

Process for registration and administration of trademarks within the LP Group and the international PAYBACK companies

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1 Introduction

1.1 Definition

Like a patent or registered design, trademarks are industrial property rights. The German trademark law describes a trademark as follows: a trademark comprises all signs which may be capable of "distinguishing a company's goods or services from those of other companies".

However, if the design of the product is more important, a design should be registered instead of a trademark.

1.2 Types of trademarks

A distinction is made between the following trademark forms:

- A **word mark** protects a word sign in all common forms of reproduction, i.e. upper-case (Payback), lower-case (payback), uniform upper-case (PAYBACK) and common fonts.
- A **word/figurative mark** protects a word sign, i.e. a name or a term only in connection with a design or graphic element.
- A **figurative mark** protects a concrete or abstract graphic representation. There must not be any recognizable letters or digits. Otherwise it would be a word/figurative mark.

Less common types of marks are the olfactory mark, the position mark, the sound mark, the motion mark or the 3D mark.

1.3 Scope of protection

Together with the respective brand manager, the department seeking a trademark registration should determine exactly in which area it is currently and in the near future planning to use its product and services. It is necessary to specify the location (e.g. Germany or EU-wide) and its scope. Each trademark must be registered for certain goods and service classes, so it is important to define them carefully. If the registration is too narrow (i.e. too few classes), the trademark may not be protected for certain important areas, so that competitors could register an identical or similar trademark. If it is too broad (i.e. too many classes or too broad a definition within a class), the subsequent actual use does not fill the registered scope of protection, so that there is a risk that a trademark will lapse due to lack of use, i.e. will be cancelled.

- **National trademark (e.g. Deutsche Marke)** - Trademark for a single countryThe national trademark is registered with the local trademark register, in Germany for example at the German Patent and Trademark Office. The scope of protection of the trademark is accordingly limited to the country, e.g. Germany.
- **Community trademark** The registration of a Community trademark offers the advantage of uniform protection in all countries of the European Union (EU). All that is required is the registration at the Office for Harmonization in the Internal Market (OHIM). This is a temporal and also a financial advantage.
- **International trademark / IR trademark** In the event that a trademark is to be registered not only nationally and also outside the EU, an application for International Registration (IR) may be filed with the World Intellectual Property Organization (WIPO/OMPI). Here (almost) any country in the world can be chosen. It should be noted that in this case the trademark registration is not examined centrally as in the case of the Community trademark, but in each individual country.

1.4 Classes of goods and services

The basis for the classification of goods and services is usually the corresponding International Classification for the Registration of Marks (Nice Classification Agreement - KA). This defines 34 classes of goods (classes 1-34) for which trademark proprietors can apply for their goods and 11 classes of services (classes 35-42) for the services to be applied for. (https://www.dpma.de/marken/klassifikation/waren_dienstleistungen/nizza/index.html)

1.5 Term of protection of registered trademarks

The term of protection of a register mark begins with the filing date (Sec. 33 Trade Mark Law) and ends ten years after the end of the month of the filing date (Sec. 47 Trade Mark Law). The term of protection can be extended by continuous ten-year periodsby paying the renewal fee. Registration and renewal of the trademark will be confirmed in writing after receipt of payment.

2 Naming

2.1 Finding process

"Naming" should always be carried out in consultation with brand management.

In a world of increasingly interchangeable products, it is becoming increasingly important for companies to differentiate themselves from the competition by building a trademark. A trademark should trigger emotions, inspire trust and thus create customer loyalty. A high recognition value is also particularly important.

The better a name, the higher its recognition value and more successful its ability to distinguish it from its competitors. The strongest trademarks are unmistakable, concise, memorable and legally waterproof. A badly chosen name, on the other hand, can not only cost market opportunities, but also become very expensive.

If you don't know where you want to go, you won't get there either. That is why it is important to define your own positioning at the beginning of naming exactly: What do the products and services stand for, what is the target group?

Then creativity is needed. The aim is to collect as many suggestions for trademarks as possible. Time for a brainstorming: Everybody can take part. Get inspired by foreign languages, form artificial words, create letter sequences or analogies to known words. Brand agencies often use computer programs to find names, which check the word creations, append letters and thus create interesting combinations.

The result at the end of a good idea collection is often one thing above all: too much. Therefore, shorten the list. A good trademark should be as original as possible, easy to remember and easy to pronounce, not reminiscent of other products or services, but above all not of other trademarks already registered. In the naming process, alternative proposals should also be taken into account in the event that the desired trademark is already assigned or not eligible for registration. Trademarks, which merely describe the product cannot be registered; this also applies if the trademark is applied for in a foreign language, especially English (striking example: trademark application "Stuhl" for a chair).

The name mix found in this way must then be tested for taste: The perfect trademark should evoke positive associations and assert itself quickly. This is where consumer surveys are often used.

2.2 On expansion course - The X-factor

An important step that is often overlooked: If the trademark is to be used abroad, language barriers must be overcome and cultural backgrounds must be taken into account. In all countries where the product is to be sold. False associations or undesired double meanings can thus be avoided. Example of "Bad trademarks names":

PET (milk po- ducts)	The dairy products of the company of the same name are a great success in the USA – however not so much in the French-speaking part of Canada. Because in French, "Pet" means "fart". Cows can do this quite well, but when consuming dairy products this thought is not so tempting.
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2.3 Already taken? Trademark and domain research

In order to be eligible for protection as a trademark, a name must meet various requirements. For example, signs which cannot be represented graphically, which are devoid of any distinctive character (i.e. which are assigned a descriptive term content or which are a common word of German or a known foreign language) are excluded from protection, as well as signs which

- constitute an apparent risk of deception
- contain the national emblem in the trademark
- violate morality or public order.

