

Naming names: Trademark strategy and beyond: Part one—Selecting a brand name

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Abstract

Part one of this article examines the interplay between trademark law and marketing strategy in selecting a brand name. Part two presents several strategies for limiting the ability of rivals to select and use other brand names.

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INTRODUCTION

Since consumers discuss, describe and ask for a branded product or service by name, many marketers argue that the name is the most important brand element.¹ Roughly 60 per cent of US product and brand managers surveyed believe the name itself without advertising support can influence product sales.² Roughly half of those managers reported using an outside agency to help create a new brand name. Some brand names are considered sufficiently strong that marketers use them to launch a brand extension rather than create an entirely new brand name for a new product. Brand extensions typically are, however, launched with a lower advertising budget and appear to be no more effective than new brand names launched with a higher advertising budget.³

Marketing experts urge that brand names should be memorable, meaningful and emotionally support the desired brand image.⁴ Trademark attorneys advise that brand names should be sufficiently distinc-

tive to be protect-able under trademark law.⁵ Marketers are thrilled when their brand name becomes synonymous with the category name⁶ (Ries and Ries, p. 41), but then fear the name might be declared generic⁷ (Oakenfull & Gelb, 1996).

This paper integrates the different perspectives of marketing and law into a single framework for managers selecting and protecting brand names. In addition, this paper examines the problem of generic names and suggests that brand managers should look beyond brand names and consider ways to restrict competitors from using product category names, even if they are generic.

TRADEMARK PROTECTION OF BRAND NAMES

Most countries recognise trademark rights for brand names established either by registration or by first use in a specific product and geographic market. Some countries, such as the United States, use

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both systems but provide broader rights through trademark registration. Traditionally, trademark law protects brand names from trademark infringement—the use of a similar brand name in a similar industry that is likely to confuse consumers as to the source of the product.

The United States also has recently recognised a concept called trademark dilution where the unauthorised use of a famous registered trade mark by a second party, even on dissimilar goods so that confusion as to source is unlikely, will be condemned if the second use is likely to lessen the mark's 'selling power' (15 U.S.C. §§ 1125(c)–1127). Dilution traditionally has not been favoured by federal courts. After the federal statute became effective, dilution was found in about half of all cases, but this declined to less than 20 per cent since 2003⁸ (Long, 2006, p. 1042). It remains to be seen whether the expansive Trade mark Dilution Revision Act of 2006 will reverse this trend. The Revision Act clarifies that brand owners alleging dilution do not have to prove actual dilution as suggested by a recent Supreme Court decision, but only 'likely to cause dilution by blurring or tarnishment'. The Act defines dilution as 'an association arising from the similarity' of a second trade mark to the famous trade mark that causes either blurring ('impairs the distinctiveness of the famous mark') or tarnishment ('harms the reputation of the famous mark').

When considering whether either infringement or dilution has been proven, tribunals consider a myriad of evidence that can be grouped into three categories. The first category is the strength of the original trade mark (the owner of which is bringing the complaint). Intrinsic trademark strength and the advantages of a strong mark are discussed in the next section, but trade marks also have acquired

strength. Courts examine acquired strength by looking at the extent of use of the mark, how heavily it is promoted and advertised, how well it is known to consumers and the extent it is used by third parties even in unrelated industries.

The second category of evidence is how similar the later trade mark is to the first. Names may be considered confusingly similar to each other if they sound similar when spoken out loud such as CUP-A-COLA and COCA-COLA,⁹ COMSAT and COMCET¹⁰ or HINT O'HONEY and HIDDEN HONEY.¹¹ They may also be confusing similar if the words look similar such as PLATINUM PUFF and PLATINUM PLUS¹² or MAGNAVOX and MULTIVOX¹³ (Stim, p. 128). Finally, names may be similar if they are conceptually similar such as MOUNTAIN KING Christmas trees compared to ALPINE EMPEROR trees¹⁴ or PLEDGE and PROMISE¹³ (Stim, p. 129). Names are also more likely to be confused as to source if they are used on similar goods or goods sold through similar channels.

The third type of evidence that is considered involves consumers. Is there evidence of actual confusion or association? Did the latter user intend its mark to be confused or associated by consumers with the earlier mark? Are consumers likely to be careful in their shopping or purchase decision because they are highly involved in the purchase or sophisticated about the purchase?

