Trademark and Advertisement as Promotion and Communication Tools: Similar but not Identical

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Abstract

Trademark and advertisement can effectively promote business, and in turn increase sales. They help consumers to identify a subject matter within the economic market. They are also effective marketing and advertising tools that help business entities build business reputation locally or internationally. Through advertisements, consumers can build more trust and confidence in subject matters with reputable trademarks compared to those without trademarks. An owner of a trademark needs to satisfy the legal obligations of the Trademark Law, Advertisement Code of Practise and Malaysian Communications and Multimedia Content Code. This study investigates the similarities and differences of trademark and advertisement in terms of their functions, requirements and the applicable documents that govern them. The research is exploratory in nature, and adopts a qualitative approach in collecting and interpreting the data involved. Trademark may be regarded as a form of advertisement, but advertisement is never considered in the case an i

Keywords: trademark; advertisements; advertising; intellectual property; policy

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1.0 INTRODUCTION

Intellectual property right laws protect the intellectual outputs and creativity of a proprietor. The types of applicable intellectual property protection highly depend on the types of output or creation. For instance, a literary or musical piece is protected by a copyright. In the case an inventor invents a technological process that produces an end product, he or she may apply for both process and product patent. A trademark is another form of intellectual property. It is common for the public to interchangeably identify trademark with “mark”, “logo” or “brand” (Torremans, 2012). The proprietary right of a trademark is established through the actual application of the mark in the marketplace, or the official registration with the trademark office or registry of a particular jurisdiction (Article 16 of TRIPS, Torremans, 2012).

It is up to every nation to decide and define protectable trademarks. Section 2 of the Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement stipulates that “any sign or any combination of signs, capable of distinguishing the goods, products or services of one undertaking from those of other undertakings shall be capable of constituting a trademark” (Article 15.1 of TRIPS). Generally, a trademark may take many forms such as signs, words, numbers, figurative elements, colours, shapes, characters, names, logos, symbols, figures or combinations of those elements (Article 15.1 of TRIPS). Progressing with technology and information technology, countries across the world are beginning to acknowledge several non-traditional or conventional marks (NTMs) as protectable and registrable trademarks. The Trademark Act (TMA) 1976 was amended in 2011 in order to accommodate the mentioned changes (Hansard Report, 2011). These NTMs include smells, sounds (i.e. jingles), colors, shapes, moving images, tastes and textures.

Unlike patents, industrial design and copyrights, a registered trademark can technically last forever (Article 18 of TRIPS; Section 47 of TMA). As long as the trademark remains in use, the trademark proprietor shall continue to hold the exclusive right of the mark against others. It is thus crucial for proprietors to choose suitable trademarks with great care. The same should be the very first step in the overall application and registration process of a trademark. Not every mark is registrable and protectable with the trademark office or registry (section 10-section 17 of TMA). At the same, it is equally imperative for proprietors to ensure advertisements promoting their trademark fulfill the requirements of the Advertising Code of Practise (ACP) and Malaysian Communications and Multimedia Content Code (MCMCC). There are instances when quality goods, products or services of a particular trademark suffer a negative backlash from consumers, due to distasteful advertisements. Rejection or isolation of a trademark, goods, products or services makes it difficult to promote sales. According to Adweek Media & Harris Poll (2010), more than one third of Americans will choose not to purchase a brand due to distasteful advertisements. The backlash is not limited to the business entity of a trademark. Advertising firms would suffer for such
“insensitivity” as well. They should thus build a reputation and become well-remembered for quality products and services, not producing the most offensive advertising.