Before deciding on the best name, a trademark, company, domain and competition law search is essential in order to avoid conflicts with existing trademarks and trademark rights. Both identical and similar signs should be included in the trademark search. In addition to searches at all relevant trademark authorities with regard to already registered trademarks, searches should be carried out in available commercial registers for companies as well as name searches in Internet search engines, telephone directories, title protection indicators and/or other product directories. A first **free trademark search** offers e.g. the website **markenchk.de**. This should be carried out by the requesting department.

3 Trademark registration

Trademark applications are filed via GCO (Legal Department), concerning all LP Group companies and the international PAYBACK companies (please note: PAYBACK trademarks are usually registered exclusively by / for PAYBACK GmbH).

Trademark application process:

The relevant department should forward the request to register a new trademark to the mailing list: trademark@loyaltypartner.com (Contact GCO / Brand Management). The following information are required for the registration:

- desired trademark
- the type of trademark (word mark, figurative mark or word/figurative mark)
- Geographical scope (German trademark (DE), Community trademark (EU), International trademark (IR)),
- Type of product/service for which the trademark is to be registered
- What is the trademark needed for

GCO then commissions outside counsel to carry out the trademark search and evaluation.

Outside counsel checks whether the trademark is eligible for protection and prepares a legal risk assessment of the likelihood of registration and the likelihood of opposition. In this way, the risk of rejection of the trademark application or of possible opposition proceedings or an action can be minimized.

In the event of a positive evaluation, GCO obtains an offer for the registration of the trademark and forwards this to the requester.

The costs are borne by the respective company of the LP Group (trademark owner)

Trademark owner (Markeninhaber)	Cost center (Kostenstelle)	Cost unit (Kostenträger)
LP GmbH	13000	710000771
PAYBACK GmbH	30100	110000990
emnos GmbH	20000	399900990
LPS GmbH	11000	990000999

The costs for the search and the application must be approved in advance via BANF. For this purpose, GCO forwards all relevant information to the team assistant of the requesting department, who informs the person in charge and GCO as soon as the BANF has been approved.

Once the costs have been approved, the external law firm is commissioned by GCO to register the trademark.

As soon as the trademark has been registered, GCO informs the requesting department and the distribution list trademark@loyaltypartner.com. If the application complies with legal requirements and there are no grounds for refusal, the Trademark Registry enters the trademark in the register. The registration is published in the electronic trademark journal. The holder receives a certificate of registration.

On average, a trademark application for Germany takes at least 3 months to register. In the case of an EU trademark application, the registration period is up to 6 months, as in the case of an EU trademark application the opposition period is integrated in the registration process, whereas in the case of a German trademark application the opposition period starts upon the registration or publication of the trademark registration. In the case of an IR trademark application, it usually takes up to 6 months to register the trademark. This is followed by an objection period of 12 to 24 months for the respective claimed countries (country-specific regulations). All original trademark certificates are kept at GCO.

4 Opposition

After publication of a newly registered trademark, owners of earlier trademarks have the opportunity to file an opposition against the registration. Opposition may in principle be filed if it is feared that there is a likelihood of confusion with the own trademark applied for or registered. This also applies to an EU trademark or an IR trademark. The opposition will be in opposition proceedings. As a result, the newly registered trademark may be cancelled.

GCO handles opposition proceedings.

5 Trademark monitoring

Even after a trademark has been registered, regular searches should be carried out, as this is the only way to effectively monitor the registered trademarks and defend them against other trademark registrations. Such monitoring is not carried out by the trademark offices, but the trademark owner himself is responsible for this. In the case of professional trademark monitoring, the trademark owner is notified of newly registered trademarks that are identical or similar to his own trademark. By monitoring and evaluating newly registered trademarks, it is possible to assess whether there is a likelihood of confusion with one's own trademark. In this way, for example, opposition or cancellation proceedings can be initiated in time.

Otherwise, if an identical or similar trademark is registered, there is a high risk that the distinctiveness of the own trademark will suffer ("dilution") or even result in the loss of the trademark right.

In order to avoid dilution, it is important to monitor competitors in the market who often do not register counterfeit names.

The trademark monitoring of all registered trademarks for the LP Group is generally carried out by AMEX. If the employees of LP Group themselves become aware of such use of designations by third parties, this information should be forwarded to the mailing list trade-mark@loyaltypartner.com.

6 Cancellation of trademarks

A trademark successfully registered in the trademark register can be cancelled for various reasons. Whether the cancellation must be asserted in the trademark register itself or brought before a court depends on the reason for cancellation.

Reasons for deletion are in particular:

- 1) forfeiture, i.e. due to non-use of the trademark (Sec. 49 Trademark Law)
- 2) Existence of absolute grounds for refusal (Sec. 54 Trade Mark Law)
- 3) Infringement of earlier rights (Sec. 55 Trademark Law)

Cancellation proceedings are handled by GCO.

7 Renewal of the term of protection

The renewal process is handled by AMEX. LP Group brands are automatically renewed and the fees are invoiced via TRS HQ Cost Center in the USA.

AMEX then sends a successful extension message to GCO.

At the latest in October of each year, AMEX GCO will have a list of trademarks to be renewed the following year. After internal consultation with the relevant department, GCO marks those trademarks that are not to be renewed and forwards the list to AMEX.

8 Subsequent changes

A change in the scope of protection may be applied for at the same time of the extension of the term of protection of the trademark.

The registration of changes of names or addresses as well as a transfer (change of trademark owner) for all goods and services must be applied for separately.

The modification procedure is supervised by GCO.

9 Overview of LP Group trademarks

The list of LP Group trademarks is maintained by GCO and can be made available to the respective department on request.