - Compare with first-to-use / common-law countries
 - The high cost of being the second to file
 - “Trademark troll” extortion
 - Biggest problem countries: BRIC, Mexico



Pitfall #4: Not Staying in Control of Chapters/Affiliates

- “From Russia With Love”
 - A real-life story shows how trademark registrations are the foundation of brand protection
 - how do you prove bad faith?
 - what does the charter agreement say?
 - what do the bylaws and policies say?

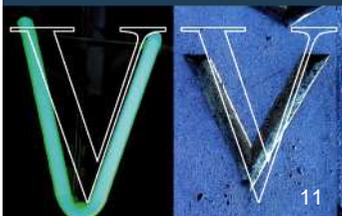


Framework for Pitfall #5



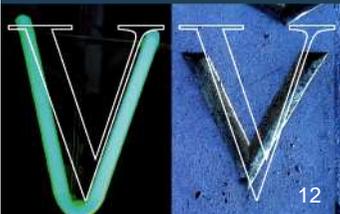
Pitfall #5: Falling into the Joint-Brand Trap

- What happens when the split occurs?
 - A trademark is not divisible; not like other property
 - likelihood of confusion standard controls
 - compare to “beyond a reasonable doubt”
 - Cases are fact-specific thus expensive
 - Factors:
 - what was the parties’ intent?
 - who used the mark first?
 - who was responsible for quality?
 - what are consumers’ perceptions?



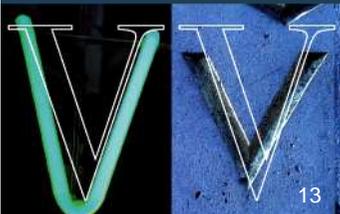
Joint-Brand Takeaways

- Documentation is key
 - What does the affiliation agreement say?
 - What do the board minutes say?
- Applicant/registrant is key
 - Who owns the application(s)/registration(s)
 - some say the registry is “King”
 - presumption of rights; first-to-file
- Moral: Own the brand outright
 - Fallback: own the registration and plan for dissolution via written agreement



Next Steps: Business and Legal Action Items

- **Value “brand value”**
- **Act like a top brand**
- **Apply to register** key trademarks for key goods/services in key countries
- **Control chapters/affiliates** in charter agreements, bylaws and/or policies
- **Avoid joint ownership**



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QUESTIONS?

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