This study aims to investigate the similarities and differences of trademark and advertisement, in terms of the functions, requirements and the applicable documents that govern them. The business proprietor needs to abide to express requirements and implied values of both Advertising Codes. The objective behind such a policy is to create a more accountable and responsible society from and for both, namely, the consumers and general public on one hand, and the business entities on the other.

\[2.0 \text{ MALAYSIA AS A CASE STUDY}\]

Malaysia is widely acknowledged as a model Muslim nation amongst other nations. As a member country to both the World Trade Organization (WTO) and the Trade Related Intellectual Property Issues Agreement (TRIPS), the country is currently discharging its international obligations by firmly establishing intellectual property rights systems and laws in the local system. Malaysia passed the Trademark Act in 1976. The Act underwent a major amendment in 1998 to be in line with the requirements of TRIPS; and once again in 2011 to accommodate technological progression and advancement. Such action could facilitate the government in transforming Malaysia to a nation with a knowledge- and innovation-based economy. To date, the Trademark Act is at same par with the standards and requirements of the TRIPS or trademark laws of developed countries.

Malaysia, as an Islamic country, embraces and practices diversity within the society in terms of religions, historical backgrounds, origins, culture, language and ethnicity. Its population comprises significant subgroups, including Malay, Chinese, Indian, as well as various ethnic groups indigenous to Sabah and Sarawak. Islam, Christianity, Hinduism, Buddhism and other religions are practiced in Malaysia, with Islam being the official religion (Article 3 of the Federal Constitution). This small detail is significant, and extra caution has to be exercised to avoid the selection of a trademark, and in turn an advertisement promoting the trademark in question that may have an undesired meaning, or may be deemed as offensive and distasteful in respect to certain cultures, religions or societies. Business proprietors and entities need to select and know the appropriateness of a proposed trademark, with regard to such sensitivities. Similarly, any advertisement created in promoting the trademark, products, goods or services of any business entity needs to abide by the provisions of the ACP and MCMMC. As a matter of policy, both Codes generally expect advertisements of all forms and modes to respect the culture and social harmony amongst the local population. Advertisements that fall short of these minimum requirements would not be approved, and become liable for legal fine.

This study is divided into three parts. Part one discusses the general function of a trademark, and subject matters that could be registered and protected by a trademark according to applicable legal requirements. Part two focusses on advertisements, and functions of advertisements, before discussing the relationship between a trademark and advertisement. The last part discusses the governance of advertising in Malaysia, according to the ACP and MCMMC.

\[3.0 \text{ RESEARCH METHODOLOGY}\]

This study adopts a qualitative approach, using mostly secondary data. Inputs were obtained from published books, journals, Trademark laws, and the ACP and MCMMC. The data were assessed and analysed according to thematic themes.

\[4.0 \text{ BACKGROUND: FUNCTION OF A TRADEMARK}\]

Though not limited to commercial sectors, a trademark is frequently used by individual proprietors and business entities for various purposes. Among them is to protect the mark of the business entity against others (Section 15 of TMA; Torremans, 2011). The objective is not to restrict the sharing of goods, products and services, but rather to protect the value of the mark itself from any possible distortion or infringement (Torremans, 2011). Once a trademark is approved, an individual proprietor or business enterprise is entitled to use the symbol ™ or ®, and subsequently shall enjoy an exclusive right to use the registered mark in that particular jurisdiction (Section 35 of TMA). The symbols serve as a warning to the rest of the world against using or dealing with the trademark in any manner.

The distinctive mark of a trademark enables the public to identify the specific source of good, product or service, specifically when it carries a graphical representation (Greenhalgh & Rogers, 2010). Consumers can then easily distinguish a particular trademark from competitors in the marketplace. For example, a tradename based on the given name or surname of the individual (i.e. Channel, Prada, Picasso, Honda or Disney) is distinguishable from other trademarks in the same category of subject matters. These trademarks have, over the years, gradually become a reputable brand and part of lifestyle, worldwide. Similarly, consumers could know and easily associate the quality of goods, products or services through their corresponding trademarks. Such an association becomes more apparent when the trademark is of reputable quality. For example, the trademark “apple” used by Steve Jobs for his laptops and computers has nothing to do with the fruit. Although the chosen trademark does not reflect the true nature of a business or goods, products or services provided, consumers never doubt the quality of goods in question.

