

Simple Lessons to Preserve Your Brand

Don't lose the trademark on your organization's name and logo. A recent lawsuit highlights crucial lessons.

By Mark Partridge

What's in a name? Leading nonprofit organizations know the answer: a great deal. Organizations such as the Red Cross, YMCA, and Rotary are vigilant in protecting their brands and trademarks.

Unfortunately, others too often overlook brand protection due to lack of knowledge or resources, or an unwillingness to police (and thus discourage) volunteers. Such lack of oversight leads to costly mistakes.

Protecting your brand is particularly challenging in our Internet age. You want to encourage members and volunteers to use the brand in social media. Twitter is a great tool for spreading news about your mission and activities. A Facebook page can help create a strong community of loyal friends, fans, and followers. But be careful! You don't want to fall victim to the Freecycle fate.

What Happened?

The story of the Freecycle Network is a cautionary tale. Freecycle is an Arizona-based not-for-profit that promotes the practice of giving away unwanted items for continued use instead of disposal. Freecycle operates primarily through local Internet groups. Through the years, it allowed many groups to use its name and logo to promote "freecycling," usually with no problem.

Freecycle had to raise an objection when a member of its network went rogue in its misuse of the Freecycle logo. And then everything spiraled out of control.

The Freecycle Network used volunteer committees to run the program through free online resources such as Yahoo! Groups. Freecycle allowed use of the organization's name and logo, relying on a group of local moderators to regulate the use of those trademarks.

When a Freecycle group started up in Sunnyvale, California, Freecycle's founder welcomed them in a brief e-mail. He sent the logo, stating, "You can get a neutral logo from [our Web site], just don't use it for commercial purposes..."

Despite this warning, the Sunnyvale group did make commercial use of the Freecycle brand and logo. The Freecycle Network ordered Sunnyvale to cease using those trademarks.

Ultimately, both groups filed suit. Sunnyvale argued that Freecycle didn't have adequate controls over its trademark usage — known as "naked licensing" — and thus should no longer have the authority to police its usage. Freecycle, on the other hand, protested that the Sunnyvale group was infringing on its trademark.

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Unfortunately, the Arizona Federal Court disposed of Freecycle's claims. The decision stated that Freecycle had failed to adequately control members' use of the Freecycle logo. Thus, its trademark rights had become invalid and couldn't be enforced against the Sunnyvale group or any other member of the network.

Why Did It Happen?

The Freecycle Network was trashed for violating the rule against naked licensing, one of the esoteric rules of trademark law often overlooked by organizations and generalist attorneys. The naked licensing rule requires that trademark owners exercise quality control over the use of the trademark by authorized users. Otherwise, the rights in the mark can be abandoned.

The Freecycle Network failed to exercise sufficient control. Its admonition against commercial use was insufficient, the Court ruled. Freecycle had no written or implied agreement giving it a contractual right to control, inspect, or supervise the Sunnyvale group's use. Similarly, the Network's ethical and etiquette guidelines weren't quality control provisions over its trademarks.

What Are the Lessons for You?

Trademark law is littered with similar requirements that can leave your brand broken. Fortunately, a few simple lessons can help you salvage your brand.

1. USE IT OR LOSE IT.

The first step in protecting your brand is to understand that trademark rights in the United States arise from bona fide use in the ordinary course of trade. Such use must be sufficiently public in the marketplace so that others can be aware of it. Use in an internal memo or presentation isn't sufficient.

Without *use*, you have no rights. So make sure you're using your name as a trademark. Let it appear prominently in your literature, on your Web site, at fundraising events — wherever you can to make the public aware of your brand.

2. CHOOSE A DISTINCTIVE NAME.

Rights arise from use, but only when the name serves as a "distinctive indication of a single source." It's tempting to use a name that describes your mission or services, but the strongest brands are arbitrary or merely suggestive. They don't directly describe an organization's offerings. Instead, they require some imagination or education to know the nature of the services.

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For example, calling an organization that provides adoption services THE CRADLE is better than a merely descriptive or generic name such as ILLINOIS ADOPTION AGENCY. Other distinctive names used by nonprofits are arbitrary names like ELKS and JAYCEES or suggestive names like HABITAT FOR HUMANITY and UNITED WAY.

If you already have a descriptive name, all is not lost. Descriptive phrases can be protected if widely used over time so that the name becomes associated in the minds of the public with a single source. This happens when the name acquires distinctiveness and takes on a second meaning as a brand. We see it in the business world with a name like GENERAL ELECTRIC. The same transformation can take place with the name of a nonprofit.

You may decide that the best course is to change your name. You can learn how one nonprofit did it and the lessons learned in the process in “Just the Right Name” (see “Safeguard Your Brand” on page 14).

3. REGISTER YOUR BRAND.

Although registration isn’t required, it has important added benefits. A federal trademark registration serves as proof that your brand is distinctive. After a time, the trademark registration can become incontestable, so it can no longer be challenged for being merely descriptive.

The registration also serves as a proof of use. Although the rights under a registration can be abandoned, the registration makes it much easier to prove your rights if you need to take action against a rogue member or other infringer.

Owning a federal registration for your brand can reduce the cost of enforcement. Sending an infringer a demand letter or letter of objection, supported by a federal registration, is likely to be respected.

In contrast, sending an unsupported demand claiming rights often yields a combative response: “You claim rights? Well, prove it!” The ensuing fight will usually take more time and money than obtaining the registration in the first place.

