

# This Old Trademark: Revitalizing a Brand After Acquisition

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During an acquisition or merger, the focus of the intellectual property team—whether in-house, outside counsel or a combination thereof—is on due diligence issues: confirming ownership and providing necessary information for the preparation of schedules. After the agreement is signed, the emphasis should shift to supporting the new owner's brand strategy. Attorneys who understand the broader picture of a company's strategy, rather than focusing, for instance, on the narrow issue of what marks should be registered, will be better able to serve their clients and protect their brands.

## EXAMINE THE PORTFOLIO AFTER THE DEAL IS DONE

In the event that you, the trademark attorney, were not closely involved with the transaction, take the time to become familiar with the transaction before proceeding to assist in the creation and implementation of the brand strategy. Counsel must understand the structure of the transaction and of the resulting entities and the ownership of intangibles. Obtain the current organizational chart and copies of all relevant documents.

If intellectual property counsel was not involved in the transaction, the due diligence might not have been sufficient. For instance, if an IP report was not prepared in connection with the due diligence process, prepare one after the deal closes so that you can identify and understand fully all issues you must now resolve. If a due diligence report covering trademark and branding issues was prepared, review it carefully. Ask to review any business analyses that relate to the new combined entity or target entity's brand strategy and/or current brand positioning. If outside consultants dealt with any of these issues during the due diligence phase, contact them to obtain insights that might not be reflected in the written documentation.

Determine whether additional documentation is necessary while the transaction remains fresh, while those with institutional memories remain employed by the trademark owner and before necessary signatory entities have been dissolved. If the transaction involves the splitting of a composite mark into two brands, determine whether any registrations for the composite mark need to be surrendered or applications for the mark abandoned.

When short-form assignments and powers of attorney must be recorded, have them executed (and, if required, notarized and legalized) as soon as possible. For asset purchases, also consider whether intent-to-use applications may be validly assigned. If the trademark portfolio includes extensions of protection under the Madrid System, consider whether such rights may be assigned. Once all documentation is complete, ensure that all necessary recordings related to the acquisition have been completed in order to avoid having to resurrect the transaction later. Check the chain of title for all registrations and applications, and make sure that the trademark office has changed the current owner of record.

If any intent-to-use applications are pending or common-law marks are important, ask an appropriate businessperson to determine the first-use dates. In-house attorneys or businesspeople should create files for each mark with separate information for use in each relevant country, providing copies of such documentation to outside counsel if appropriate, as files kept by outside counsel often are easier to transfer and maintain during corporate reorganizations and upheavals. Moreover, first-use information often is needed by outside counsel in connection with disputes over priority.

## UNDERSTAND THE NEW BRAND STRATEGY

Next, familiarize yourself with the new brand strategy. You must understand the market and your client's competitors in order to understand the challenges the client faces and what it hopes to achieve with the brand strategy. Subscribe to the relevant trade press and a news-clip reporting service to keep abreast of changes in your client's industry and important events at the client itself. The company and the trademark counsel assisting it must understand the importance of the brands to the company in order to guide the branding in the future. Through market research, identify the attributes of the current brand and determine which you want to keep and which should be avoided.

Once you understand the brand's history and current strength, you should seek to understand the reason for the new strategy. Brands are changed to keep them fresh; to make a new beginning; or to fix a brand that consumers have difficulty pronouncing or spelling. Brands can also be changed to expand on what was a limited geographic region or to clarify what was an undesired mystery.

A company's initial name often describes the goods or services it provided at its founding, but once those goods or services expand, the company may find itself limited by the name. Other brand changes are necessitated by trademark litigation related to a company's current name. A firm engaging in multiple acquisitions and consolidation may also focus its efforts on creating one "house" brand and retaining minor brands as product descriptors.

If a brand change reflects desired new positioning, applications for the new marks may need to cover broader goods and services than did past applications, and the scope of searches may need to be widened. Geographic brand extension may necessitate more extensive international searching.