A trademark notifies and informs the public that goods, products or services of particular mark are indeed a genuine product of the proprietor (Ghani, 2009). The notification could protect the public from buying inferior, fake or low-quality goods, products or services from hostile rivalry. Consumers could purchase the goods, products or services without anxiety, thus directly decreasing the opportunity for rival businesses from using the same or similar marks, effectively eliminating passing-off activities. This is how a trademark helps

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Returning consumers purchase goods or engage in offered services when they are personally satisfied multiple times with the quality, design, performance, sophistication or price of the goods or services. To a certain extent, consumers remember and often associate with the trademark more than the goods or services it represents. It is the first thing that comes to their minds in choosing available goods or services in the market. They may typically mention the name “Colgate” “Coke” or “Hoover” when looking for toothpaste, carbonated drinks or vacuum cleaners respectively. Consumers who are loyal to a particular trademark are usually reluctant to switch to another brand offering the same goods, products or services (Lindstrom, 2010). At this stage, it is easier for an individual proprietor or business enterprise to venture into another business, or sell them to a market under the same tradename, due to the existing and ready consumer pool. For example, Toshiba is a famous and reliable tradename in producing and selling household electrical goods. Toshiba needs not to spend extra money for promotion and marketing purposes in convincing the general mass when it starts to venture into manufacturing and selling computers and laptops. Admittedly, laptops or computers are not Toshiba’s forte. Regardless, consumers have no doubt in buying computers or laptops bearing Toshiba’s tradename. What initially started as a marker or distinguishing mark for goods, products and services, a trademark becomes an indicator of quality, and subsequently of a lifestyle.

Trademark is the “face”, silent sales person, or sales person in absentia, of business’s entity, and in turn the entity behind the trademark, as it has the ability to plant a lasting first impression (Temporal, 2000). This explains why a trademark becomes a useful and effective marketing tool for domestic or international markets (Temporal, 2000). An increased publicity leads to a wider consumer market, hence, financial profits for the entity. Therefore, it is pertinent for a trademark owner to choose suitable advertisements in the strategy for promoting the trademark, good, product or service, and the entity behind it (Davis, 2000).

5.0 REQUIREMENTS OF A TRADEMARK

TMA 1976 sets the minimum requirement for a trademark, and focusses on the protection of the trademark per se. Only a mark which satisfies those minimum legal requirements is registrable and eligible for protection. TMA does not make any reference to the quality or safety of the goods or services which bears the trademark. Such issues are not within the ambit of Trademark law, and should be raised in other platforms elsewhere.

6.0 REGISTRABLE AND PROTECTABLE SUBJECT MATTERS UNDER TRADEMARK ACT 1976

The Trademark Act 1976 and Trademark Regulations 1997 (TMR) are the two legal documents that govern trademarks and everything related to them in Malaysia. Section 3 provides a broad definition of the term “mark”, which is to include a device, brand, heading, label, ticket, name, signature, word, letter, numeral, or any combination of these elements thereof. Section 3 further describes that the term “trademark” should be defined and interpreted as a mark that is intended to be used in relation to goods or services for the purpose of indicating a connection in the course of trade between the goods or services, and the person having the right to that trademark. Any mark used or proposed to be used in relation to goods or services to indicate a connection in the course of trade between the goods or services, and the person having the right to use the mark, can be registered. For convenience, TMA also interprets the term “trade mark” to include “service mark” whenever applicable, unless indicated otherwise. Marks in languages other than English or Malay are also prima facie registrable, although a certified translation and transliteration of the marks are required to be furnished. In order to be registrable, a trademark must be sufficiently distinctive. The intended trademark must not be identical, or confusingly similar, to a prior mark; or deceptive or contrary to law or morality of the society.

7.0 TYPES OF TRADEMARKS THAT ARE NOT REGISTRABLE

A trademark may be eligible for registration, or be registrable (Section 10), if it performs the essential trademark function (section 10.1), and has a distinctive character (Section 10.2A). The most common reason to refuse registration is the “likelihood of confusion” between the mark of the applicant and a mark already registered or in a prior-filed pending application owned by another party (Section 14). If consumers are likely to be confused when both (i) the marks are similar, and (ii) the goods, products or services of the parties are too related that consumers would mistakenly believe they come from the same source, then the application to register the proposed trademark would be rejected (Section 14).