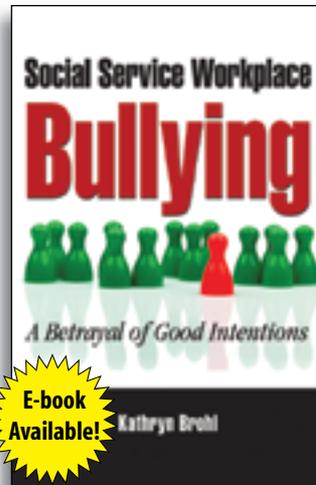
If you do have to go to court, it’s especially helpful to have registered your brand. The federal registration reduces expense by authenticating your rights and reducing the evidence needed to prove the point.

4. DON'T GIVE IT AWAY.

To maintain your rights, you must control your trademark’s use. Don’t simply give it away for uncontrolled use by others, or you can suffer the loss of your rights just as Freecycle did. Best practices to avoid that danger:

- **Clothe yourself with written guidelines and agreements** to avoid losing rights through naked licensing.
- **Create use guidelines** to ensure that people use your brand properly.
- **Require written agreements controlling use with the ability to stop misuse.** Exercise your rights under these agreements.
- **Monitor use, and require compliance with your agreements and guidelines.** This can sometimes be uncomfortable when policing the activities of volunteers, since so much depends on maintaining volunteer enthusiasm. However, protecting the viability of your brand is critical. Carefully worded communications can make the point without alienating the faithful.

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5. CREATE A SOCIAL MEDIA POLICY.

By all means, encourage volunteers to spread the word through Twitter, Facebook, and other social media tools. But at the same time, create and enforce guidelines that protect your brand.

Don't let people turn the brand into a generic term that becomes unenforceable. Freecycle faced this risk by allowing members to promote "freecycling" as a new form of recycling. When "freecycling" becomes the generic term for the activity, anyone can use the term and it becomes unenforceable as a brand. Monitor use of your name, and call upon volunteers to use the brand name properly.

Freecycle might have avoided loss of its rights through better control of its brand. Requiring users of its brand to agree to guidelines and enforcing those guidelines consistently could have been enough. It doesn't take much control to prevent the naked licensing problem, but control must exist and be exercised.

6. DEFINE RELATIONSHIPS IN SOCIAL MEDIA.

Who owns the "friends" on Facebook? Who owns the "followers" on Twitter? If you have a volunteer or staff member managing the organization's Facebook pages or Twitter accounts, best practice is to establish policies and agreements that make it clear who owns the accounts — and thus the relationships built on those accounts.

Volunteers and paid staff must keep the organization aware of any password changes, and the "institutional voice" in social media should be a single source. If others wish to support the cause — through re-tweeting, for example — it remains clear that the owner of the Twitter account is the organization itself, not whoever currently serves in a volunteer role or as the executive director.

Establishing such agreements can be hard to do after the fact if there's a falling out or if key people leave. It's better to have the practice understood from the start.

Beware of allowing volunteers and fans to use your brand as the name for their social media accounts. Uncontrolled use can lead to loss of rights, as in the Freecycle case. It's best to either control the use of your brand for social media accounts through a license, written policy, or other written agreement, or to prohibit use of your brand as part of the name of social media accounts run by volunteers or fans.

“Without use, you have no rights.”

Safeguard Your Brand

For more on guarding, sustaining, and enhancing your brand, take a look at these *Nonprofit World* articles at NonprofitWorld.org/members:

Don't Take Risks with Social Media (Vol. 29, No. 1)

Just the Right Name (Vol. 11, No. 1)

Why You Should Consider Trademark Protection (Vol. 23, No. 4)

Where to Find Free Legal Assistance (Vol. 26, No. 2)

Legal Advice on Using the New Media (Vol. 28, No. 6)

“Trademark law is littered with similar requirements that can leave your brand broken.”

7. PROTECT YOUR RIGHTS, BUT SMILE.

Avoid using a heavy hand to enforce these provisions. The backlash from a nasty demand letter can quickly become viral, spreading across the Internet to the organization's embarrassment. Organizations using a light, friendly approach with volunteers and fans are likely to have better results.

Consider the lesson of Gumby. In the late 1990s, an Internet entrepreneur registered the domain name "pokey.com" for his 12 year old son, nicknamed "Pokey," as a birthday present. When those who owned the rights of the well-known Gumby and Pokey cartoon characters objected, claiming trademark infringement, the media took up the boy's cause and thousands of people came to his defense via the Internet.

The resulting embarrassment to the Gumby and Pokey franchise made national news. Finally, the original creator of Gumby and Pokey intervened, declaring that the domain name should stay with the young boy.

Don't create similar embarrassment for your organization. Protect your rights, of course, but exercise some common sense, and don't overreach.

Follow the Leaders.

The value of your name, brands, and trademarks cannot be overstated, especially in our modern Internet world. Take action today to protect and enforce your trademark rights. Follow the example of some leading nonprofits:

• **The Red Cross provides a Web page with guidelines for using the Red Cross Brand**, including FAQs and a form for requesting a license. See <http://www.redcross.org/licensing>.

• **Rotary International has protected the Rotary brand in over 60 countries** and provides guidelines for proper use on its site. See <http://www.rotary.org/en/MediaAndNews/Multimedia/Graphics/Pages/RILogos.aspx>.

These examples are models of best practices for creating effective guidelines and policies to avoid having your brand trashed by misuse. Following these examples and applying the lessons provided here will help your organization enhance the value and goodwill of its brands and reputation. 

Mark Partridge is the founder of Partridge IP Law, a Chicago-based law and IP strategy firm (partridgeiplaw.com). He has worked in intellectual property law for more than 30 years and was named one of the top trademark lawyers in the 2012 edition of The International Who's Who of Trademark Lawyers.

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