

REBRANDING BUSINESSES – BRAND CLEARANCE

When buying assets without their accompanying brand, a purchaser should start to plan from an early stage how the assets will be rebranded. It is easy to lose valuable time in the planning and registration phase, and timing generally is often grossly underestimated.

Using an existing brand

The starting point will be whether the purchaser has an existing brand to use for the rebrand, or whether a new one is required. The fact that a purchaser has an existing brand to use does not mean the process will necessarily be straightforward. In this case, the purchaser should still confirm that it has registered protection suitable for the assets, namely that the goods and/or services of its existing registrations cover the new assets. If not, the purchaser should file new applications as soon as possible to remedy the defect in coverage.

Even well-established brands cannot be used for different goods or services without risk of third party conflict. Equally, the fact that the purchaser has a strong brand outside of the jurisdiction does not mean that it can launch this brand in a new jurisdiction without checking the third party risk.

Creating a new brand

If the purchaser intends to create a new brand – or the nature of the transaction means that a new brand will need to be created – it is critical to factor in the time required to create and clear for use the brand into the term of the transitional trade mark licence (“**TTML**”). This will create a tension with the licensor, who typically will require the rebrand to occur as soon as practically possible. A licensor should be expected to resist attempts to add flexibility into the licence term to account for delays in the brand creation and clearance exercise. This means the brand selection process needs to be well under way prior to the TTML coming into effect on completion.

Another often overlooked point is the amount of time required to clear a brand and achieve trade mark registrations. A comprehensive clearance exercise, i.e. instructing local advisers to review trade mark registries for prior rights which may conflict with the chosen brand, across multiple jurisdictions can easily take several weeks. The advisors for the transaction, rather than a purchaser’s usual IP advisors, often advise on the rebranding process in order to keep details of the transaction confidential. If decisions on the preferred brand are taken before this exercise is completed, there is a risk that problems

Key issues

- Using an existing brand
- Creating a new brand

will be encountered as part of the registration process and significant time and money will be wasted. A purchaser should also be cautious of becoming emotionally attached to a proposed brand before it has been properly cleared for the same reasons.

Once cleared, trade marks to protect the brand should be applied for. The clearance process is also important to help form the registration strategy, so as to ensure maximum protection and to manage any identified risks. A feature of most trade mark regimes is that a new application needs to be published for a period of time to allow third parties the opportunity to object. If a rebranding exercise starts before the opposition period has expired, there is a risk that an objection could be received after the new brand has been made public. This will put the opponent in a particularly strong negotiating position. A licensor under a TTML will be unlikely to be willing to extend the TTML to allow time for the opposition to be resolved.

It may also be the case that a solution to the objections cannot be negotiated. An opponent is under no obligation to agree to a settlement, or to agree to sell its prior right to the purchaser, irrespective of how much the purchaser might be willing to offer. If the opposition is ultimately successful, then the purchaser has to start the rebranding process from the very beginning. If the new brand has been launched, there may also be the threat of trade mark infringement proceedings, as well as inevitable consumer confusion arising from cancelling the rebranding and starting again. Restarting the process means new applications, which means new opposition periods and several lost months.

As soon as it becomes clear that assets will need to be rebranded, the purchaser (or seller if remaining assets are to be rebranded) should address the fundamental question of what the new brand will be. Due to mandatory opposition periods, securing a new brand – or extending an existing one – cannot be done overnight. The rebranding party should ensure that the new brand is clear of challenges before the TTML starts, and certainly before the rebrand itself actually starts.

CONTACTS

Vanessa Marsland
Partner

T + +44 20 7006 4503
E Vanessa.Marsland
@cliffordchance.com

Stephen Reese
Partner

T +44 20 7006 2810
E Stephen.Reese
@cliffordchance.com

Anna Blest
Senior Associate

T +44 20 7006 2869
E Anna.Blest
@cliffordchance.com

Leigh Smith
Senior Associate

T +44 20 7006 6235
E Leigh.Smith
@cliffordchance.com

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www.cliffordchance.com

Clifford Chance, 10 Upper Bank Street,
London, E14 5JJ

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