THE INTRINSIC STRENGTH OF BRAND NAME TRADE MARKS

Most countries recognise roughly four categories of intrinsic trademark strength. The strongest trade marks and brand names are fanciful—made-up words or numbers that have no prior meaning such

as KODAK. These names tend to be preferred by lawyers.⁵ The next strongest are arbitrary marks—words that have meaning but no association with a particular use such as APPLE computers or CAMEL cigarettes. The third level of strength is suggestive marks—words that allude to product features or performance without actually describing them such as RAIN DANCE car wax of SURFVIVOR suntan lotion. In a classic US case, the fanciful trade mark, POLAROID (for self-developing cameras and films), was protected against possible consumer confusion with a suggestive mark, POLORAID, for a refrigeration services company.¹⁵

The fourth and weakest category of trade names is descriptive words—words that describe the product, the company founder's family name or the geographic origin of the product. Numerical marks also may be descriptive if they describe product attributes or performance. Intel's decade plus branding efforts derive from a court decision that the x386 indication was merely descriptive and therefore could be used by other chip manufactures.¹⁶ Had Intel been able to protect its numerical designations, it might never have developed its famous INTEL INSIDE campaign and start using distinctive brand names for each new generation of chips. Descriptive names such as VISION CENTER are presumed not to qualify for trademark protection, but that presumption can be refuted by the brand owner proving the name actually identifies a particular product source or brand in the minds of consumers—what US trademark law refers to as secondary meaning.¹⁷

The line between suggestive names and descriptive names is not clear. For example in the US, TENDER VITTLES for cat food, SUDSY for ammonia and SOLID STATE for printing ink have all been held

to be descriptive whereas the MONEY STORE for financial services, QUICK GREEN for grass seed and PIZZA ROLLS for snack food have been held to be suggestive. Similarly, a trial court determined that POLY PITCHER was descriptive of polyethylene pitchers, but on appeal, the mark was found to be suggestive because most consumers did not associate poly with polyethylene¹³ (Stim, pp. 23–24). In deciding that SEXY LITTLE THINGS was suggestive rather than descriptive, the court noted that the purchaser must use some imagination to connect the mark to some characteristic of the product. In this case, the name suggested the young women who were the targeted consumers.¹⁸

In Europe but not the US, descriptiveness and lack of distinctiveness may be analysed independently, although the same name is often found in Europe to be both descriptive and to lack distinctiveness.¹⁹ It is possible that some names lack distinctiveness but are not descriptive. For example, community trademark examination guides indicate that names consisting of only one or two letters or numbers should not be registered because of lack of distinctiveness, but few such names would be descriptive. A1 for steak sauce is an exception of a two digit name that is descriptive.²⁰ Laudatory names such as 'optima' or 'ideal' are analysed as either descriptive or suggestive in the US,²¹ but may be analysed as descriptive or nondistinctive or both in Europe.²⁰

Some words, such as wine, are so descriptive that they are incapable of distinguishing the product from one source from those of another. These names, such as 'Computer Store', are considered generic and are prohibited from receiving trademark protection with no opportunity for proving they actually do identify a particular product source in the minds



of consumers.²² For example, the word 'Lite' has been found to be generic in the US and 'devoid of any distinctive character' in the EU.^{23,24} As this example illustrates, the line between descriptive (and lacking distinctiveness in the EU) and generic, like the line between descriptive and suggestive, is not clear. For example, a US trial court found 'IM' to be a generic term for instant messaging and found it unenforceable as a trade mark. A court of appeals agreed it was unenforceable but avoided declaring it generic.²⁵ Similarly, the European Court of Justice recently held that DOUBLEMINT for gum was merely descriptive and therefore not a valid trade mark, although it has been registered in the US since 1915 (US Reg. No. 0102001). In contrast, the European Court had previously allowed BABY-DRY for disposable diapers because of the 'syntactically unusual juxtaposition' of the words baby and dry.²⁶

US courts have held the following terms to be generic: 'You have Mail' for e-mail,²⁷ 'Gold Card' for credit cards²⁸ and 'Brick Oven' for pizza.²⁹ They do not indicate a particular source of the product or brand and may not be registered as trade marks except as part of a longer trade mark, such as MILLER LITE and then all rights to the word 'Lite' must be disclaimed. One interesting case involved registration of THE SOFA & CHAIR COMPANY as a service mark for a custom furniture and upholstery firm. The court of appeals upheld the finding that the words were not generic for this type of firm (but presumably would have been generic for a furniture retailer).³⁰

