

Promotional Products Business

PPPB

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Licensed to Sell

Patents, trademarks and licensing bring value to your business, but ignoring them could be trouble.

by Jen Alexander

S'well. YETI. Fitbit. These brands have incredible recognition among clients, but they also come with the protection of patents and service marks. Of course, great ideas spawn great imitations—and sometimes those imitations are perfectly legitimate, as long as they don't masquerade as the original.

Innovation is one of the hallmarks of promotional products, and suppliers deliver innovation through patented products and processes. Supplier Gill Studios, Inc., has a portfolio of products that have been awarded patents and trademarks. Carl Gerlach, MAS, vice president of marketing at Gill, explains the process as well as the impact that patents and trademarks can have on a business.



Patent Protection

So your client has seen a cool product and is adamant that you can reproduce it. What's your response? Follow these guidelines, from Harris Wolin of Myers Wolin, an intellectual property firm, to help your company navigate patent laws and observe the letter of the law. "Mitigation of risk is the name of the game," says Wolin.

What to do when ...

You see a product at a trade show

- Look for markings such as patent numbers or service marks
- Ask the supplier if the item is protected by service marks or a patent
- Ask peers if they know about the product

You see a product being sold by another distributor/supplier:

- Look for patent information or service marks (If there are none, and the product has been widely adopted, perhaps no one has the intellectual property rights)

Someone asks you to make a similar version of a product they've provided an example of:

- Look for service marks
- Request indemnity
- Request IP coverage
- Consult with legal counsel

Someone asks you to manufacture a product they've provided an example of, or add it to your line and pay them a royalty:

- Look for service marks
- Request indemnity from the individual or company; they take over the defense in the case of an infringement suit
- Consult with legal counsel to conduct due diligence

Someone asks you to make a similar version of a product they believe may be patented:

- Engage legal counsel to perform a patent search and provide an opinion



"We have developed products, then we have worked with lawyers to acquire patents. One product is our double-sided yard sign, for which we received multiple patents from the trademark commission," says Gerlach. "With that patent, we are required to label every sign with the patent number and name of the patent owner [Gill]. We also have patents on the manufacturing process for making the product."

To obtain the patent, Gerlach explains, the team at Gill begins with research to see if patents exist for identical or similar products or processes. "For registered marks [trademark, service mark, registration mark] you can do a little bit of research on your own. Afterward, it's best to get a patent attorney involved; the attorney will help you differentiate your product or service from what has already been patented or registered," he says.

The time it takes to apply and obtain a patent, along with the cost, might be prohibitive for some. However, says Gerlach, "We consider it a reasonable cost. It's an up-front, one-time cost; we do have to take into account what the sales potential for the product is."

If a product patented in the U.S. and manufactured overseas is also going to be sold overseas, says Gerlach, you should also apply for an international patent. Because Gill manufactures its patented items in the U.S., the company has not pursued international patents.

"Because 70 percent of industry product comes from the Pacific Rim, I would highly suggest getting an international patent and a U.S. patent," he says.



Gill-Line owns the patent for this double-sided yard sign.



WANT TO LEARN MORE?

View Harris Wolin's webinar "It's Not Just About Products, You Need To Be Prepared To Protect Your Intellectual Property As Well" from his live session at the 2016 PPAI Product Responsibility Summit. Find it under Education/ Online Learning at www.ppai.org.

From a supplier standpoint, the purpose of a patent or trademark is to differentiate yourself and your business from your competitors. Gerlach adds, "Part of building a brand is letting distributors know they can depend on you. In our case, it's going to be [that Gill products are] produced in the U.S.

"By branding you can differentiate yourself among suppliers, and customers know they're going to get something of quality," he says.

Gill also owns the trademark for Zip-Strips, the super-removable adhesive backing on its bumper stickers. Gerlach notes that trademarks and service marks, such as those associated with product options, are ideal for promotional purposes.

If you're ready to patent your innovative product or service, the first step is to do some legwork.

Harris Wolin of Myers Wolin, an intellectual property firm, says while you can do some digging on your own, it's beneficial

How to tell if a product or process is patented



LOOK

for patent markings
on every surface of the item.



CONDUCT

a patent search,
using the company name as a starting point.



