

# The standout trademark won't confuse

● Good trademarks need not have anything to do with the product, as long as they are distinctive

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It's not easy keeping track of Elon Musk – the one week he's the richest man on the planet, the next he's a mere second. It really would be nice if he could keep his eye on the ball a bit: we South Africans don't get many opportunities to claim a number one!

We have all long known Musk is very good at making money. What we didn't know was that he can make others very rich too ... all he needs to do is drop the odd word.

A few weeks back, Musk tweeted the words "Use Signal" and this had a most remarkable effect – within two days, the shares of a small US health care technology company called Signal Advance soared from 60 US cents to \$7.19, and the company's market cap rose from \$55m to \$660m.

This enormous boost in value was, however, an unintended consequence – investors had the wrong company. In fact, what Musk was suggesting was that peo-

ple use the Signal messaging app. As a nonprofit company it has an interesting advertising message, one that is clearly related to the current privacy concerns surrounding its much bigger rival WhatsApp: "We don't care about you ... your pets ... the gossip ... your love life ... All we care about is to make Signal more private, secure and fast with new features ... We really don't have time to listen to your conversations."

So, what has any of this to do with intellectual property (IP)? Well it does, of course, bring us on to an issue that is close to our hearts – confusion between names or trademarks. The main difference being that in our world,

**THE ISSUE THERE WAS WHETHER BOOKING.COM., A TRADEMARK USED AND REGISTERED FOR HOTEL BOOKING SERVICES, WAS A VALID TRADEMARK**

the confusion tends to involve consumers (consumers buying the goods or services of one company in the mistaken belief they are those of another) rather than investors.

So, how do you avoid trademark confusion? It's an odd thing but most entrepreneurs are convinced the best kind of trademark is one that describes what the product is, or perhaps describes what the product does, how good it is, where it comes from. They seem to believe if a product has such a name it becomes an easier sell, as the consumer already gets a degree of information.

But trademarks like these have serious drawbacks. They don't distinguish, they don't stand out from the crowd, they are easily confused with similar competing brands, and they are difficult if not impossible to register. What you need is a standout trademark.

But what makes a standout trademark? Ask any trademark attorney and they'll tell you your best bet is a coined word, a word with no meaning. Portmanteau



words (combinations), they'll say, can also be good. Even a word with a meaning can work if it is used for goods or services to which it has no relevance. Any of these categories of trademarks can generally be registered and they can be enforced.

We have, of course, looked at these issues in previous articles. We've discussed the 2017 Supreme Court of Appeal (SCA) judgment in the Twist case, where the issue was whether the trademark Twist was distinctive (and therefore registrable) for soft drinks.

The SCA decided it was. The court made the point that a trademark does not always need to be coined or fanciful, but that arbitrary (out-of-context) usage of a known word might also work.

The court said this: "Like a made-up word a common word which is arbitrary when applied to a particular product is the exemplar of a mark inherently capable of distinguishing." It went on to

say that even if the word has a meaning in relation to the particular product it might still be registrable if it is allusive or metaphorical: "If 'twist' has any meaning as applied to soft drinks, it is 'allusive or metaphorical'."

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We have also discussed a more recent judgment in the US Supreme Court, one that may have surprised some. The issue there was whether booking.com., a trademark used and registered for hotel booking services, was a valid trademark.

The late justice Ruth Bader Ginsburg held that the trade-

mark was distinctive. In her view, much rode on the fact the mark was used on the internet: "Only one entity can occupy a particular internet domain name at a time ... a consumer who is familiar with that aspect of the domain-name system can infer that Booking.com refers to some specific entity."

Another relevant factor, said the judge, was the survey evidence, which proved that consumers believe booking.com is the trademark of a particular company: "Whether any given 'generic.com' term is generic, we hold, depends on whether consumers in fact perceive that term as the name of a class or, instead, as a term capable of distinguishing among members of the class."

Trademark creation should not be taken lightly. If you need help, call us ... or send a signal.

● Reviewed by Ilse du Plessis, an executive in ENSafrica's IP department.