The US is more open to allowing trademark protections for brand names such as PIZZERIA UNO and LA YOGURT that contain generic terms but add something arguably nongeneric, at

least in English. Such names would not allow the brand owner to prevent others from using the generic terms pizzeria or yogurt in their brand names. In Europe, however, where marks are examined for meaning in all European languages at once, such marks are much more likely to be generic as a combination of generic words.²⁰

The internet has raised the issue of whether a domain name can be registered and protected as a trade mark. The answer in part comes from an earlier technique for simplifying electronic commerce, the vanity or mnemonic telephone numbers as well as company names. Domain names, vanity phone numbers and company names are registered/issued by companies that are completely independent of trademark authorities. But such names also can be generally registered as trade marks, for example, 1-800-SLEEPY'S' (US Reg. No. 1,946,855), unless generic or purely descriptive, for example, patents.com in the US³¹ or 'www.primebroker.com' in Europe.¹⁹ The addition of a top-level domain name such as '.com' does not change the registration status of a mark any more than adding 'company' to a generic term changes its status under trademark law in most countries. Vanity phone numbers found to be generic have not been protected against spelling variations by competitors.^{32,33} In contrast, 1-888-M-A-T-R-E-S-S was held to be register-able because it was not generic, but rather descriptive with acquired secondary meaning.³⁴ Vanity numbers with acquired secondary meaning have been protected against the use of slightly misspelled vanity phone numbers.^{35,36}

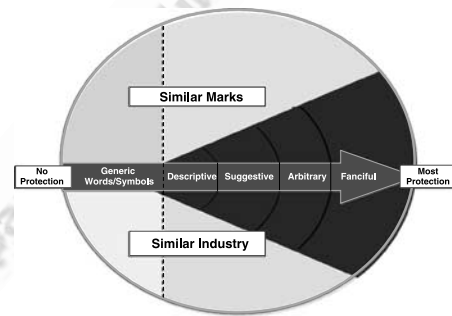
THE LEGAL ADVANTAGES OF STRONG BRAND NAMES

The advantage of highly distinctive brand names is that they generally are entitled

to broader protection against infringement and probably dilution as well. For example, an old English case decided that use of the brand name KODAK to sell bicycles would confuse consumers into wondering if the camera maker had diversified into that business.³⁷ In contrast, descriptive marks receive little protection even against competitors using similar names or terms. For example, Pabst BLUE RIBBON and GOLD MEDAL flour are both descriptively laudatory brand names. Trademark registration was allowed, but the terms were not protected against 'Blue Ribbon' malt extract and 'Gold Medal' prepared flour (pancake mix).²¹ Similarly, a lipstick company did not infringe another's SEALED WITH A KISS trade mark when it distributed promotional cards for mailing with instructions to place a lipstick imprint on the cards and the statement 'Seal it with a Kiss!'.³⁸ 'Fish fry' may be used descriptively by competitors despite registration of the trademark FISH-FRI.³⁹ Lastly, a VCR marketer trademarked the brand name VCR-2 for its double deck VCR, but because the name was descriptive, could not prevent other audio component marketers from labelling terminals on the back of their machines VCR-1 and VCR-2.⁴⁰

It is important to emphasise that even intrinsically weak names that are largely descriptive may acquire trademark strength and become very well known to consumers through promotion of the name and sales of the product. MICROSOFT (micro-computer software) and WINDOWS are two examples of descriptive marks that enjoy strong acquired secondary meaning. Recently, Microsoft sued Lindows for infringing its Windows trade mark, but after the judge said he would instruct the jury to consider how the word 'windows' was understood before the November 1985 release of the first Windows oper-

ating system, Microsoft settled the case and purchased the rights to Lindows for \$20m.^{41,42} Whether trademark strength is acquired or intrinsic or a combination of both, stronger names receive broader protection both in terms of similarity between names and similarities of products of industries. These advantages are illustrated in the figure below.