Understanding the reason behind the brand change or repositioning helps trademark attorneys serve their clients by allowing attorneys to spot issues that might otherwise not be obvious. If a new brand was created by combining existing brands, the company may be able to tack its past use onto priority for the new brand. If the new brand has significance in the industry, counsel may be able to suggest ways to make the brand more distinctive in order to achieve greater brand strength and enable the company to register the mark. A name change necessitated by litigation may require an analysis of whether the new brand is sufficiently different from the old brand or infringed mark to satisfy the other party and whether the new brand complies with a settlement agreement.

#### ADAPT THE TRADEMARK PROTECTION PLAN TO THE NEW BRAND STRATEGY

Once the brand strategy has been formulated, compare the needs of the strategy with existing protection and create an action plan. Identify all common-law marks in use by reviewing past advertisements and promotional materials, catalogues, brochures, company websites and product packaging. If any nicknames for marks or brand extensions have been created internally by others, consider adopting and registering those marks if they are consistent with the company's new brand strategy. If a previously retired brand again looks promising, evaluate whether rights in the brand have been abandoned and whether anyone has adopted a similar brand during the hiatus.

Conduct availability searches on all marks in use that have not been registered in the appropriate markets. If an existing brand will be extended to new markets, consider language translations and connotations of the brand name in the new market. Evaluate such searches, keeping in mind the duration of use and evidence of actual confusion, if any. If the new mark is not significantly changed from the old version, consider amending existing applications and registrations to reflect the new mark in those jurisdictions that allow such amendments.

Other issues for the checklist: Memorialize and implement the desired company procedure for selection, clearance and protection of new marks. If the company has financing for which intellectual property is collateral, make sure there are internal procedures in place to notify the lender of new filings. Ensure that all marks are docketed, and analyze the company's current docketing system and procedures for suitability and accuracy. Clarify responsibilities and roles of all attorneys—both inside and outside the company—who are responsible for meeting deadlines and maintaining registrations. If possible, grant or obtain online access to the docket maintained by outside counsel so that the company will always have the latest status information.

If importation of infringing goods is a concern, ensure that all relevant trademark registrations are recorded with customs authorities or that other steps are taken as required to get the customs office's help. Register domain names corresponding to new marks before applications for such marks are filed or the marks are used to minimize name-napping. Confirm that existing domains are in the correct company name.

Check the status of pending *inter partes* disputes with the trademark offices' adjudicative bodies. Review files of enforcement actions and litigation and identify the enforcement strategy that has been followed historically. Evaluate the various methods in use by the trademark owner to monitor use and infringement of important brands by third parties. Ensure that new brands are covered by trademark and domain name watching services. Consider whether the level of aggressiveness of the current enforcement strategy is appropriate and modify as necessary.

The company style manual and use guidelines should be revised to reflect the new brand strategy and any changes to authorized uses of marks. If such documents were not previously in existence, create them. Evaluate whether these tools, if they previously existed, were in fact followed internally and, where appropriate, externally, and if not, take action to encourage use. Make sure that appropriate legal personnel are included in the marketing distribution list so that you can make an independent evaluation of whether the company is adhering to the style manual.

Review the schedules relating to licensing agreements and consider whether any changes need to be made in light of the acquisition and change in brand strategy. Ensure that agreements' obligations, deadlines and termination dates are docketed. Circulate the revised style manual and use guidelines to all licensees. Consider whether the provisions and terms of agreements with personalities and the personalities themselves are consistent with the company's new brand strategy.

#### SUMMARY

As trademark counsel, helping a client through a brand change or revitalization can be exciting and challenging. A successful effort requires working closely with internal marketing people and often with outside branding consultants and strategists. If the client has just undergone a merger or other corporate acquisition or reorganization, the various members of the branding team may not have past experience working together, may previously have been on opposite sides of the table and may be fighting for their jobs. Ensuring a smooth transition and the identification and handling of all relevant legal issues is critical to the success of the brand and, sometimes, the company.