LOOK

for marketing/advertising signal words,
such as: "exclusive product line"; "featuring a unique..."; "uses an inventive ..."; "features a patented ..."; and "innovative solution."



REVIEW

a company's website.

The 'About Us' page often shows indicators of innovation, invention and creativity: "patents", "product development", and "designers" are just a few key words to look for.

Source: Myers Wolin

What's The Difference?



Trademark

A word, phrase, symbol or logo used to brand, identify and distinguish a product. Registered trademarks are identified with the ® symbol. Unregistered trademarks are identified with the ™ symbol.

Examples: Nike, Tiffany & Co.



Service Mark

A word, phrase, symbol or logo used to brand, identify or distinguish a service. Registered service marks are identified with the ® symbol. Unregistered service marks are identified with the ™ symbol.

Examples: Walmart, McDonald's

Companies that provide both an actual product and a service (think FedEx, with its shipping and packaging products) may apply both service marks and trademarks to their products, logos and slogans.

Source: SecureYourTrademark.com



License To Print

Are you interested in adding licensed products to your offerings? The process isn't for the faint of heart. The Collegiate Licensing Company is the official trademark licensing affiliate company representing nearly 200 U.S. colleges, universities, bowl games and athletic conferences, as well as the Heisman Trophy and the NCAA.

CLC provides resources and guidance to help its partners manage their licensing programs, which account for nearly 80 percent of the \$4.6 billion retail market for collegiate licensed merchandise. Read on for a snapshot of the process required to obtain CLC licensing.

To be considered for a standard and/or local licensing agreement, interested parties must first complete a license application and pay an application fee, and submit a generic quality sample of each product for which they want licensure. Parties must

also submit a completed Corporate Responsibility and Supply Chain Compliance Questionnaire as well as a Factory/Supplier Information Form if it is required by the institution of interest.

The second phase of the application process requires applicants to obtain insurance and submit authorized manufacturers agreements from every manufacturer and finisher that will be used throughout the manufacturing process, as well as institution-specific artwork. Finished product samples must be provided to any institution that maintains such a requirement. Applicants must also register with the Fair Labor Association if they wish to obtain a license for one or more FLA-affiliated institutions.

The third and final phase requires applicants to sign a Labor Codes of Conduct agreement, pay royalty advances to applicable institutions, and sign a Standard Retail Product License Agreement.

to consult with your company's legal counsel when researching whether a patent already exists.

If no patent is found, companies can consider applying a "patent pending" to their product. However, says Wolin, that phrase may not be supported by paperwork. "Is the application filed with the U.S. Patent & Trademark Office?" he asks. "Even if it is published, the scope of protection may not be fixed, and it may only cover utility or design—not both."

For these reasons, says Wolin, filing a patent application just to obtain "patent pending" status can be beneficial in the process of securing a patent.

Brand Licensing

Branded merchandise is just as popular; what Chicago Cubs fan doesn't want a championship t-shirt? But it takes more than loyalty to be allowed to emblazon brands on promotional products. Licensed merchandise requires a licensing agreement, something not everyone can obtain.

Distributors are most often the party that will hold a licensing agreement, which allows them to sell branded merchandise on behalf of an organization or company. Obtaining a licensing agreement, says Wolin, can take time. "These types of negotiations are typically very involved, and multi-year."

Once the negotiation is complete, he says, licensees are not necessarily guaranteed expansive rights. "The rights are a carve-out; you're negotiating for a little slice of the pie," he says, meaning that licensees may be able to sell only certain items with a brand's logo or name on them. "If you're new, you can get a small piece of the pie, and then grow."

"The process can be pretty arduous, but the benefits are huge. The licensing agreement that comes with intellectual property is immensely valuable," he says. **PPB**



PHASE

1

- Complete license application
- Pay an application fee
- Submit a generic quality sample
- Submit a completed Corporate Responsibility and Supply Chain Compliance Questionnaire
- Submit a Factory/Supplier Information Form if it is required

PHASE

2

- Obtain insurance
- Submit authorized manufacturers agreements
- Provide finished product samples to any institution that maintains such a requirement
- Register with the Fair Labor Association

PHASE

3

- Sign a Labor Codes of Conduct agreement
- Pay royalty advances to applicable institutions
- Sign a Standard Retail Product License Agreement

Source: Collegiate Licensing Company