MARKETING FUNCTIONS OF BRAND NAMES

Marketers, while desiring distinctive brand names that may be legally protected, also want names that are memorable, likeable and meaningful.^{4,43} Although, linguists argue that certain sounds (phonemes), while lacking a specific meaning can suggest meaning⁴ (Robertson, p. 68), fanciful marks generally start as a 'blank slate' with consumers having neither meaning nor any likeable associations with them. Consumers do tend to associate certain types of marks with certain products. For example, plural words are more consistent with breakfast cereals than singular words, but the reverse is true for home appliances.⁴⁴ Fanciful marks also can be memorable if they are simple, readily pronounceable and have repetitive sounds. Arbitrary marks can not have a meaning that is suggestive of the product, but they may still have favourable emotional connotations and be easy to remember. For example, consumers can



form a mental image for the trade mark for Apple computers, but the trademark Tempo does not suggest a similar memorable image.

Suggestive marks may satisfy all three marketing requirements, but some better than others. For example, Ban and Off describe the product's function with strong meaning and some likeability, but Caress and Joy seem to have a stronger emotional, likeability content. Similarly, descriptive marks can satisfy the three marketing recommendations, but are only protected if they communicate a product source (eg brand) rather than category of products to consumers. Given the marketing limitations of arbitrary and fanciful brand names, it is not surprising the marketing literature tends to favour suggestive marks. Keller *et al.*⁴⁵ found that meaningful suggestive brand names can facilitate initial brand positioning and recall. If the brand is, however, later repositioned to focus on attributes other than those suggested by its name, the name can

interfere with the ability of advertising to link to the brand in the minds of consumers. Arbitrary and fanciful names are more flexible to better adapt to brand repositioning or brand extensions. Combining recommended brand name characteristics from both marketing and law produces a table that provides useful guidance for brand managers (Table 1).

Market research suggests that different types of names are effective in different ways. Kohli and Suri⁴⁶ found that in terms of effectiveness, the legal set of four types of names could be collapsed into two categories: meaningful (descriptive and suggestive) and nonmeaningful (arbitrary and fanciful). They further found that meaningful names were easier for consumers to recall and liked more than nonmeaningful names. A more recent study confirmed that consumer liking as well as quality evaluations of a brand were higher for brands with meaningful names than for brands with nonmeaningful names. Over time overall liking of a brand,

Table 1 Legal and marketing recommended brand name characteristics

Distinctive	Memorable	Emotionally attractive	Meaningful
<i>Fanciful</i> (made-up word—no prior meaning)	Simple words, U2 music group; Repetitive sounds, for example, Kodak and Xerox	To be developed	To be developed
<i>Arbitrary</i> (real word not associated with product type)	Mental image, for example, Apple (linked with actual image).	Favourable connotation from outside the category, for example, White Diamonds perfume and Midas mufflers	To be developed
<i>Suggestive</i> (word(s) that allude to product performance or characteristics)	Sound, for example, Sizzle steak house, Capt'n Crunch cereal Compounds, for example, Powerbook and Surfivivor	Sounds also are emotionally attractive Emotional suggestions, for example Caress and Joy	Performance or attribute allusions, for example, Odor-Eaters, Ban, Off and 60 Minutes
<i>Descriptive</i> (protected only with secondary meaning)	Simple words, for example, Clue board game Compound words, for example, Chap Stick	For example, Playboy and Betty Crocker	Performance or attribute allusions, for example, Beef & Brew and Bufferin (buffered aspirin)

Table 2 Benefits and drawbacks of brand name types

Name type	Benefits	Drawbacks
Meaningful (descriptive and suggestive)	Instant communication of product benefits Initial positive consumer evaluation and liking	Lower level of trademark protection Less flexible for future changes in brand positioning Less ability to improve rating for attributes suggested by name
Nonmeaningful (arbitrary and fanciful)	More adaptable to changing brand image Allows more breadth in brand extensions Stronger trademark protection	No initial communication benefit Positive consumer evaluation and liking must be built over time (but may build at a faster rate)

however, regardless of its type of name, increased, but consumer evaluation of the attribute suggested by the meaningful name did not improve over time; whereas consumer evaluation of the same attribute for nonmeaningful names did improve over time. Similarly, the evaluation of the nonmeaningful brand, while initially lower than that of the meaningful brand name, seemed to improve at a higher rate over time.⁴⁷ Keller *et al.*⁴⁵ also found that meaningful brand names can facilitate initial brand positioning and recall. If the brand is, however, later repositioned to focus on attributes other than those suggested by its name, the name can interfere with the ability of advertising to link to the brand in the minds of consumers. Arbitrary and fanciful names are more flexible to better adapt to brand repositioning or brand extensions. These marketing benefits and drawbacks for each type of name are summarised in Table 2.

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