TMA 1976 and TMR 1997 have specifically listed names or categories of marks that cannot be protected under the Acts and Regulations respectively: (a) words, referring to “Seri Paduka Baginda”, “Yang Di Pertua Negeri”; (b) patent, patented, by royal letters patent; (c) national flower; (d) representations or mottoes of or words referring to the royal or imperial crowns or any of the royal, imperial or national flags; (e) a logo or word referring to ASEAN; (f) words referring to crests, armorial bearings or insignia of the Malaysian Army, Royal Malaysia Navy, Royal Malaysian Air Force or the Royal Malaysia Police; (g) Red Crescents, Geneva Cross and other representations of the Red Crescent, the Geneva and other crosses in red, Swiss Federal Cross in white or silver on a red ground, or such presentations in similar colours; and (h) scandalous or offensive words (section 14(b) of Act ).
8.0 TRADEMARK AND ADVERTISEMENT

Trademarks and advertisements have developed in parallel with the modern consumer society (Davis, 2000). With the increasing number of manufacturers and the internationalization of trade and commerce, business competition has become tougher (WIPO, 2012). There are many more similar or identical goods available in the market from various sources, on a global scale. As a business strategy, business entities have the need to advertise the qualities and features of their goods and services to distinguish them from their competitors’ goods and services (Davis, 2000). During the past 20 years of the twentieth century, with the saturation of markets, the drastic reduction in product lifespans, the globalization of trade and manufacturing, and the avalanche of information disseminated across borders, business entities have started to use the service of advertising companies to promote and broadcast their goods, products or services, locally or globally (WIPO, 2012). The need for advertisements does not decrease, but rather creates further opportunity for investors and financial entities to invest in the advertising industry. Advertising has currently become a product and service in itself (WIPO, 2012). To a great extent, advertisement is commercially valuable, and has become a huge spin off industry, demanding and equally drawing billions in terms of money for investment, marketing and income, from the effort thereof respectively (Davis, 2000).

Trademarks and advertisements serve almost the same, but not identical, functions. An advertisement is not a trademark. However a trademark could be regarded as a form of “advertisement”. While a trademark communicates to consumers about the originality, quality, and difference between brands, source of goods, products or services, and the owner of the subject matter, advertisements attempt to provide the necessary publicity about the trademark and the entity behind the trademark to the public. Similar to a trademark, an advertisement is eligible for intellectual property protection as well. The advertiser or advertising company may apply for a trademark for his or her business organization. Such a trademark is independent and different from the trademark the business firm is promoting or advertising. Besides this, subject to contractual agreement, the advertiser could also claim for copyright for every advertisement he produces or creates for his clients.

9.0 TYPES OF ADVERTISEMENTS

By definition, an advertisement is a form of communication that typically attempts to persuade, potential consumers to purchase more of a particular brand of product or service (Webster Dictionary, 1991). At the same time, advertising by a government in favor of its own policies is often called “propaganda” (Oxford Dictionary, 2000). Advertisements form part of an integrated marketing program when used in conjunction with direct sales, public relations campaigns, social media or online marketing tools (Bhatia, 2000). There are many types of advertisements for products, financial advertising or corporate clients, namely, indoor, outdoor, in transit, digital, print and broadcast media (Haig, 2005). Business entities as trademark owners, along with advertising firms, can select and use different types of advertising to achieve specific marketing communication objectives (Littlejohn, 2009).

A successful advertising campaign will spread the word about a particular trademark for goods, products and services, or attract customers and generate sales. Depending on the financial budget, geographical constraints, needs for quick dissemination and the spread of information, and limitations by regulations, there are remain many options of forms and types of advertisements to choose from (Clow and Baack, 2007). The advertising option chosen should also reflect the suitable environment for goods, products or services (McCarthy, 1964). For example, if the target market reads a particular magazine, the advertisers should advertise in that publication.

