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Industry Standards

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Here are the trademark pitfalls to avoid when branding private label food products.

Private labeling, owning the brand under which a retailer sells its products, is becoming more and more vogue.

Many issues can arise, however, when a retailer enters the private label arena. The legal term for a brand is “trademark”. And trademarks are generally owned by the first person to use them in connection with the sale of a good or service. This means that a retailer may be in the position of not being able to use its own retail identity as a brand for a food product because some other company already sold products under that name before them.

Trademark Clearance

Whether a retailer is seeking to use its own brand for a new private label line or is choosing a new one, a trademark clearance effort is advisable. Indeed, in the food brand context not performing such a clearance would be foolhardy given the fact that potential remedies for an aggrieved “senior user” of the same trademark include pulling and relabeling product and turning over profits realized in the venture (not to mention paying for the other party’s damages and legal fees).

As a result, the industry standard for brand clearance starts with identifying several possible names and performing a “knock-out” search. This search merely looks for identical trademarks registered at the United States Patent and Trademark Office. Once this brief search is concluded, a “full” search should be performed. This search combs through trademark databases at the federal and state levels and also searches business directories, newspapers, brand listings and the Internet. At this point the trademark attorneys analyze the report and render an opinion as to whether the trademark is available for use and registration.

Bad Brands

The problem with branding is that most of the good brands are taken. Or that’s at least what the marketing people usually think. The real problem is that marketing ideals and trademark law are at odds with each other - marketers usually want to choose a brand that immediately brings the product’s features to mind for the consumer. But trademark law says those kinds of brands are not very strong.
Examples of problematic brands are Break & Bake frozen cookie dough and Oatnut bread containing oats and nuts. Each of these trademarks was held to lack the inherent distinctiveness necessary to be immediately protectable as a trademark. That is because these brands immediately tell a consumer about a feature or characteristic of the product–the frozen cookie dough is broken apart and baked while the Oatnut product contained oats and nuts. As such, they are “descriptive” and can only be protected after they have been used for a number of years. This is unacceptable when rolling out a new product.

Good Brands

By contrast, brands that were held to be inherently distinctive and therefore protectable as trademarks right away were Chicken of the Sea tuna fish and Tail Wagger dog food. This is so because these marks are "suggestive" rather than descriptive. In other words, these marks bring to mind the nature of the product, but in a round about way. The tuna fish is not really a chicken, and the dog food is not likely to cause the end consumer's tail to wag, but both only hint at the nature of the products rather than directly describe them.

The point here is that private labels need to be distinctive from the outset or they cannot be protected. Also, when one does choose a name like Oatnut for an oat and nut product, chances are high that a number of others have done the same. As such, clearance for such trademarks requires much more time and money. And even if such a trademark does make it through the clearance process, the owner is left with something virtually unenforceable, adding nothing to the overall assets and value of the company.

Avoid Deception

One regulatory overlay for food labelers to consider is the impact federal and state agencies may have on the trademark. Some brands and slogans can be prevented from use if the government feels they are deceptive to consumers. Depending on the nature of the product, regulatory approval of the label must be sought in advance of rollout. Other agencies, such as the Federal Trade Commission (FTC), protect consumers against unfair trade practices (potentially deceptive brands and slogans) which occur after rollout.

Use Properly

Once the brand is cleared and put into use the owner must use the mark properly, as an adjective and not a noun, and set apart from the rest of advertising copy or label information. Sometimes food labels start to look cluttered from the addition of house brands and other point of sale hooks ("New and Improved"). This is fine from the trademark perspective so long as the actual brand stands out enough from the label noise to have the impact on the end consumer of identifying source of the product. And use of the brand by others should be strictly controlled by contract and usage guidelines.

Watch Over

Finally, a constant issue affecting brand value is private label owners not enforcing their brands against infringements. In order to keep their value as source identifiers, brands must be protected and unauthorized third party uses eliminated. This means watching for third party infringements in the stores, online and at the Trademark Office. Numerous "watching" products are available to assist brandholders in this effort.

Private food labels can be lucrative for retailers. Picking the right brand name is critical both from the marketing and legal perspectives. Consideration of the above issues in the process should assist in avoiding these trademark pitfalls.

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