10.0 FUNCTIONS OF AN ADVERTISEMENT

Advertisements can give a trademark a quick publicity in the market, hence, help in winning customers (Davis, 2000). Due to the internet and social media, advertisements could effectively reach areas or people who are inaccessible physically. Advertisements promote the sale of goods and services by informing and persuading consumers to buy them, hence, generates more revenue (Schultz et al., 1993). Advertising is necessary for business enterprises to remain in the market (Shimizu, 1989). If a product is not advertised continuously, competitors may snatch its market through increased and aggressive advertisements. Apart from advertising and campaigning for new trademarks of goods, products or services in the market, advertisements also build up the reputation of the trademark, along with the entity behind the trademark, by communicating its achievements, spreading information on quality of goods, products services, its efforts in meeting the public’s desires, place of availability of its products, etc. (Solis, 2011). Such a non-personal link between the trademark owner and consumers increases the goodwill and reputation of the trademark, and the entity behind the trademark. Advertisements can create a steady demand for the advertised products (Shimizu, 2003). For instance, a drink may be advertised during the summer as a product that is necessary to fight fatigue caused by heat; and during winter as an essential product to resist the cold weather. By doing so, it stimulates consumers to purchase the new product, or develops a new taste among the public (Shimizu, 2014). Such a strategy usually works in assisting owners of trademarks to position and create a niche market for themselves, increase the sale of existing products, enter into new markets and attract new customers (Hong Liu, 2013).

Advertisements educate the society about the quality and standards of goods, products and services of trademarks (Hong Liu, 2013). Armed with knowledge about certain trademarks, consumers can be extra vigilant in choosing products that meet their expectations, and avoid falling into the trap of “glossy advertisements” (Hong Liu, 2013). In a way, advertisements are among the driving forces that help consumers to adopt a new ways of life, and give up old habits. It has contributed greatly towards the betterment of the standard of living of society, by educating them about the various uses of different products, increasing their knowledge, and along the way, increasing sustainable research and development activities by the manufacturers. Advertising also helps to find customers in the international market, which is essential for earning foreign exchange (Bhatia, 2000).
In contrast to trademarks, which promote the goods, products and services of certain marks, along with the entity behind the mark, advertisements equally promote the reputation of the advertiser, and spread information about the advertising firm, its products, and the quality its advertisements. In this sense, advertising provides an important source of revenue to the advertising firms, publishers of newspapers and magazines, and the producers of T.V. programs. As an industry, advertising provides employment to persons engaged in writing, designing and issuing advertisements, as well as those who act as models. Increased employment brings additional income to those who stimulate more demand. Employment is further generated to meet the increased demand, and in the long term, the sustainability of the advertising industry.

11.0 GOVERNANCE OF ADVERTISEMENTS IN MALAYSIA

In the context of Malaysia, advertising is governed through the Advertising Standards Authority (ASA) and the Communication and Multimedia Content Forum of Malaysia (CMCFM). Both organizations have the responsibility to promote and enforce high ethical standards in commercial advertisements used in local media, as provided by the Advertising Code of Practice (ACP) and the Malaysian Communications and Multimedia Content Code (MCMCC). Both documents seek to identify what is regarded as offensive, objectionable and unsuitable for Malaysians. It is the policy of both Codes to ensure Malaysian culture and social values remain intact, even in the fast changing and globalized world. Advertising firms must abide within such a policy framework. At the same time, as custodians of the advertising industry in Malaysia, both organizations must ensure advertisers, as content providers, are provided with the platform for creativity, innovation and healthy growth of the local advertising industry.

Members of these organizations are generally the advertiser community. For example, members of the Malaysian Advertisers Association (ASA), and the 4As or Association of Accredited Advertising Agents, Malaysia. These are: (i) the Malaysian Newspaper Publishers Association and (ii) the Media Specialists Association. The Malaysian Newspaper Publishers Association represents agencies for printed advertisements, while The Media Specialists Association represents those involved in visual or audio advertisements (i.e. in the form of videos, movies and radio). The broadcast media, online services and other telecommunications and electronic media are administered by the Communication and Multimedia Content Forum of Malaysia. Broadcast media communities are governed by Malaysian Communications and Multimedia Content Code (MCMCC). Both Codes state the responsibility of observing that the Code rests primarily with the advertiser.

12.0 REQUIREMENTS OF ACP AND MCMCC

In terms of contents, both CAP and MMC documents are almost identical in terms of the objectives and expectations, as illustrated and enumerated in various provisions of both documents. In a nutshell, it is the implied desire of both documents to provide consumers a value for their money, and appreciate quality of work and life. Consumers should be able to watch acceptable advertisements without feeling embarrassed, uncomfortable or appalled by them. It is up to the creativity of advertisers to portray, promote or enhance a civil society in their advertisements for a particular trademark. In keeping intact the harmonious fabric of society, wherever possible, advertisements should reflect the unique and harmonious multi-racial character of the country’s society. The advertisement must possess elements, or reflect elements, of the multi-racial character of the population, and advocate the philosophy of “RUKUN NEGARA”, which reads as follows: (i) Believe in God, (ii) Loyalty to King and Country, (iii) Upholding the Constitution, (iv) Rule of Law, and (v) Good Behaviour and Morality.

In promoting a particular trademark and impliedly the advertising firm, advertisers have the obligation to produce advertisements which contain decent and truthful information about the trademark and the entity behind it. An advertisement must never mislead the public. Advertisers would be held responsible and liable to consumers and society in communicating false information. Essentially, advertisements cannot contain sexual elements, innuendos or suggestive ones, as an attempt to insert “extra-flavor” or an attraction factor into the advertisement. If it seems like the advertisement could potentially be taken the wrong way, there is a strong probability that it would be once released and aired. After all, the advertisement aims to create a high level of confidence amongst consumers, especially in terms of quality, performance reliability and service delivery.

It is against the cardinal rule of advertising if advertisements tend to offend or insult the audience, i.e., the society. It goes without saying that no one desires to be offended or insulted, expressly, impliedly, behind closed doors, or openly in public. The principle of ensuring that the content of an advertisement shall not be indecent, obscene, false, menacing or offensive, shall be observed. There shall be no discriminatory material or comments, which are based on matters of race, national or ethnic origin, colour, religion, age, sex, weight, marital status, or physical or mental handicap. If such is the case, the advertisement is regarded as typecasting, stereotyping or attacking a particular group in the audience. This goes against the requirements of both Codes in upholding, preserving and respecting the traditional values and backgrounds of the people. In assessing whether an advertisement follows or conforms to the requirements of the ACM or MCMCC, a predefined test is applied. It begins by asking the question “what would be the probable impact of the advertisement on and healthy growth of the audience? As such, the advertiser must pay attention to every aspect of the advertisement to ensure that each part of its content, visual, verbal and aural, and the nature of the medium through which it is conveyed, follows and satisfies the requirements of both Codes.

A distasteful advertisement will lead to angry complaints. Rather than gaining new customers, advertisements of such a nature could potentially lose loyal customers for both business entities as owners of a trademark, as well as advertising firms. It is pointless to
invest a large sum of money to create a trademark and invest in an advertising firm when the advertisement is poorly produced, hence, distasteful. This would effectively detriment the brand, and compromises the credibility of not only the product, but of the entire company as well.

13.0 CONCLUSION

Despite sharing the same objectives, trademarks and advertisements both play their corresponding roles in various ways. Their roles are increasingly essential in the modern era of large-scale production, severe competition in the globalized market, and information technology. A trademark could use advertisements as promotional and marketing tools, in communicating to the general public about the goods, products or services, or the entity behind the trademark. As a golden rule, an advertisement must be of equal quality, if not better than, the trademarks of the goods, products or services it promotes. In terms of advertising, there exist many factors that can function incorrectly. Advertising firms must avoid creating or producing distasteful advertisements. With the freedom of accepting, isolating or rejecting any advertisement promoting goods, products or services of a business entity within its social context, consumers play a major role in determining the overall success or failure of a business entity. Rejection or isolation of a good, product or service by a society makes it difficult to promote it.

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